C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

ANNUAL REPORT

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Contents

Corporate Information

DIRECTORS

Executive directors
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
(Deputy Chairman & Managing Director)
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Non-executive director
Mr. Wong Yat Fai

Independent non-executive directors
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Prof. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey *(Chairman)*
Mr. Leung Yu Ming Steven
Prof. Wong Lung Tak Patrick

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Prof. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven *(Chairman)*
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Prof. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

STOCK CODE

1224

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 3308-10, 33rd Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

BRANCH OFFICE

15th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Hong Kong
Cheung, Tong & Rosa
Woo Kwan Lee & Lo

Bermuda
Conyers Dill & Pearman

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of Chongqing Co., Ltd.
Bank of Communications Co., Ltd.
Chong Hing Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
Wing Lung Bank Limited

C C Land Holdings Limited has been principally engaged in the property development and investment business in Western China since 2006.

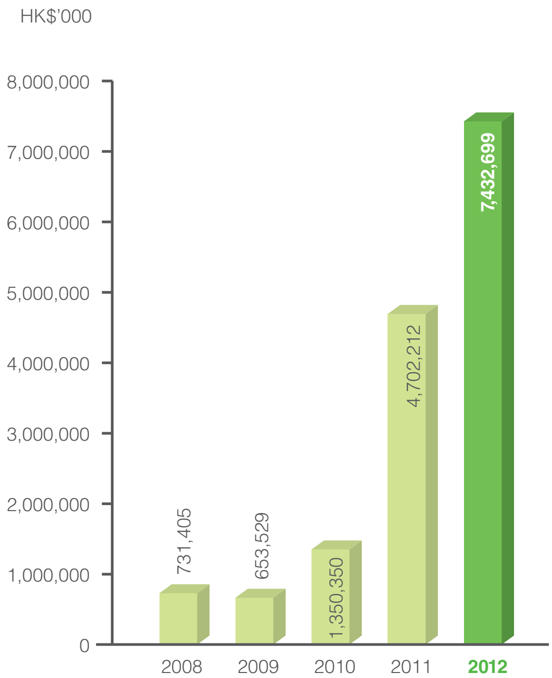
Listed on the main board of the Stock Exchange, the Company is a constituent stock of the Hang Seng Composite Index Series and the MSCI Small Cap China Index Series.

As at the date of this report, the Group has a total land bank of about 12.8 million sqm in terms of GFA and about 8.8 million sqm in terms of attributable GFA, covering key Western China cities, namely Chongqing, Chengdu and Guiyang.

Through leveraging its management expertise, quality land banks, and solid financial position, it has established itself as one of the leading property developers in Western China.

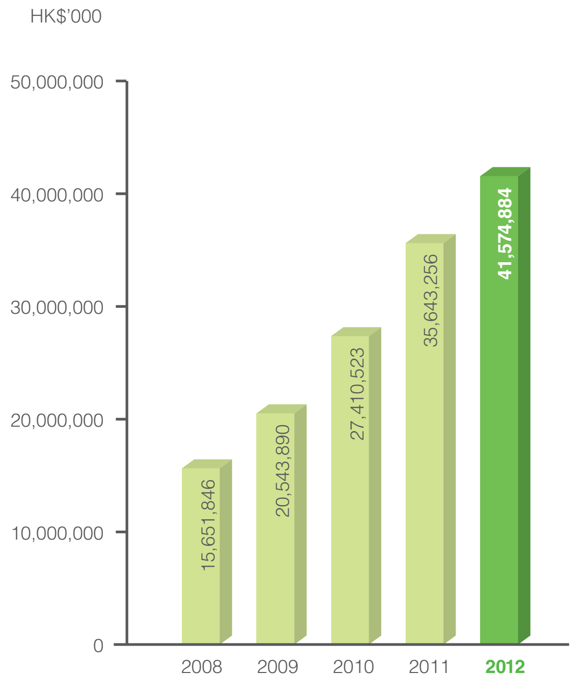
REVENUE

Year ended 31 December



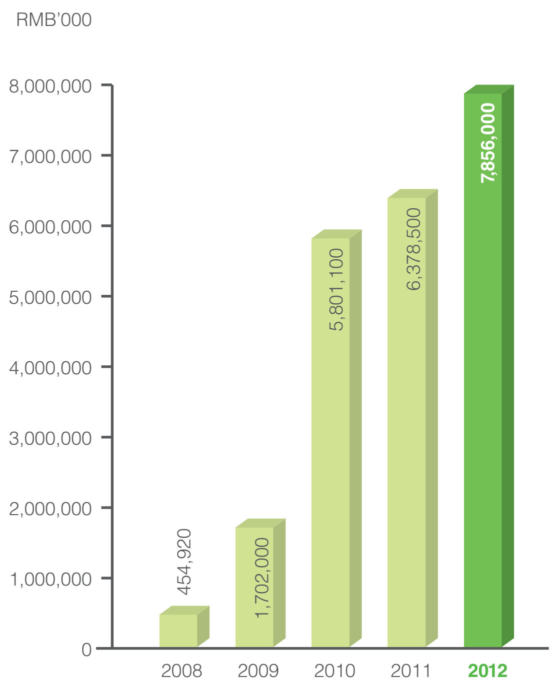
TOTAL ASSETS

As at 31 December



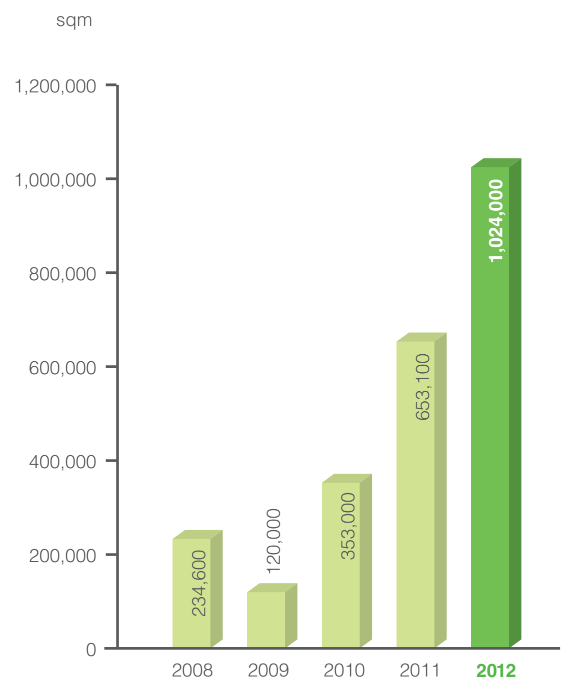
CONTRACT SALES

Year ended 31 December



COMPLETION AREA

Year ended 31 December



CORPORATE

CHONGQING ZHONG YU

1. Creditable Brand Enterprises • Chongqing Real Estate Industry 2011-2012 **(December 2012)**
2. Chongqing Top 10 Commercial Real Estate Enterprises in 2012 • The 2nd Top 10 Commercial Real Estate Enterprises in Chongqing Appraisal **(November 2012)**
3. Tax Contribution Award • Top 30 Enterprises in the Yubei District of Chongqing 2011 **(January 2012)**

CHONGQING LUCKY BOOM

4. Enthusiasm in Public Welfare Enterprise **(December 2012)**

CHONGQING VERAKIN REAL ESTATE

5. China Ecological Contribution Award 2011 **(June 2012)**

PROJECTS

CHONGQING MIDTOWN

6. Headquarter Base for Modern Service Industry in Yubei District **(August 2012)**

RIVERSIDE ONE, WANZHOU

7. The Most Popular Residential Project 2012 **(October 2012)**
8. 2012 Zhan Tianyou Award • Excellent Residential Community in Chongqing • Gold Award **(July 2012)**

ACADEMIC HEIGHTS

9. The 8th Internet Popularity Ranking of China Real Estate 2011 • Strong Valued Villa Project in Chongqing Property Market **(December 2011)**

VERAKIN NEW PARK CITY

10. Top Sales Project of Chongqing (Nan'an District) in 1st half 2012 **(July 2012)**

SKY VILLA

11. "Beautiful China • The Pride of Chengdu" TV Media Award 2012 • Creation of City Value Project 2012 **(January 2013)**
12. China Property New Vision • Urban Luxury Iconic Project **(2012)**

VILLA ROYALE

13. 2012 Heritage Value Villa Project Award • The 4th China Real Estate Magazine Union Media Critics Award **(January 2013)**

BRIGHTON PLACE & PLAZA

14. Featuring China • Media Award 2012 in Western China • Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • 2012 Residential Project **(2012)**

FIRST CITY, GUIYANG

15. Internet Popularity Ranking of Guiyang Real Estate in China 2012 • Top 10 Most Popular Residential Projects **(January 2013)**
16. Annual Guizhou Property Media Awards • Core Commercial Project with Highest Appreciation Potential in Qianzhong CBD 2012 **(2012)**


2


7


9


10


13


14


15


16

Corporate Milestones 2012

Grand Launch of Brighton Place & Plaza

March
03

Brighton Place & Plaza in Chengdu launched its first batch of 440 residential units. The response was overwhelming and more than 97% of the units were sold on the first day of launch.

The Group disposed of its luggage business.

Delivery of L'Ambassadeur

May
05

The Group successfully launched its first project in Guiyang, "First City" with good response.

June
06

L'Ambassadeur Phase I and Phoenix County Phase I were completed and delivered to the buyers.

Separate Listing of Packaging Business

July
07

The Group spun-off its packaging business as a separate listed company on the Main Board of the Stock Exchange.

November
11

The Group acquired four premium land lots in Chongqing and Chengdu with a total GFA of approximately 1,208,000 sqm.

Virtual Perspective of Residence du Paradis

December
12

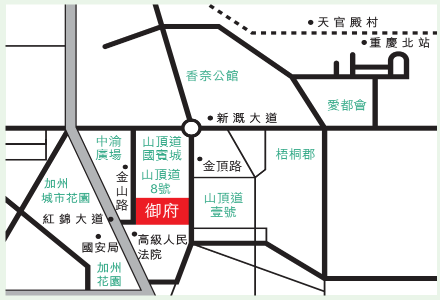
The Group acquired a premium land lot in Long Quan Yi District (Residence du Paradis), Chengdu, with a total GFA of approximately 814,000 sqm.

Chongqing

Area:	82,000 km^2
Population:	32,000,000
GDP Growth:	Year 2012 — 13.6% Year 2011 — 16.4% Year 2010 — 17.1% Year 2009 — 14.9%
Location:	In the Southwestern region of China, the confluence of Yangtze River and Jialing River, one of four directly controlled municipalities in China

PROJECT NAME:
Mansions on the Peak (御府) — 100% interest

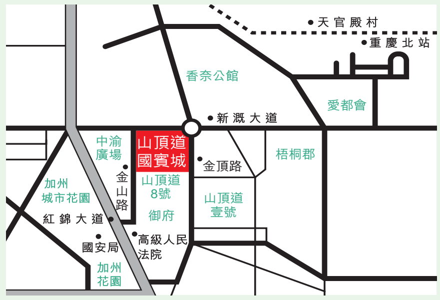
PROJECT LOCATION:
The junction of Jinding Road and Jinshan Road, Yubei District, Chongqing



Total land area:	49,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	32,000 sqm 25,000 sqm 57,000 sqm
Completion date and area:	Clubhouse and Commercial (Completed): GFA: Villa and Car Park (Completed): GFA:	first half of 2012 11,000 sqm second half of 2012 46,000 sqm
Project description:	The project is situated at Xinpaifang, the highly developed hub in Liangjiang New District and is a unique, stand-alone villa project in the city centre of Chongqing. It sits next to "Chongqing Midtown", a mega residential and commercial project of the Group. To its west lies Jinshan Road and to its east lies Jinding Road. The whole project consists of 46 stand-alone luxury villas each with a GFA of about 675-1,690 sqm. Each villa is equipped with a private lift and 2-4 underground parking spaces. Besides, about 100 underground temporary parking spaces are reserved for use by visitors.	 Mansions on the Peak
Project update:	Construction works have been completed in the second half of 2012.	
Project honours:	China's Best Urban Villa Project Award 2010 (June 2010)	

PROJECT NAME:
L'Ambassadeur (山頂道國賓城) — 100% interest

PROJECT LOCATION:
The junction of Xingai Road and Jinshan Road, Yubei District, Chongqing



Total land area:	78,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	379,000 sqm 113,000 sqm 492,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phase II (Completed): GFA: Phase III: GFA: Phase IV (1st batch): GFA:	second quarter of 2012 132,000 sqm fourth quarter of 2012 155,000 sqm second quarter of 2013 102,000 sqm second quarter of 2014 71,000 sqm

Project description:

The project is located at the core region of the Yubei District, at the junction of Xingai Road and Jinshan Road. It sits next to "Chongqing Midtown", a mega residential and commercial project of the Group.

The project is one of the Peak Road series. It is a high-rise luxury condominium complex in a high end residential area.

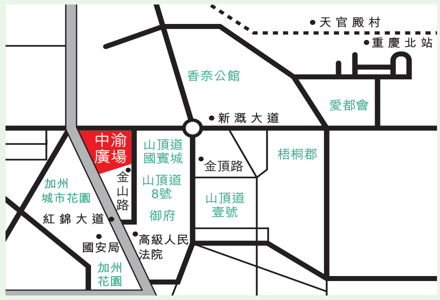
Virtual Perspective of L'Ambassadeur

Project update:

Construction works of Phase I of about 132,000 sqm and Phase II of about 155,000 sqm were completed and delivered to the buyers during the year. Ninety six percent of the Phase I residential area was sold at an ASP of RMB7,700 per sqm as at 31 December 2012. Phase II residential area of 93,000 sqm was launched and all of them were sold at an ASP of RMB8,100 per sqm. The other two phases with a total GFA of 205,000 sqm were under construction during the year. Part of Phase III residential area with a GFA of 54,000 sqm was launched for pre-sales during the year and around 82% was pre-sold at an ASP of RMB8,100 per sqm. Phase IV residential area of 71,000 sqm was launched for pre-sales and over 94% was pre-sold at an ASP of RMB7,500 per sqm. Phase III and the first batch of Phase IV are planned for completion in 2013 and 2014 respectively.

PROJECT NAME:
One Central Midtown (都會首站), 9 Central Midtown (都會9號) and Zhongyu Plaza (中渝廣場) — 100% interest

PROJECT LOCATION:
No.18 Jinshan Road, Xinpaifang, Yubei District, Chongqing



Total land area:	103,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	424,000 sqm 176,000 sqm 600,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phase II: GFA: Phase III (1st batch): GFA:	third and fourth quarters of 2011 (including One Central Midtown and 9 Central Midtown) 180,000 sqm third quarter of 2014 272,000 sqm first quarter of 2014 109,000 sqm

Project description:

The project is located at the core region of the Yubei District, at the junction of Hongjin Road and Xingai Road which is one of the land lots of "Chongqing Midtown", a mega residential and commercial project of the Group.

The project is positioned as one of the new city centre landmarks with planned high-end residential apartments, a 5-star hotel, Grade-A shopping mall, Grade-A and Grade-B offices, and SOHO.

Virtual Perspective of Zhongyu Plaza

Project update:

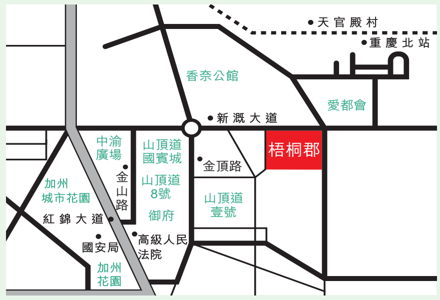
Phase I comprising of One Central Midtown, 9 Central Midtown, retail spaces and car parking spaces with a total GFA of 180,000 sqm was completed in 2011. Construction works of Phases II and III, named "Zhongyu Plaza" with a total GFA of 420,000 sqm, comprising of an up-market shopping mall, a 5-star hotel, 3 office towers, were underway during the year. Two office towers are currently under pre-sales. All 3 office towers of the project are expected to be completed in 2014.

Project honours:

Chongqing Midtown • Headquarter Base for Modern Service Industry in Yubei District (August 2012)

PROJECT NAME:
Phoenix County (梧桐郡) — 100% interest

PROJECT LOCATION:
No. 2, Xingsheng Branch, Longta Street, Yubei District, Chongqing



Total land area:	147,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	340,000 sqm 65,000 sqm 405,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phase II (1st batch): GFA: Phase III (1st batch): GFA:	first half of 2012 77,000 sqm fourth quarter of 2013 17,000 sqm third quarter of 2014 124,000 sqm

Project description:

The project is located at the Longtoushi area, near the centre of the "Big Triangle" of Wuhuangdazhuanpan (五黃大轉盤), Xinpaifangzhuanpan (新牌坊轉盤) and the Longtoushi Train Station, connecting Xinpaifang, Gailanxi and Huangnibang, which are three high-end residential area in Chongqing.

The project includes mainly low-rise condominiums with unique features and has a specially designed shopping avenue. There are also low-rise apartments and high-rise blocks with a combination of Art-Deco design and neo-classical architecture style.


Phoenix County

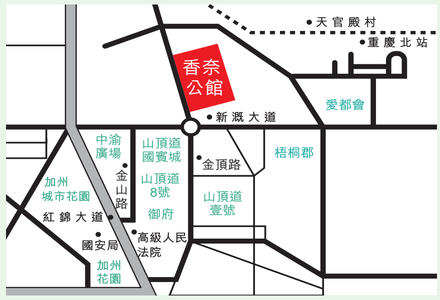
Project update:

Phase I with a total GFA of 77,000 sqm was completed and delivered during the year. As at 31 December 2012, over 94% of Phase I low-rise apartments with a GFA of 59,000 sqm were sold at an ASP of RMB11,200 per sqm. Construction works of Phases II and III with a total GFA of 94,000 sqm and 234,000 sqm respectively are underway as at 31 December 2012. About 88% of Phase II launched area of low-rise apartments with a GFA of 12,000 sqm was pre-sold at an ASP of RMB10,900 per sqm. Phase III is a high-rise apartments project and it was first launched for pre-sale in September 2012. Around 64% of launched residential units with a GFA of 25,000 sqm were sold at an ASP of RMB7,000 per sqm. The first batch of Phase II is planned for completion in 2013 and Phase III is scheduled to be completed in 2014 and 2015.

Project Overview

PROJECT NAME:
Residence Serene (香奈公館) — 100% interest

PROJECT LOCATION:
The junction of Xingai Road and Jinshan Road, Yubei District, Chongqing (Opposite to L'Ambassadeur project)



Total land area:	144,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	220,000 sqm 76,000 sqm 296,000 sqm
Expected completion date and area:	Phase I (south zone): GFA: Phase II (north zone): GFA:	fourth quarter of 2014 115,000 sqm fourth quarter of 2015 181,000 sqm
Project description:	The project is situated at the core district of Xinpaifang, connecting Xingai Road (a main road) to the south and Kangyuan Road (a subsidiary road) to the east. The project is a two-phased high-end residential high-rise apartment and office project with a planned GFA of 296,000 sqm. It is divided into south and north zones for development. The north zone is a residential area that consists of 5 blocks of super high-rise residential towers with a GFA of 181,000 sqm. The south zone is a commercial and business area that consists of 3 blocks of single towers and 2 blocks of 25-storey office buildings and shops.	
Project update:	Foundation works of Phase I of the project started during the year and construction works will commence in the first half of 2013.	

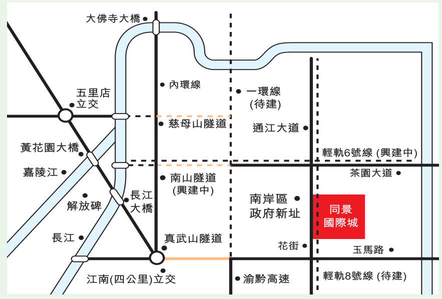
Virtual Perspective of Residence Serene

PROJECT NAME:

Verakin New Park City (同景國際城) — 51% interest

PROJECT LOCATION:

Tongjiang Avenue, New District of Chayuan, Nan'an District, Chongqing



Total land area:	907,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	1,780,000 sqm 350,000 sqm 2,130,000 sqm
Completion/Expected completion date and area:	A-I Zone (Completed): GFA: W Zone (Completed): GFA: J Zone (Completed): GFA: K Zone: GFA: P Zone: GFA: N Zone: GFA: L Zone: GFA: O Zone: GFA: M Zone: GFA:	2007 - 2011 503,000 sqm second quarter of 2012 235,000 sqm fourth quarter of 2012 75,000 sqm third quarter of 2013 43,000 sqm fourth quarter of 2013 99,000 sqm fourth quarter of 2013 233,000 sqm fourth quarter of 2013 88,000 sqm second quarter of 2014 36,000 sqm fourth quarter of 2014 234,000 sqm

Verakin New Park City

Project description:

The project is located at the New District of Chayuan, Nan'an District, Chongqing, and is notable for its landscaping and multi-functionality. Tongluoshan forms a natural barrier and protects the New District of Chayuan from the rowdy city area. The total GFA of the project is more than 2,000,000 sqm, of which 72% is zoned for residential use and the rest for commercial development. The properties comprise mainly of low-density low-rise apartments and townhouses.

Project update:

After deliveries of the earlier phases in the previous years, the remaining GFA is about 1.3 million sqm.

Zone W and Zone J were completed and started delivery during the year. Zone W is a high-rise apartment project with a total GFA of 235,000 sqm providing 4,006 residential units and 64 commercial units. Zone J, a high-end villa development, provides 444 residential units or a total GFA of 75,000 sqm.

Zones P and N are high-rise apartment projects with several commercial units with a total GFA of 99,000 sqm and 233,000 sqm respectively. All residential units and commercial units of Zone P were pre-sold since 2011 at an ASP of RMB6,200 per sqm and RMB17,100 per sqm respectively. All residential units and commercial units of Zone N were pre-sold since 2011 at an ASP of RMB6,400 per sqm and RMB14,100 per sqm respectively. Both Zones P and N are scheduled to be completed in 2013.

Zone K, a high-end villa development with a total GFA of 43,000 sqm, launched for pre-sales during the year. As at 31 December 2012, about half of the residential units with a GFA of 21,000 sqm were pre-sold at an ASP of RMB13,700 per sqm. Zone K is expected to be delivered in 2013.

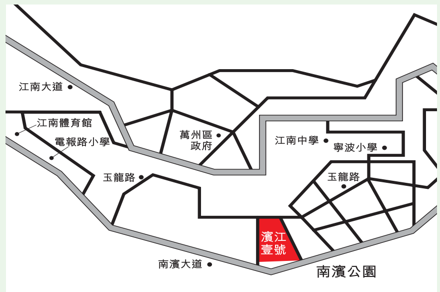
Construction works of Zones L, M and O are currently in progress. Zone L is a low-rise residential property with a total GFA of 88,000 sqm and around 75% launched residential units with a GFA of 32,000 sqm was pre-sold at an ASP of RMB7,800 per sqm as at 31 December 2012. Zone M is a mixed villa and high-rise apartment development with a total GFA of 234,000 sqm. Over 75% launched villa units with a GFA of 23,000 sqm and over 93% launched high-rise apartment units with a GFA of 91,000 sqm were pre-sold at an ASP of RMB11,600 per sqm and RMB5,800 per sqm respectively as at 31 December 2012. Zone O is a high-rise apartment development with a total GFA of 36,000 sqm and over 98% of residential area of 21,500 sqm was pre-sold at an ASP of RMB5,900 per sqm. Zone L will be completed in 2013 and Zones M and O are scheduled to be completed in 2014.

Project honours:

Top Sales Project in Nan'an District of Chongqing in 1st half 2012 (July 2012)

PROJECT NAME:
Riverside One, Wanzhou (濱江壹號) — 100% interest

PROJECT LOCATION:
Chenjiaba She No.1, Xinxing She Nos. 4 and 5, Jiangnan New District, Wanzhou, Chongqing



Total land area:	150,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	337,000 sqm 70,000 sqm 407,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phase II (Completed) : GFA: Phase III (1st batch): GFA:	2010 — 2011 68,000 sqm 2011 — 2012 102,000 sqm second quarter of 2014 216,000 sqm

Project description:

The project is located at the core region of the Jiangnan New District. Wanzhou is a county at the northeastern part of Chongqing.

The project is developed into a complex of predominantly residential apartments, commercial facilities, and office blocks. Phases I and II include mainly low-rise condominiums with a low plot ratio of less than 2.0. Carparking space is in the ratio of 1:1.2, making the properties an ideal choice for both self-use and investment. It has become one of the top property upgrade choices in Wanzhou.


Riverside One, Wanzhou

Phase III consists of 11 blocks of 18 to 25-storey high-rise residential buildings and the area ranges from 80 to 160 sqm. The flat types are able to satisfy the needs from different users by providing a selection of two rooms units to four rooms units. It is estimated that the whole community can accommodate 1,447 families and around 4,700 residents after completion.

Project update:

Both Phase I with a GFA of 68,000 sqm and Phase II with a GFA of 102,000 sqm, low-rise residential properties, were completed and delivered in previous years. Construction works of Phase III of the project, a high-rise apartment development with a total GFA of 237,000 sqm, were in progress during the year. As at 31 December 2012, 56% residential area of Phase III of 102,000 sqm was pre-sold at an ASP of RMB5,400 per sqm. Phase III is expected to be completed in 2014.

Project honours:

- The Most Popular Residential Project 2012 (October 2012)
- 2012 Zhan Tianyou Award • Excellent Residential Community in Chongqing • Gold Award (July 2012)
- Quality Project Award 2011 • Chongqing Bayu Cup (July 2012)

PROJECT NAME:
Academic Heights (春華秋實) — 100% interest

PROJECT LOCATION:
Xiyong Zone, Shapingba District, Chongqing

Total land area:	133,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	400,000 sqm 110,000 sqm 510,000 sqm
Expected completion date and area:	Phase I: GFA: Phase II (1st batch): GFA:	fourth quarter of 2013 138,000 sqm third quarter of 2014 161,000 sqm

Project description:

The project is situated in the Xiyong University City, being one of the two newly planned deputy city centres of Chongqing. It can be reached from the city centre via the Inner Ring Express and Yu-Sui Express.

Phase I consists of 3 blocks of high-rise residential buildings, 1 block of apartments and 19 villas. Phase II consists of 5 blocks of high-rise residential buildings and 20 villas.


Virtual Perspective of Academic Heights

Project update:

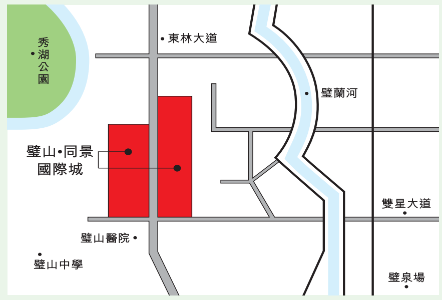
Construction of the first phase with a total GFA of 138,000 sqm and the second phase with a total GFA of 165,000 sqm were underway as at 31 December 2012. For Phase I pre-sales, 61% of townhouse residential area of 16,000 sqm and 73% of high-rise residential area of 57,000 sqm were pre-sold at an ASP of RMB5,600 per sqm and RMB4,700 per sqm respectively. Phase I is planned for completion and delivery in 2013. As at 31 December 2012, Phase II launched high-rise residential area with a GFA of 60,000 sqm for pre-sales and over 58% was pre-sold. Phase II is scheduled to be completed in 2014.

Project honours:

- The 8th Internet Popularity Ranking of China Real Estate 2011 • Strong Valued Villa Project in Chongqing Property Market (December 2011)
- Chongqing Property • The Most Anticipated Project 2012 (2011)

PROJECT NAME:
Bishan Verakin New Park City (璧山 • 同景國際城) — 26% interest

PROJECT LOCATION:
2, 3 and 4 she, Yang Yu Cun, Bicheng Jie Dao, Bishan County, Chongqing



Total land area:	219,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	660,000 sqm 170,000 sqm 830,000 sqm
Expected completion date and area:	B Zone: GFA: A Zone: GFA:	fourth quarter of 2014 154,000 sqm second quarter of 2015 92,000 sqm

Project description:

Situated at the eastern part of Ludao New District, the hub of Bishan County, Chongqing City, the project is the core area for future development of Bishan County which will hopefully be upgraded as the tenth district of the main city of Chongqing.

Courtyard View of
Bishan Verakin New Park City

The project will be developed as mid-high end high-rise residential buildings with unit size of 36 — 130 sqm. The layout ranges from apartments of single room to apartments of four rooms and two living rooms. It is planned to have a 3,000 sqm clubhouse, a 4,000 sqm bilingual kindergarten, a 10,000 sqm supermarket, and a 10,000 sqm integrated shopping mall (comprising cinemas), making up a community with ample gym, recreation and leisure facilities.

Project update:

Zone B with a total GFA of 154,000 sqm commenced construction in the second half of 2012 and first launched pre-sales in September 2012. About 60% of launched residential area of a GFA of 39,000 sqm was sold at an ASP of RMB4,900 per sqm. Moreover, 30 commercial units were sold at an ASP of RMB17,700 per sqm as at 31 December 2012. Zone B is planned for completion in 2014. Zone A with a total GFA of 92,000 sqm is scheduled to commence construction works in the first half of 2013.

PROJECT NAME:
Verakin Riviera (同景 • 巴黎左岸) — 25% interest

PROJECT LOCATION:
Right side of Exit Rongchang, Chengyu Highway, Beibu New District (Administrative Centre), Rongchang County, Chongqing

Total land area:	52,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	131,000 sqm 21,000 sqm 152,000 sqm
Expected completion date and area:	Phase I: GFA: Phase II: GFA:	first half of 2015 77,000 sqm first half of 2015 75,000 sqm

Project description:	The project is situated at the commercial and administrative district in Beibu New District, Rongchang County, the most fashionable and romantic community specially created by the government. The main flat type of the project is small to medium-sized flat with an area of 41-86 sqm. The ceiling height of these flats is 5.7m, creating a spacious and complex layout. The elite design of this flat type delivers a unique style of living to the owners.
Project update:	The project was acquired in early 2012 and commenced its construction works in the second half of 2012. Pre-sales was first launched in October 2012 and about 69% of launched residential area with a GFA of 20,000 sqm was sold at an ASP of RMB5,100 per sqm as at 31 December 2012.

Virtual Perspective of Verakin Riviera

Sichuan

Area:	485,000 km²
Population:	81,000,000
GDP Growth:	Year 2012 — 12.6% Year 2011 — 15.0% Year 2010 — 15.1% Year 2009 — 14.5%
Location:	Southwestern China, upstream of the Yangtze River

PROJECT NAME:
Brighton Place & Plaza (光華逸家) — 51% interest

PROJECT LOCATION:
Section 1, Guang Hua Avenue, Xi San Huan, Chengdu, Sichuan

Total land area:	76,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	274,000 sqm 94,000 sqm 368,000 sqm
Expected completion date and area:	Phases I and III: GFA: Phases II and IV: GFA:	first half of 2014 79,000 sqm second half of 2014 159,000 sqm

Project description:

The project is situated at Guanghua New City, the hub of the western new city under the strategy to establish four new major districts in Qingyang, Chengdu. MTR line No.4 to be operational in 2013 will also service this district.

The whole project is positioned as a high-end cosmopolitan city complex adopting the planning principle of separate commercial and residential areas. The western part is planned to have 4 office buildings, with a lower level business street; and the eastern part is planned to have 14 high-rise residential blocks.

Virtual Perspective of Brighton Place & Plaza

Project update:

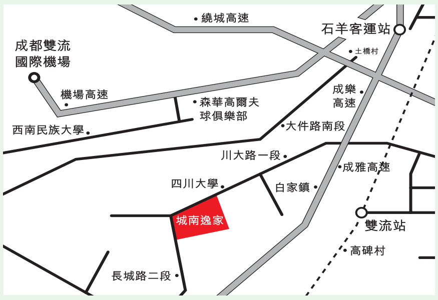
The first 4 phases of high-rise residential development with a total GFA of 238,000 sqm have commenced construction during the year. Over 97% of residential area with a GFA of 166,000 sqm was sold as at 31 December 2012 at an ASP of RMB7,800 per sqm. Four phases of the project are expected to be completed in 2014. The fifth phase is office and commercial development with a GFA of 130,000 sqm and will commence construction in early 2013.

Project honours:

- The 4th China Real Estate Magazine Union Media Critics Award • The Most Anticipated Commercial Project Award 2013 (January 2013)
- Featuring China • Media Award 2012 in Western China • Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • 2012 Residential Project (2012)

PROJECT NAME:
Villa Royale (城南逸家) — 51% interest

PROJECT LOCATION:
Section 2, Chuendadao, Xinchengnan Region, Chengdu, Sichuan



Total land area:	205,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	251,000 sqm 80,000 sqm 331,000 sqm
Completion/Expected completion date and area:	Clubhouse and show flats (Completed): GFA: Phase I (Completed): GFA: Phase II: GFA:	2011 10,000 sqm second quarter of 2012 58,000 sqm third quarter of 2013 96,000 sqm

Project description:

The project is located in the Chuendadao 2nd section in the Xinchengnan Region in Chengdu, with the government's new administration centre in the east, the international airport and airport economic development zone in the west, and the famous one hundred-year-old Sichuan University campus across the main road from its northern end, and within 10 minutes' car ride to Chengdu city centre.


Villa Royale

The project focuses at providing villas and townhouses within the city, a most sought after product in the local property market.

Project update:

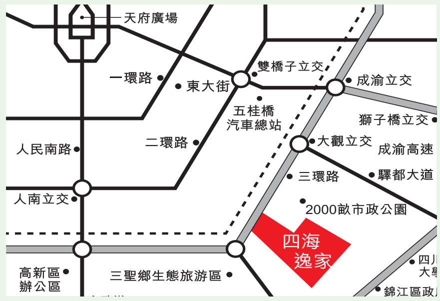
Phase I of the project with a total GFA of 68,000 sqm, of which 10,000 sqm are for show flats and clubhouse facilities, has been completed and started delivery in the first half of 2012. Construction works of Phase II with a total GFA of 96,000 sqm is currently in progress. About 39% of Phase II launched residential area was sold at an ASP of RMB12,300 per sqm. Phase II is scheduled for completion in 2013.

Project honours:

- 2012 Heritage Value Villa Project Award • The 4th China Real Estate Magazine Union Media Critics Award (January 2013)
- Featuring China • Media Award 2012 in Western China • Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • 2012 Residential Project (2012)

PROJECT NAME:
Sky Villa (四海逸家) — 51% interest

PROJECT LOCATION:
Zone 3 Liangfengcun and Zone 5 Fengfangyancun, Jinjiang District, Chengdu, Sichuan



Total land area:	108,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	327,000 sqm 123,000 sqm 450,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phase II: GFA: Phase III: GFA:	fourth quarter of 2010 90,000 sqm 2012-2013 145,000 sqm 2015-2016 215,000 sqm

Project description:

The project is located at the South Third Ring Road, Jinjiang District, Chengdu, in the neighbourhood of the new government office buildings in the east.

Sky Villa combines the concepts of villas and high-rises, hence the name, and is unique in Chengdu. The six-metre ceiling height is a strong selling point of the project.


Sky Villa

Project update:

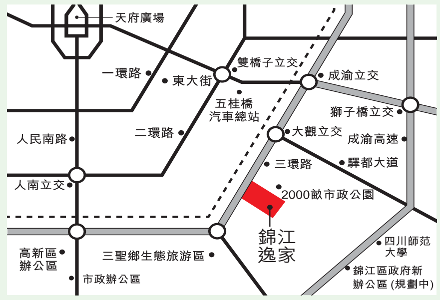
Phase I comprises of 682 residential units or 90,000 sqm GFA occupying 3 towers which were completed and delivered in 2010 and 2011. Phase II comprises of 5 towers with a total of 1,079 residential units or a total GFA of 145,000 sqm. Three towers of Phase II were completed and started delivery in December 2012 with the remaining 2 towers to be delivered in the second half of 2013. Around 87% of the Phase II residential units were sold as at 31 December 2012 at an ASP of RMB16,900 per sqm. Construction works of Phase III with a total GFA of 215,000 sqm in 6 towers are currently in progress. One tower of Phase III was launched for pre-sales during the year with 43% residential units sold as at 31 December 2012. In early 2013, another tower was launched for pre-sales.

Project honours:

- "Beautiful China • The Pride of Chengdu" TV Media Award 2012 • Creation of City Value Project 2012 (January 2013)
- China Property New Vision • Urban Luxury Iconic Project (2012)

PROJECT NAME:
Sky Villa Condominiums (錦江逸家) — 51% interest

PROJECT LOCATION:
Near Green Axis Park (綠軸公園) of South 3rd Ring Road Section 1, Jinjiang District, Chengdu, Sichuan



Total land area:	30,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	88,000 sqm 37,000 sqm 125,000 sqm
Expected completion date and area:	Phase I (by batches): GFA:	first half of 2016 125,000 sqm

Project description:

The project is situated next to the Green Axis Park (綠軸公園) at South 3rd Ring Road Section 1, Jinjiang District, Chengdu City, which directly connects to the 3rd Ring Road, and the area is also easily accessible via a number of bus routes.

The total GFA of the project is approximately 125,000 sqm, of which 79,000 sqm is residential area that consists of 6 blocks of 29 to 33-storey high-rise residential buildings featuring flat types of 60-90 sqm.

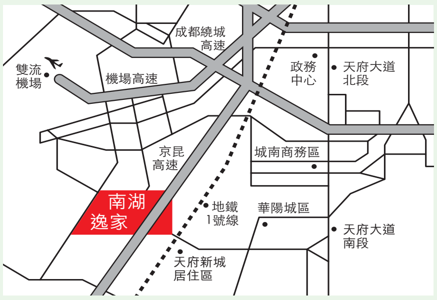
The project is positioned as a high-end residential community in the south of the city, mainly targeting high to middle-class customers in the city by providing a high-quality living environment.


Virtual Perspective of Sky Villa Condominiums

Project update:	Construction work commenced in the first quarter of 2013.
Project honours:	Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • The Most Anticipated Project 2013 (2013)

PROJECT NAME:
Residence du Lac (南湖逸家) — 51% interest

PROJECT LOCATION:
Huafu Avenue, Gongxing Town, Shuangliu County, Chengdu, Sichuan

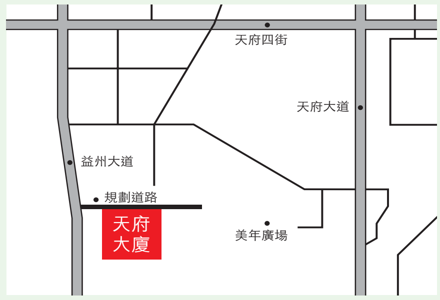


Total land area:	100,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	300,000 sqm 98,000 sqm 398,000 sqm
Expected completion date and area:	Phase I (by batches): GFA:	first half of 2016 209,000 sqm
Project description:	The project is situated next to Huafu Avenue, Gongxing Town, Shuangliu County and Nanhu Scenic Area (南湖風景區). The project plans to build 18 blocks of high-rise residential buildings. Each flat has a good scenic view. Regarding landscape, the project comes with two large semi-private courtyards and is positioned as a major high-end residential area in the southern part of the Chengdu.	
Project update:	Construction work is expected to commence in the first half of 2013.	
Project honours:	Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • The Most Anticipated Project 2013 (2013)	

Virtual Perspective of Residence du Lac

PROJECT NAME:
Celestial Centre (天府大廈) — 51% interest

PROJECT LOCATION:
Near the midsection of Yizhou Avenue, Southern Chengdu, Sichuan



Total land area:	17,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	95,000 sqm 26,000 sqm 121,000 sqm
Expected completion date and area:	Phase I (by batches): GFA:	first half of 2016 121,000 sqm
Project description:	The project is located in Shuangliu County, south of Chengdu City and is easily accessible via several major roads like Yizhou Avenue and Tianfu Avenue. The total GFA of the project is approximately 121,000 sqm with Grade-A offices and high-rise residential buildings. Details of the project development are in progress.	
Project update:	Construction work is expected to commence in the third quarter of 2013.	


Virtual Perspective of Celestial Centre

PROJECT NAME:

Residence du Paradis (天府逸家) — 51% interest

PROJECT LOCATION:

Jinfeng Road, Damian Town, Long Quan Yi District, Chengdu, Sichuan

Total land area:	100,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	582,000 sqm 232,000 sqm 814,000 sqm
Expected completion date and area:	Phase I (by batches): GFA:	first quarter of 2016 233,000 sqm
Project description:	The project is situated on Jinfeng Road, Damian Town, Long Quan Yi District with an excellent transportation network, which can be easily reached via several main roads such as Chenglong Avenue and Yidu Avenue, and is near to the Linjiadayan Station along the eastern line of No.2 Railway. The project consists of 22 blocks of super high-rise residential buildings with flat types ranging from 60-100 sqm and is supported by independent commercial facilities and a kindergarten.	

Virtual Perspective of Residence du Paradis

Project update:	Construction work commenced in the first quarter of 2013.
Project honours:	Top 50 Real Estate Enterprises with the Most Comprehensive Strength in Sichuan • The Most Anticipated Project 2013 (2013)

Project Overview

PROJECT NAME:
Dazhou Project (雍河灣) — 100% interest

PROJECT LOCATION:
Chaoyang Road Central, Tongchuan District, Dazhou, Sichuan

Total land area:	73,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	358,000 sqm 55,000 sqm 413,000 sqm
Expected completion date and area:	Phase I: GFA:	fourth quarter of 2013 176,000 sqm
Project description:	The project is located at the Chaoyang Road Central in the Tongchuan District in Dazhou City in Sichuan outside the entrance of the newly emerged western district, with the old district in the east and rivers in the south, and has a convenient transportation network.	
Project update:	Construction works of Phase I with a GFA of 176,000 sqm are underway during the year. As at 31 December 2012, 26,000 sqm residential area was sold at an ASP of RMB4,900 per sqm. Phase I is expected to be completed in 2013. Foundation works of part of Phase II with a GFA of 59,000 sqm are currently in progress and construction works will start in the first half of 2013.	

Virtual Perspective of Dazhou Project

Guiyang

Area:	8,034 km^2
Population:	4,300,000
GDP Growth:	Year 2012 — 15.9% Year 2011 — 17.1% Year 2010 — 14.3% Year 2009 — 13.3%
Location:	In the Southwestern region of China, the central part of Guizhou Province and the eastern part of Yungui Plateau. It is the provincial capital of Guizhou Province

PROJECT NAME:
First City, Guiyang (中渝 • 第一城) — 85% interest

PROJECT LOCATION:
North Wing of International Exhibition Centre, Guanshanhu District , Guiyang City, Guizhou Province


Virtual Perspective of First City, Guiyang

Total land area:	365,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	1,054,000 sqm 271,000 sqm 1,325,000 sqm
Expected completion date and area:	Phase I: GFA: Phase II (1st and 2nd batches): GFA: Phase III: GFA:	fourth quarter of 2013 184,000 sqm fourth quarter of 2015 237,000 sqm second quarter of 2015 248,000 sqm
Project description:	The project is situated at the Guanshanhu District in Guiyang City, which is a new urban district located 12 kilometres northwest of the city centre of Guiyang. The project comprises independent commercial streets, high-end business office buildings, high-end residences, fashionable bar streets, streets for dining and drinking, boutique business hotels, three major theme parks, etc, such that it distinguishes itself from the traditional real estate projects and aims at building an international, eco-friendly and diversified "Utopia for Living". The Group's reputation of delivery of well designed quality products is well recognized locally. This enables the Group to command a premium and gain a place among the top players in the Guiyang real estate market.	
Project update:	Construction works of Phase I to III began during the year. The first phase of the project has a total GFA of 184,000 sqm comprising of townhouses and low-rise residential units. As at 31 December 2012, over 78% of the launched pre-sales low-rise residential units with a GFA of 59,000 sqm and around 46% of townhouses units with a GFA of 3,000 sqm were sold at an ASP of RMB7,600 and RMB16,000 per sqm respectively. Phase I is planned for completion and delivery in 2013. Phase II is an office development with a GFA of 497,000 sqm. Pre-sales was first launched in December 2012 and 15,000 sqm office area was sold at an ASP of RMB9,400 per sqm. Phase III is developed as high-rise residential towers with a GFA of 248,000 sqm. About 29,000 sqm residential area was launched for pre-sales and 33% was sold at an ASP of RMB5,300 per sqm as at 31 December 2012.	
Project honours:	• Internet Popularity Ranking of Guiyang Real Estate in China 2012 • Top 10 Most Popular Residential Projects (January 2013) • Nomination Award • "The Best Developers of Urban Luxury in Guizhou" • The 1st Rating of Businesses for Power & Influence by CEO (January 2013) • Nomination Award • "The Most Popular and Innovative Businesses in Guizhou" • The 1st Rating of Businesses for Power & Influence by CEO (January 2013) • Annual Guizhou Property Media Awards • Core Commercial Project with Highly Appreciation Potential in Qianzhong CBD 2012 (2012) • Annual Media Ranking 2012 • The Most Anticipated Ecological Central Commercial Complex (2012)	

EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 48, was first appointed Executive Director of the Company on 22 June 2000 and became Chairman on 22 November 2006. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Cheung is mainly responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. Mr. Cheung has a wide range of experience in investment and business management, including approximately 20 years of property development and investment experience in the PRC. Mr. Cheung is the founder and Chairman of Yugang International Limited ("Yugang"), Chairman of Y.T. Realty Group Limited ("Y.T. Realty") and Chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), the shares of all these companies are listed on the Stock Exchange. He is also a Director of Regulator Holdings Limited, Yugang International (B.V.I.) Limited, Chongqing Industrial Limited, Palin Holdings Limited and Thrivetrade Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under SFO" on page 59.

Dr. LAM How Mun Peter, aged 65, was first appointed Executive Director of the Company on 3 June 1998 and became Managing Director and Deputy Chairman on 9 April 1999 and 22 November 2006 respectively. Dr. Lam was one of the founders of our Group in 1989. He also serves as a Director of several subsidiaries of the Company. As Managing Director, Dr. Lam is responsible for the day-to-day management of the Group's business, recommending strategies to the Board, and determining and implementing operational decisions. Dr. Lam graduated from The University of Hong Kong with a bachelor's degree in Medicine and Surgery in 1972. He is a fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 20 years of extensive experience in corporate management, real estate and investment. Dr. Lam is the Chairman and a Non-executive Director of Qualipak International Holdings Limited ("Qualipak"), the shares of which are listed on the Stock Exchange.

Mr. TSANG Wai Choi, aged 64, was appointed Executive Director of the Company on 14 May 2007 and became Deputy Chairman on 1 June 2008. He also serves as a Director of several subsidiaries of the Company. Graduated from the Sichuan Construction Material College (四川省建築材料學校), Mr. Tsang has extensive experience in various segments of the construction industry in the PRC, including over 20 years of experience in property development as a professional project manager. As a front-runner in property development using private capital in the city of Chongqing, Mr. Tsang has been over-all in charge of a number of large-scale property projects in the city since 1991.

Mr. LEUNG Chun Cheong, aged 63, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. Mr. Leung has joined the Group since 1995. He is responsible for overseeing the financial control of our Group. Previously, Mr. Leung had held senior positions in various companies in Hong Kong. He has over 35 years of extensive experience in professional accounting and finance. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Leung is currently an Executive Director of Qualipak.

Mr. LEUNG Wai Fai, aged 51, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Mr. Leung is responsible for overseeing the corporate finance and management of our Group. Graduated from the University of Wisconsin-Madison, the United States of America with a bachelor's degree in Business Administration in 1985, Mr. Leung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 20 years of extensive experience in accounting and financial reporting. In addition, Mr. Leung is an Executive Director of Cross-Harbour, a Non-executive Director of Qualipak and a Group Financial Controller of Yugang.

NON-EXECUTIVE DIRECTOR

Mr. WONG Yat Fai, aged 53, was appointed Independent Non-executive Director of the Company on 20 September 2006 and was re-designated as Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from the Hong Kong Polytechnic University. He has over 15 years of working experience with an international banking group. Mr. Wong is currently an Executive Director of ICube Technology Holdings Limited and a Non-executive Director of Y.T. Realty, the shares of both companies are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, GBS, JP, aged 61, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a bachelor's degree from Tufts University in the United States of America. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of other public and community service positions including Member of the Legislative Council and Non-Official Member of the Executive Council in Hong Kong, Chairman of Mega Events Funds Assessment Committee, Member of the Board of the West Kowloon Cultural District Authority, Board Member of the Airport Authority Hong Kong, General Committee Member of the Hong Kong General Chamber of Commerce and Member of the Fight Crime Committee. In addition, Mr. Lam is an Independent Non-executive Director of Hsin Chong Construction Group Ltd., Wynn Macau, Limited, China Overseas Grand Oceans Group Ltd., Sateri Holdings Limited and Chow Tai Fook Jewellery Group Limited, the shares of all these companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 53, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a Degree of Master in Accountancy from Charles Sturt University in Australia and a Degree of Bachelor of Social Sciences from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as Assistant Vice-President in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 25 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an Independent Non-executive Director of Suga International Holdings Limited, Yugang, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Stock Exchange.

Prof. WONG Lung Tak Patrick, BBS, JP, aged 65, was appointed Independent Non-executive Director of the Company on 1 October 2007. Prof. Wong is an associate of the Institute of Chartered Accountants in England and Wales, and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Association of International Accountants, the Institute of Chartered Secretaries and Administrators in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong as well as the Hong Kong Institute of Chartered Secretaries. Prof. Wong is a practicing certified public accountant in Hong Kong and has over 30 years of experience in the accountancy profession. He is the Managing Director of Patrick Wong CPA Limited. Prof. Wong was accorded Doctor of Philosophy in Business, was awarded a Badge of Honour by the Queen of England in 1993, was appointed a Non-official Justices of the Peace in 1998 and was awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Prof. Wong has been appointed Adjunct Professor, School of Accounting and Finance, the Hong Kong Polytechnic University since 2002. He participates in many types of community services, holding posts in various organizations and committees in government and voluntary agencies. Prof. Wong is currently an Independent Non-executive Director of Water Oasis Group Limited, China Precious Metal Resources Holdings Co., Ltd., Galaxy Entertainment Group Limited, National Arts Holdings Limited, Real Nutriceutical Group Limited, Guangzhou Pharmaceutical Company Limited, Sino Oil and Gas Holdings Limited and Winox Holdings Limited, the shares of all these companies are listed on the Stock Exchange.

To our Shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2012.

Year 2012 is one of transformation for the Group. During the year, the Group undertook a series of corporate restructuring exercises to streamline its business. Subsequent to the disposal of its luggage business in March 2012, the Group completed the spin-off of its manufacturing business (the "Packaging Business") in July 2012. The spin-off not only enabled the management team of the Group to focus on its core business of property development and investment in Western China, providing investors with a clear picture of the Group's performance in the property business but also unlocked and returned to its shareholders the value of the Packaging Business in the form of securities. The transformation is complete. For the year ended 31 December 2012, the Group achieved a record high revenue of HK$7,632.4 million, representing a substantial increase of 45% over that of last year, and a net profit for the year of HK$672.2 million, increasing by 61% over that of last year. The Group attained a profit attributable to shareholders of HK$529.2 million (2011: HK$301.0 million). The basic earnings per share for the year was HK$20.45 cents (2011: HK$11.59 cents).

BUSINESS REVIEW

In 2012, the global economy was weak, due to the deterioration in US economy and continuing European zone debt crisis. The tightening policies introduced by the PRC Central Government over the property market were still in play. Although China's economy slowed, the country still managed to achieve with a full year GDP growth of 7.8%. Despite the restrictive policy measures, the Group could still record relatively large property sales transaction volume.

The Group continues to focus its property development and investment in Western China which is predominately an end-user driven market. In addition to Chongqing and Chengdu, the Group launched its first project in Guiyang in May 2012. These three cities have strong economic growth with the GDP growth of Chongqing, Chengdu and Guiyang for 2012 reaching 13.6%, 13.0% and 15.9% respectively, which are much higher than the nation's average of 7.8%. The demand for residential properties for self use and upgrading purposes constituted the mainstream demand in these regions. The Group was able to record impressive contract sales with an increase of 23% to RMB7,856.0 million (2011: RMB6,378.5 million) when compared with that of the previous year. The contract sales achieved was about 16% above the target of RMB6.8 billion. The total GFA sold was approximately 1,029,400 sqm (2011: 740,800 sqm) which is 39% up from that of 2011. The ASP decreased by 12% to RMB7,600 sqm as the Group has adjusted its product mix to offer more mid-end products such as smaller units each with a smaller lump sum price tag to meet the requirement of first-time homebuyers and promote sales.

During the year, the Group reported a recognized property sales revenue of HK$7,408.4 million, representing an increase of 58% over that of 2011. All the 8 projects (2011: 7 projects) planned to be completed in 2012 were delivered on schedule. The booked ASP increased by 30% to RMB8,180 per sqm and the gross profit margin was 33.5% (2011: 27.5%). The better gross profit margin achieved was due to the delivery of later phases of several projects which were sold at higher selling prices.

During 2012 and up to the date of this report, the Group spent RMB4.4 billion to acquire 7 quality land lots with a total planned GFA of 2.6 million sqm to further enhance its total land bank to GFA of 12.8 million sqm. The existing development land bank attributable to the Group exceeds 8.8 million sqm of GFA. All land lots are located at favorable locations with an average land cost of about RMB2,070 per sqm, carry great appreciation potential to enhance the gross profit and overall profitability of the Group.

The Group is currently in a healthy and solid financial position with a net gearing of 12.4% as at 31 December 2012 (2011: 2.7%). Two bridging loans of HK$1,250 million and HK$400 million respectively were arranged with banks at the end of 2012 to ensure sufficient cash flow for the operation of the Group. A new three year term loan facility of HK$3.4 billion was signed in January 2013 to refinance the existing syndicated loan of HK$1,925 million and the bridging loans executed at the end of 2012 and to finance the general corporate requirements of the Group.

PROSPECTS

Global economic recovery should remain fragile in 2013. The Group expects that Year 2013 will be full of challenges as well as opportunities. The outlook for China's property market remains positive. The tightening policies in China have not been lifted, despite some recent cuts in bank reserve ratio and interest rates. It must be remembered, however, that the tightening measures are mainly directed against speculators and investors. The Central Government continues to support first time home buyers and genuine end-users, which make up the mainstay of home purchasers in second and lower tier cities — a region where the Group operates. Leveraging on these favorable policies towards end-users, the Group believes there is still great potential for the real estate industry within its territory.

Based on its strong foundation built over the last few years, the Group targets to double its yearly contract sales in 3 to 4 years' time. The contract sales target for 2013 is RMB8.8 billion which is approximately 12% more than its 2012 contract sales. This will be mainly achieved from sales of 15 projects in 4 cities. Completion of properties in 2013 will be 1.2 million sqm. Based on the existing development schedule, the Group expects the total area for construction start up in 2013 is expected to be around 2.6 million sqm. Together with the area under construction of 4.1 million sqm as at 31 December 2012, the total area under development at the end of 2013 is expected to be over 6.7 million sqm — about 52% of the Group's total land bank. The Group will proceed prudently with new land purchases. It will also be looking to diversify into other cities, primarily within Western China.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to the Board, management and staff for their hard work, loyalty and dedication. I am grateful to our shareholders, strategic partners and bankers for their support and confidence which have contributed towards the Group's success.

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2013

RESULTS

The Group achieved a record high revenue of HK$7,632.4 million for the year ended 31 December 2012, a 45% increase from HK$5,275.3 million of 2011. The property development and investment business and treasury investment business (continuing operations) recorded a revenue of HK$7,432.7 million (2011: HK$4,702.2 million) representing an increase of approximately 58% over that of last year, and a net profit of HK$660.0 million, a substantial increase of approximately 73% over the last year. The revenue for the discontinued operations of the Group's manufacturing business was HK$199.7 million with a net profit of HK$12.2 million up to the completion of the spin-off in July 2012.

The Group attained a profit attributable to shareholders for the year ended 31 December 2012 of HK$529.2 million (2011: HK$301.0 million), a significant increase of about 76% over that of last year. If the one-off expenses of HK$18.9 million in professional fees and other expenses incurred in the preparation for the spin-off and separate listing of the Packaging Business during the year, and the loss of HK$11.9 million incurred from the disposal of the Luggage Business were excluded, the profit attributable to shareholders would be HK$560.0 million. The basic earnings per share for the year were 20.45 HK cents (2011: 11.59 HK cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK$0.045 (2011: HK$0.04) per share to shareholders who are registered on the Register of Members of the Company at the close of business on 29 May 2013. The directors also propose that the shareholders entitled to the proposed final dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the proposed final dividend ("Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon shareholders' approval of the relevant resolutions regarding the proposed final dividend and the granting of a general mandate unconditionally to the directors to issue shares at the AGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme. A circular containing details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 4 June 2013. The dividend warrants and the share certificates for the Scrip Dividend Scheme will be sent to shareholders by ordinary mail on or about 3 July 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 16 May 2013 to Tuesday, 21 May 2013, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 15 May 2013.

The Register of Members of the Company will also be closed from Monday, 27 May 2013 to Wednesday, 29 May 2013, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 24 May 2013.

BUSINESS REVIEW

Year 2012 is one of transformation for the Group. During the year, the Group undertook a series of corporate restructuring exercises to streamline its business. A new C C Land was formed. The Group is now engaged principally in its core business of property development in Western China.

During the year 2012, no more new stiff control measures were introduced by the Chinese Government to curb the property market as the current restrictions have been effective in discouraging speculation as a whole. To increase market liquidity in response to external economic uncertainties and to support growth, the Central Government twice reduced the benchmark interest rates and eased off banks' reserve requirements. As a result, the property market gradually picked up and got back on track from March 2012. Both selling prices and transaction volumes gradually rebounded, supported by increasing end-user demands from first time homebuyers and up-graders. Land prices also improved.

In addition to Chongqing and Chengdu, the Group launched its first project in Guiyang in May 2012. These three cities have seen strong economic growth with the GDP growth of Chongqing, Chengdu, and Guiyang for the year of 2012 reaching 13.6%, 13.0% and 15.9% respectively, which are much higher than the nation's average of 7.8% in the year.

Recognized Revenue

During the year, the Group's property sales revenue was HK$7,408.4 million (RMB6,025.0 million) (2011: HK$4,679.3 million (RMB3,826.0 million)) against a total booked GFA of 737,000 sqm (2011: 609,300 sqm). The revenue from property sales and booked GFA represented a growth of 58% and 21% respectively over the corresponding year of 2011. For 2012, the ASP of recognized sales increased by 30% to RMB8,180 per sqm (2011: RMB6,280 per sqm). Overall booked gross profit margin for the year increased by 6 percentage points to 33.5% from 27.5% in 2011 as some projects were delivered as the second or third phase which have a higher selling price than the first phase.

The table below summarizes the recognized sales revenue by projects for 2012:

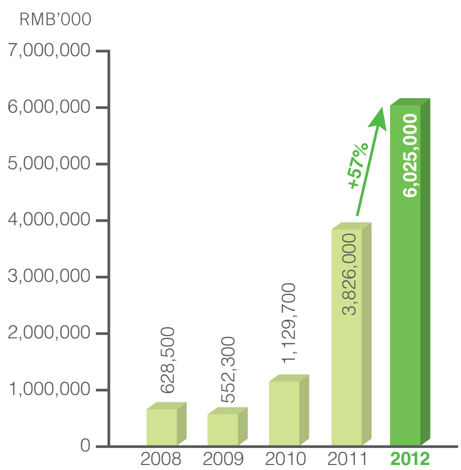
Locations	Projects	Usage	GFA (sqm)	Sales Revenue Net of Business Tax (RMB'000)	ASP Net of Business Tax (RMB)	The Group's Interest
Chongqing	Verakin New Park City					51%
	— Zone W	Residential	193,500	1,117,700	5,780/sqm	
		Commercial	2,200	34,900	15,880/sqm	
	— Zone J	Residential	67,300	694,400	10,320/sqm	
		Commercial	200	3,000	12,380/sqm	
	L'Ambassadeur Phases I & II	Residential	172,200	1,288,900	7,490/sqm	100%
		Commercial	3,100	59,900	19,030/sqm	
	Phoenix County Phase I	Residential	52,000	549,700	10,560/sqm	100%
	i-City Phases I, II & III	Residential	9,300	76,700	8,280/sqm	100%
		Office	10,300	103,700	10,100/sqm	
		Commercial	3,100	76,300	24,820/sqm	
		Car Park	6,900	20,200	104,670/unit	
	Riverside One, Wanzhou Phases I & II	Residential	28,900	108,500	3,760/sqm	100%
		Commercial	6,800	60,800	8,990/sqm	
		Car Park	10,400	22,700	74,860/unit	
	Mansions on the Peak	Residential	4,900	147,700	30,250/sqm	100%
	Others	Residential/ Office/ Commercial/ Car Park	12,000	119,300		
Chengdu	Sky Villa Phase II	Residential	50,000	755,000	15,110/sqm	51%
		Car Park	14,000	45,200	103,280/unit	
	Villa Royale Phase I	Residential	31,500	390,000	12,380/sqm	51%
		Car Park	7,500	18,700	96,250/unit	
	Others	Residential/ Car Park	4,600	19,300		
Kunming	Silver Lining	Residential	46,300	312,400	6,740/sqm	70%
TOTAL			737,000	6,025,000		

In terms of location, Chongqing accounted for 74% (2011: 88%) of the recognized revenue and the remaining 26% (2011: 12%) came from Chengdu and Kunming. In terms of usage, about 91% (2011: 79%) were for residential and the balance for non-residential purposes.

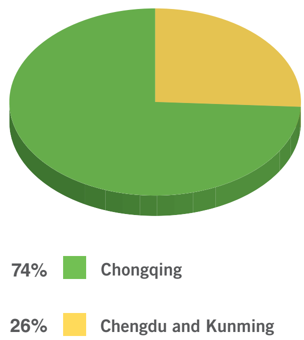
As at 31 December 2012, the unrecognized revenue was approximately RMB10 billion, representing a total area sold of approximately 1.3 million sqm. This had laid a solid foundation for the year 2013. The recognition of this revenue will depend on the time of completion of the relevant projects, the issuance of occupation permits and delivery of the completed units to the buyers.

Mansions on the Peak

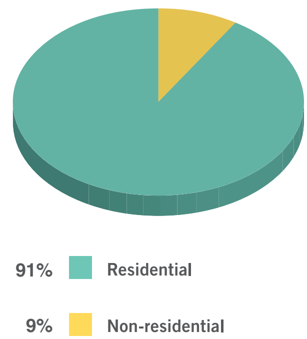
Property Sales Revenue



Analyzed by City



Analyzed by Usage



Eight projects were completed on schedule in 2012. The total GFA completed by the Group in the period under review amounted to approximately 1,024,000 sqm. The details are as follows:

Projects	Usage	GFA (sqm)	Percentage of Area Sold as at 31 December 2012	The Group's Interest
Chongqing				
L'Ambassadeur Phases I & II	Residential	198,400	92	100%
	Commercial	20,000	20	
	Others	68,200		
Mansions on the Peak	Residential	36,500	20	100%
	Commercial	1,700		
	Others	19,000		
Phoenix County Phase I	Residential	62,200	95	100%
	Commercial	4,800		
	Others	9,500		
Verakin New Park City — Zone W	Residential	194,100	100	51%
	Commercial	3,800	97	
	Others	37,400		
— Zone J	Residential	73,000	98	51%
	Commercial	500	100	
	Others	1,900		
Riverside One, Wanzhou Phase II	Residential	28,900	100	100%
	Commercial	8,300	87	
	Others	11,300	93	
Chengdu				
Sky Villa Phase II	Residential	56,700	89	51%
	Others	27,000	66	
Villa Royale Phase I	Residential	48,400	92	51%
	Others	18,500	52	
Kunming				
Silver Lining	Residential	54,600	88	70%
	Commercial	14,200		
	Others	25,100		
TOTAL		1,024,000		

Delivery of L'Ambassadeur

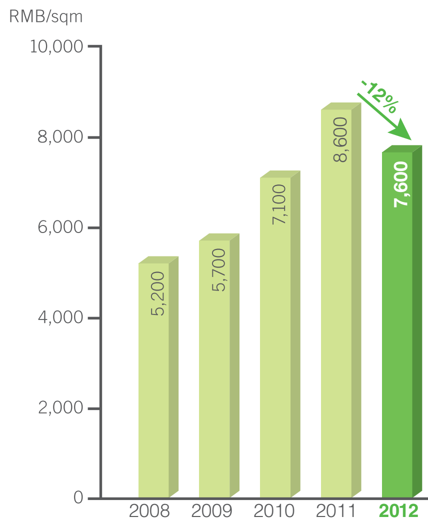
Delivery of Sliver Lining

Contract Sales

During the year, the government's initiatives, including low-cost social housing plans and the regulatory measures imposed on private housing purchases, have been effective as some cities reported decreased property transaction volumes and month-on-month declines in housing prices. The measures are designed to create stability and promote healthy growth of the property sector in the PRC in the long run. With the strong demands from the first time homebuyers, the sale of residential properties began to pick up since March 2012.

The total contract sales of the Group in 2012 were RMB7,856 million which showed a 23% increase from the previous year and was 16% above the sales target of RMB6,800 million. The total GFA sold increased by 39% to 1,029,400 sqm GFA from the previous year. It is supported by a schedule of launching 14 projects, which was achieved through the Group's adjustment of its product mix to offer more mid-end products with a smaller lump sum price tag per unit to meet the demand of first-time homebuyers and promote sales, resulting in the decrease of the overall ASP by about 12% from RMB8,600 per sqm in 2011 to RMB7,600 per sqm in 2012. Out of these projects, 3 were new projects, namely, Bishan Verakin New Park City in Chongqing, Brighton Place & Plaza in Chengdu, and First City in Guiyang. During the year, Verakin New Park City, Brighton Place & Plaza, and L'Ambassadeur were the top 3 projects, contributing most of the contract sales.

Contract ASP

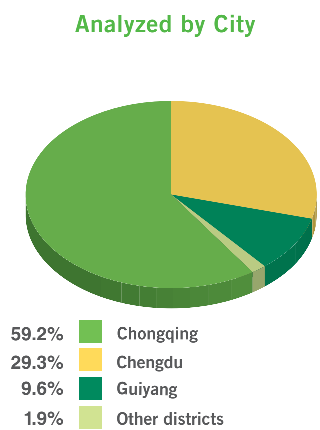


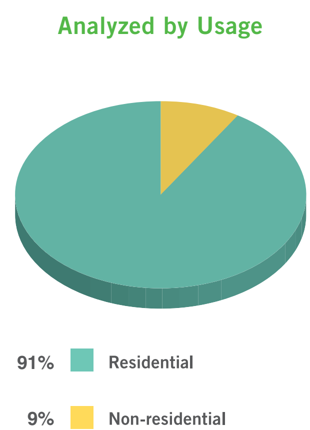
Grand Launch of Brighton Place & Plaza

Sales Centre of First City, Guiyang

The breakdown of the contract sales in 2012 is as follows:

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
Chongqing				
L'Ambassadeur Phases I, II, III & IV	Residential	116,400	907,700	7,800/sqm
	Commercial	2,400	48,600	20,000/sqm
Verakin New Park City — Zones J, K, L, M, N, O & P	Residential	239,400	1,702,300	7,100/sqm
	Commercial	4,200	60,400	14,200/sqm
Bishan Verakin New Park City — Zone B	Residential	38,900	191,700	4,900/sqm
	Commercial	1,500	26,700	17,700/sqm
i-City Phases I, II & III	Residential	7,400	55,800	7,600/sqm
	Commercial	3,500	88,800	25,700/sqm
	Office	6,700	77,900	11,600/sqm
	Car Park	6,600	20,400	115,500/unit
Riverside One, Wanzhou Phases I, II & III	Residential	61,400	329,500	5,400/sqm
	Commercial	2,300	43,000	18,300/sqm
	Car Park	10,200	27,400	88,700/unit
Phoenix County Phases I, II & III	Residential	49,400	435,900	8,800/sqm
Mansions on the Peak	Residential	3,900	118,800	30,700/sqm
Academic Heights Phases I & II	Residential	92,400	444,100	4,800/sqm
Others	Residential/ Car park	21,400	73,600	
		668,000	4,652,600	
Chengdu				
Sky Villa Phases II & III	Residential	39,500	645,400	16,400/sqm
	Car Park	11,300	40,500	121,600/unit
Brighton Place & Plaza Phases I , II, III & IV	Residential	165,800	1,288,000	7,800/sqm
	Commercial	3,000	103,500	34,800/sqm
Villa Royale Phases I & II	Residential	16,900	202,400	11,900/sqm
	Car Park	3,900	15,700	145,400/unit
Others	Residential	1,900	10,000	
		242,300	2,305,500	
Guiyang				
First City, Guiyang Phases I, II & III	Residential	72,200	553,600	7,700/sqm
	Commercial	3,000	59,600	19,600/sqm
	Office	14,800	139,300	9,400/sqm
		90,000	752,500	
Other Districts				
Silver Lining	Residential	800	6,400	7,800/sqm
	Car Park	3,800	19,400	155,400/unit
Dazhou Project Phase I	Residential	24,500	119,600	4,900/sqm
		29,100	145,400	
TOTAL		1,029,400	7,856,000	





For the 2012 contract sales, about 59.2%, 29.3%, 9.6% and 1.9% came from Chongqing, Chengdu, Guiyang and other districts respectively. The ASPs breakdown by location is as follows:

ASP (RMB per sqm)	2012	2011	Percentage change
Chongqing	7,000	8,300	-16%
Chengdu	9,500	11,100	-14%
Guiyang	8,400	N/A	N/A
Others	5,000	6,900	-28%
Overall for the Group	7,600	8,600	-12%

In terms of usage, about 91% were for residential and 9% for non-residential properties. The ASPs breakdown by usage is as follows:

ASP (RMB)	2012	2011	Percentage change
Residential (per sqm)	7,500	8,600	-13%
Commercial (per sqm)	20,700	15,400	+34%
Office (per sqm)	10,100	11,000	-8%
Carparks (per unit)	116,500	91,900	+27%

As at 31 December 2012, the Group recorded RMB1,736 million of subscription sales which will be converted to contract sales in the coming months.

Land Bank

The Group's strategy to expand into other key cities in Western China has enabled it to benefit from the economic growth in the region while diversifying risks.

During the year, the Group has land lots in four cities, namely Chongqing, Chengdu, Guiyang and Dazhou. As at the report date, the Group's land bank stood at 12.8 million sqm GFA (attributable GFA amounting to about 8.8 million sqm). The average land cost is around RMB2,070 per sqm. The land bank is sufficient for development for the next 5 to 6 years. The main land bank in the Yubei District, Liangjiang New Area, Chongqing, accounting for 27% in terms of size of the Group's attributable land bank, is of the highest value due to its superb location, and to the maturity of its neighborhood. A large portion of the Group's trophy investments properties will be developed on this core land bank.

Chongqing Zhong Yu Participated in Autumn Property Exhibition 2012

The Group continues to proceed cautiously with land purchases. After taking into account various factors such as the land market environment, the development trend of the property market and its own financial position, the Group acquired during the year the following 6 parcels of land which it believed to have great development potential. The total consideration amounted to approximately RMB4.1 billion yielding an additional planned GFA of about 2.2 million sqm with an average land cost of approximately RMB1,880 per sqm.

	Land Location	Acquisition Month	Usage	Consideration (RMB million)	Planned GFA (sqm)	Unit Land Cost (RMB)	The Group's Interest
1.	Rongchang, Chongqing	January	Residential	125	152,000	820	25%
2.	Zhaomu Mountain, Chongqing	November	Residential & Commercial	2,190	663,000	3,300	100%
3.	Xinpaifang, Yubei District, Chongqing	November	Commercial	170	26,000	6,610	100%
4.	Huafu Avenue, Chengdu	November	Residential & Commercial	560	398,000	1,410	51%
5.	Yizhou Avenue, Chengdu	November	Residential & Commercial	90	121,000	740	51%
6.	Damian Town, Chengdu	December	Residential & Commercial	959	814,000	1,180	51%
				4,094	2,174,000		

Subsequent to the year ended 31 December 2012, the Group acquired a land lot at No.1 Zhenhua Square of the Upper Village and Longtang Village, Wudang District, Guiyang City, through its 85%-owned subsidiary at a consideration of approximately RMB330 million. The newly-acquired land lot has a total GFA of approximately 444,000 sqm. The unit land cost is approximately RMB740 per sqm GFA. This land lot is planned for the development of a mid to high-end residential project.

Launch of L'Ambassadeur SOHO Apartments

During the year, to further refine its land bank portfolio, the Group entered into agreements to dispose of the following parcels of land. The received proceeds were used to finance land bank acquisition during the year.

1. The Group entered into an agreement to dispose all of its 60% interest in the Villa Splendido Project in Yutang Town, Dujiangyan District, Chengdu at a consideration of about RMB332 million. The disposal was completed in January 2013.

2. The Group disposed all of its 51% interest in the La Concorde Project in Xinjin County, Chengdu at a consideration of about RMB680 million with a profit before tax of HK$10 million which was recognized in the year.

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sqm)	Properties held for Own Use GFA (sqm)	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage of Total GFA
				Total	Attributable		
Commercial	28,000	12,000	84,000	1,344,000	1,033,000	1,468,000	10.9
Residential	2,000		81,000	6,550,000	4,088,000	6,633,000	49.2
Office			3,000	1,626,000	1,318,000	1,629,000	12.1
Hotel & serviced apartment			15,000	402,000	354,000	417,000	3.1
Townhouse & villa			67,000	934,000	720,000	1,001,000	7.4
Others (Car Park and other auxiliary facilities)	53,000	11,000	277,000	1,990,000	1,325,000	2,331,000	17.3
TOTAL	83,000	23,000	527,000	12,846,000	8,838,000	13,479,000	100.0

The Group has a very low inventory. Completed properties held for sale is only about 4% of the total land bank. In respect of the total 148,000 sqm completed residential and townhouse & villa properties held for sale, about 28% have been pre-sold and are pending delivery.

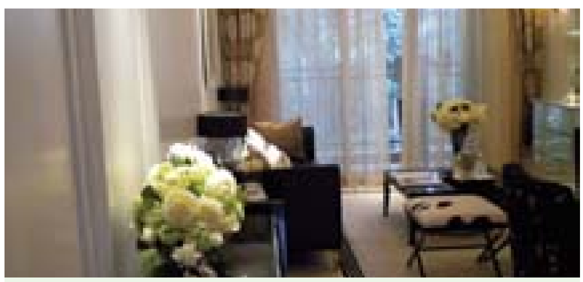
The breakdown of the land bank held for development by location is as follows:

Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage of Total GFA
Chongqing	8,299,000	5,715,000	64.6
Sichuan			
— Chengdu	2,365,000	1,207,000	18.4
— Dazhou	413,000	413,000	3.2
Guizhou			
— Guiyang	1,769,000	1,503,000	13.8
TOTAL	12,846,000	8,838,000	100.0

Around 65% of the land bank held for development is located in Chongqing while the remainder is in Chengdu, Dazhou and Guiyang. In terms of usage, about 61% of the land held for development is for residential, hotel and serviced apartments as well as townhouse and villa use and the remaining 39% for office, commercial and other developments.

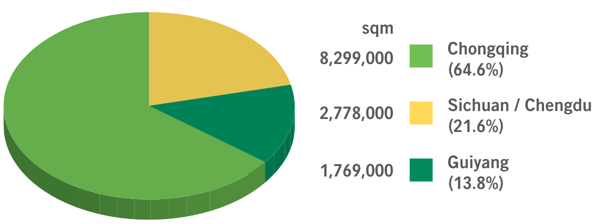
There were 15 projects in different stages of development during the year. The total area under construction as at 31 December 2012 was about 4.1 million sqm.

Sales Centre of Academic Heights

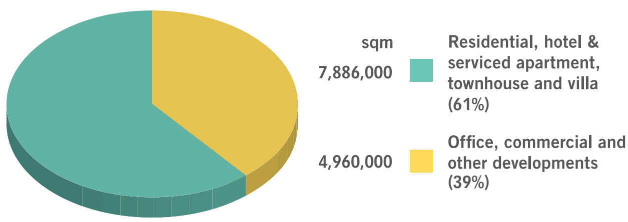


Show Flat of Bishan Verakin New Park City

By Location



By Usage



As at the report date, details of the Group's land bank held for development are as follows:

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
— Phoenix County	2013 - 2016	328,000	100%
— Zhongyu Plaza	2014 - 2015	420,000	100%
— L'Ambassadeur	2013 - 2014	205,000	100%
— Residence Serene	2014 - 2015	296,000	100%
— Lot #17-1	2015 or after	210,000	100%
— Lot #9	2015 or after	305,000	100%
— Lot #4	2015 or after	557,000	100%
— Lot #3-1	2015 or after	260,000	100%
— Xinpaifang	2015 or after	26,000	100%
— Others	2015 or after	91,000	100%
Chongqing, Jiangbei District	2014 or after	1,030,000	25%
Chongqing, Nan'an District			
— Verakin New Park City	2013 - 2017	1,310,000	51%
— Ertang Project	2015 or after	598,000	26%
Chongqing, Wanzhou District			
— Riverside One, Wanzhou	2014 - 2015	237,000	100%
— Wanzhou Project	2015 or after	271,000	100%
Chongqing, Shapingba District			
— Academic Heights	2013 - 2015	510,000	100%
Chongqing, Bishan County, Ludao New District			
— Bishan Verakin New Park City	2014 or after	830,000	26%
Chongqing, Rongchang County			
— Verakin Riviera	2015	152,000	25%
Chongqing, Zhaomu Mountain Area	2015 or after	663,000	100%
Chengdu, Jinjiang District			
— Sky Villa	2013 - 2016	276,000	51%
— Sky Villa Condominiums	2015 or after	125,000	51%
Chengdu, Shuangliu County			
— Villa Royale	2013 - 2015	263,000	51%
Chengdu, Qingyang District			
— Brighton Place & Plaza	2014 - 2015	368,000	51%
Chengdu, Yizhou Avenue			
— Celestial Centre	2015 or after	121,000	51%
Chengdu, Huafu Avenue			
— Residence du Lac	2015 or after	398,000	51%
Chengdu, Long Quan Yi District			
— Residence du Paradis	2015 or after	814,000	51%
Sichuan, Dazhou, Tongchuan District			
— Dazhou Project	2013 - 2015	413,000	100%
Guiyang, Guanshanhu District			
— First City, Guiyang	2013 or after	1,325,000	85%
Guiyang, WuDang District	2015 or after	444,000	85%
TOTAL		12,846,000	

Investment Property

As at 31 December 2012, the Group's portfolio of investment properties was 82,923 sqm (2011: 83,049 sqm) of which approximately 34.2% was commercial properties, 2.8% was residential properties and 63.0% was car parks and auxiliary facilities.

As at 31 December 2012, the book value of the investment properties of the Group totalled HK$379.9 million. In compliance with relevant accounting standards, the Group has conducted an evaluation for its investment properties. The portfolio's fair value appreciated by approximately HK$7.6 million to HK$379.9 million, the majority of which was the revaluation gain recognized in relation to the commercial properties. Moreover, leasing performance has been stable with a leasing rate of 77%. The total attributable gross rental income from the investment properties amounted to approximately HK$17.1 million for the year ended 31 December 2012 (2011: HK$13.8 million) representing a 24% increase from that of 2011.


Virtual Perspective of Zhongyu Plaza

Investment Property Under Development

The Group's core land bank in the Yubei District has been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes. In view of the prime location of these projects, the Group intends to keep the top trophy commercial properties for rental purposes and is expected to build up the investment property portfolio in the coming years. Four commercial land lots of the Group's core land bank are situated in the Yubei District, namely Lot Nos. 3, 4, 9 and 10. Construction on Lot No. 10 started in May 2009. Different phases of Lot No.10 are currently under development. One Central Midtown and 9 Central Midtown were completed in 2011. All 3 office towers and the shopping mall of the remaining phases are expected to be completed by 2014. The Group has also formed a strategic partnership with New World China Land Limited ("NWCL") to jointly develop a 5-star luxury hotel and office tower on this lot. The interest of this jointly developed project is held as to 80% by the Group and 20% by NWCL. The office tower and hotel of this project has an aggregate GFA of approximately 97,000 sqm and is scheduled to be completed by the year of 2014 and 2015 respectively. The 5-star luxury hotel will be managed by a well known world-class hotel operator.


9 Central Midtown

Treasury Investment Business

The treasury investments segment recorded a profit for the year of HK$188.1 million (2011: a loss of HK$0.8 million). There was a gain of HK$187.4 million (2011: HK$48.9 million) realized on the partial disposals of available-for-sale investments held by the Group. Dividend income and interest income from investment in notes receivable totalled HK$9.8 million (2011: HK$38.3 million). The realized loss and unrealized gains on listed securities amounted to HK$7.4 million and HK$1.4 million respectively (2011: realized and unrealized losses on listed securities were HK$30.7 million and HK$50.4 million respectively).

To maximize shareholders' return and in view of the shrinking interest returns on bank deposits, the Group invested its unused cash in a portfolio of listed securities and unlisted investment funds. To maintain a prudent treasury investment portfolio, the value of the portfolio has been limited to no more than 10% of the total assets of the Group in the past few years.

As at 31 December 2012, the value of the portfolio was HK$699.2 million which is only about 2% of the total assets of the Group and is about 41% down from HK$1,181.4 million as at 31 December 2011. The Group will monitor closely the usage of unused cash and adjust the size of its investment portfolio.

Financial Position

The Group has maintained a strong financial position during the year. As of 31 December 2012, the Group had aggregate cash and bank balance and time deposits amounting to HK$8,172.8 million (2011: HK$6,753.9 million). The net gearing ratio of the Group as at 31 December 2012 was 12.4% (2011: 2.7%) calculated by total borrowings less bank balances and cash divided by owners' equity. The increase in gearing ratio was mainly due to the payment of land premium and related costs as well as construction costs of RMB3.0 billion and RMB4.9 billion respectively. These payments were mainly financed by internal resources generated from cash received from property pre-sales and external bank borrowings. The cash collection ratio for the property business was 74% during the year under review. The average borrowing interest rate for the year ended 31 December 2012 was 6.09% (2011: 4.80%).

CORPORATE STRATEGY AND OUTLOOK

Looking forward to 2013, the international financial and economic conditions are expected to remain uncertain. China's economy will continue to be affected by the slow recovery of the global economy. It is expected the existing cooling and restrictive measures imposed on the residential market will not change significantly in 2013. Meanwhile, the growing demand for new and better housing, accelerated urbanization and other factors will continue to drive up demand in the property market especially in Western China, which historically lags behind the Tier 1 cities, and where the end-user demand is robust.

The Group has adopted a fast asset turnover model and targets to double its yearly contract sales in three to four years' time. With the new construction start-up area growing at the same ratio, the financial position of the Group can comfortably achieve this target sales growth and maintain the profit margin without cutting the sales price severely during the market downturn. In order to ensure ample land supply for its property development and strategic planning in the long run, the Group will actively and prudently consider every opportunity to look for suitable land lots at other Western China cities for diversification by taking its advantage of sound financial position and low gearing ratio. The Group prefers land lots which may be immediately developed following completion of acquisition, thereby maintaining a balance between achieving fast asset turnover and effective risk management. The Group will maintain a land bank policy of keeping its land bank sufficient for the next 5 to 6 years' development. At the same time a prudent cash flow management will be adopted to keep the Group's gearing at a healthy level in order to support its long term growth.

Chongqing Zhong Yu Participated in Spring Property Exhibition 2012

With 15 projects to be launched in 2013, the contract sales target for 2013 is set at RMB8.8 billion, approximately 12% more than the 2012 contract sales. Together with the contract sales for the first two months of 2013, the total unrecognized contract sales to be delivered in 2013 and beyond amounted to RMB11.6 billion which constitutes a solid foundation for future profitability of the Group.

Completion of properties in 2013 and 2014 will be 1,237,000 sqm and 1,730,000 sqm respectively with details set out below:

Locations	Projects	Residential Area (sqm)	Commercial/ Car park/ Other Area (sqm)	Total Area (sqm)	The Group's Interests
Year 2013					
Chongqing	Phoenix County Phase II	17,000	—	17,000	100%
	L'Ambassadeur Phase III	78,000	24,000	102,000	100%
	Academic Heights Phase I	104,000	34,000	138,000	100%
	Verakin New Park City — Zone K	42,000	1,000	43,000	51%
	Verakin New Park City — Zone N	174,000	59,000	233,000	51%
	Verakin New Park City — Zone P	79,000	20,000	99,000	51%
	Verakin New Park City — Zone L	67,000	21,000	88,000	51%
Chengdu	Sky Villa Phase II	45,000	16,000	61,000	51%
	Villa Royale Phase II	68,000	28,000	96,000	51%
Dazhou	Dazhou Project Phase I	133,000	43,000	176,000	100%
Guiyang	First City, Guiyang Phase I	91,000	93,000	184,000	85%
TOTAL		898,000	339,000	1,237,000	
Year 2014					
Chongqing	Phoenix County Phase III	100,000	24,000	124,000	100%
	Zhongyu Plaza	—	381,000	381,000	100%
	L'Ambassadeur Phase IV	71,000	—	71,000	100%
	Riverside One, Wanzhou Phase III	182,000	34,000	216,000	100%
	Academic Heights Phase II	116,000	45,000	161,000	100%
	Residence Serene — South Zone	—	115,000	115,000	100%
	Verakin New Park City — Zone M	194,000	40,000	234,000	51%
	Verakin New Park City — Zone O	22,000	14,000	36,000	51%
	Bishan Verakin New Park City — Zone B	121,000	33,000	154,000	26%
Chengdu	Brighton Place & Plaza Phase I to Phase IV	169,000	69,000	238,000	51%
TOTAL		975,000	755,000	1,730,000	

For both 2013 and 2014, 67% of the target completion residential areas have been pre-sold as at 28 February 2013.

As at 31 December 2012, the Group has 15 projects under development. Based on the existing development schedule, the Group expects the total area for construction start-up in 2013 to be around 2.6 million sqm. Together with the area under construction of 4.1 million sqm as at 31 December 2012, the total area under development at the end of 2013 is expected to be over 6.7 million sqm - about 52% of the Group's total land bank.

Villa Royale

Construction Ceremony of Academic Heights Phase II

As at 31 December 2012, the outstanding land premium is about RMB3.7 billion and all are due for payment in 2013. The expected construction cost for 2013 is about RMB6.5 to 7.0 billion.

The Group will continue to make appropriate adjustments in future development plans, product mix, capital structure, sales and marketing strategies in line with the market situations and product demand in different markets.

In line with above strategies, the Group may improve its profitability progressively to bring better long term investment return for its shareholders.

FINANCIAL REVIEW

Investments

At 31 December 2012, the Group held a portfolio of listed and unlisted equity securities and notes receivable (issued by a company listed on the Stock Exchange) with a carrying value of HK$699.2 million (31 December 2011: HK$1,181.4 million). The amount of dividends, interest and other income from investments for the year was HK$14.6 million (2011: HK$39.9 million).

Liquidity and Financial Resources

The Group has maintained a sound financial position throughout the year. As at 31 December 2012, the Group's aggregate cash and bank balances and time deposits stood at HK$8,172.8 million (31 December 2011: HK$6,753.9 million) which included HK$1,572.4 million (31 December 2011: HK$152.1 million) of deposits pledged to banks and most of which will be released upon the repayment of the bridging loans of HK$1.3 billion in 2013. Total borrowings amounted to HK$9,816.3 million (31 December 2011: HK$7,099.6 million). About 62% of the total borrowings are in RMB and the remaining 38% are in Hong Kong Dollars. About 70% are repayable within one year and the remaining 30% are long term borrowings. In order to ensure the Group has the financial liquidity to response to any potential need of additional funding, the Group has secured sufficient working capital at competitive costs during the year. In December 2012, the Group finalized terms for a syndicated bank loan in the amount of HK$3.4 billion at a reasonable interest rate of HIBOR plus 425 basis points with a tenure of 3 years. Formal agreement was entered into in January 2013. In addition, two bank loans were concluded in December 2012, in the amounts of HK$1.25 billion and HK$0.4 billion for financing the land bank acquisition.

The maturity profile of the Group's bank borrowings as at 31 December 2012 is set out as follows:

Currency of Bank Loans	**Total** HK$'M	**Due within One Year** HK$'M	**Due more than One Year but not exceeding Two Years** HK$'M	**Due more than Two Years but not exceeding Five Years** HK$'M	**Beyond Five Years** HK$'M
RMB	6,126.5	3,601.1	1,001.7	1,452.8	70.9
HK$	3,689.8	3,277.6	412.2	—	—
	9,816.3	6,878.7	1,413.9	1,452.8	70.9

Out of the Group's total bank borrowings, approximately HK$6.9 billion are due within one year, consisting of a Hong Kong Dollar syndicated loan and bridging loans in the amount of the HK$1.9 billion and HK$1.3 billion respectively. These loans will be refinanced by the above HK$3.4 billion syndicated bank loan. The remaining amount will be financed by proceeds from sales of properties and internal resources.

As at 31 December 2012, the Group had a total undrawn bank loan facilities of HK$777 million, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk and provides the Group with strong financing flexibility. With sufficient committed banking facilities in place, and continuous cash inflow from property sales, the Group has adequate financial resources to meet its funding requirement for the development and expansion of projects.

Secured debts accounted for approximately 75% of total borrowings as at 31 December 2012 (31 December 2011: 65%).

As at 31 December 2012, the Group is at a net borrowing position of HK$1,643.5 million after netting off total bank and other borrowings against cash balance (31 December 2011: HK$345.7 million). Details are as follows:

	31 December 2012 **HK$'M**	31 December 2011 HK$'M
Cash and bank balances and time deposits	**8,172.8**	6,753.9
Less: Total bank and other borrowings	**(9,816.3)**	(7,099.6)
Net borrowing position	**(1,643.5)**	(345.7)

The average borrowing interest rate for the year ended 31 December 2012 was 6.09% (2011: 4.80%) per annum. The finance costs charged to consolidated income statement increased by approximately 29% as compared to the previous year and amounted to HK$64.5 million, after capitalization of HK$433.3 million (2011: HK$247.2 million) into the cost of properties under development.

The Group's owners' equity as at 31 December 2012 was HK$13,242.8 million (31 December 2011: HK$12,981.8 million) and the book value net assets per share is HK$5.12 (31 December 2011: HK$5.10).

Contingent Liabilities/Financial Guarantees

At 31 December 2012, the Group had the following contingent liabilities/financial guarantees:

1. Guarantees given to banks in connection with facilities granted to a jointly-controlled entity in the amount of HK$455 million (31 December 2011: HK$350 million).

2. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK$5,685.9 million (31 December 2011: HK$4,090.1 million).

Pledge of Assets

At 31 December 2012, the Group has pledged the following assets:

1.	Leasehold properties as security for general banking facilities granted to the Group.	HK$41.0 million
2.	Fixed deposits as security for general banking facilities granted to the Group.	HK$1,572.4 million
3.	Properties under development, prepaid land lease payments, completed properties held for sale and investment properties pledged to secure banking facilities granted to the Group.	RMB9,678.8 million

Exchange Risks

The Group's property business mainly operates in the PRC. Sales transactions and all major cost items are denominated in RMB. Therefore the foreign exchange exposure for the property business is minimal. The directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

EVENTS AFTER THE REPORTING PERIOD

1. On 3 January 2013, the disposal of Keen Star Group has been completed.

2. On 25 January 2013, the Company as borrower executed a facility agreement (the "Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$3,400,000,000. Under the Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company.

EMPLOYEES

At 31 December 2012, the Group had approximately 1,620 employees and incurred wages and salaries in the amount of approximately HK$290 million for 2012. The Group remunerates its staff based on their merit, qualification, competence and the prevailing market wage level. The Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the year ended 31 December 2012, no equity-settled share option expense (2011: HK$0.1 million) was charged off to the income statement. Other benefits include contributions to a provident fund scheme, mandatory provident fund, and medical insurance.

The Group adopts a proactive approach on investor relations and strives to provide investors with updates and accurate information on the Group's development. The Group believes effective communication is two-ways and therefore also encourages investors to give feedback to the Group. To enable easy access to information on the Company's latest major development, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website, www.ccland.com.hk, under the column of "Investor Relations".

ACTIVITIES

To facilitate on-going dialogues with the investment community, the Group held analyst briefings after each results announcement. Global roadshows were conducted during the year to enable overseas investors to better understand the Group's performance and the outlook of the Group. The management of the Group also actively participated in investment forums organized by leading international investment banks. During the year, site visits and property tours were arranged to give institutional investors a better understanding of the Group's property projects.

Besides the Group's business development, the Company also updates the investors about the latest national and local government policy on the China property market.

To keep the investors updated on the sales progress of the Group, monthly updates on the property sales figures were released during the year. Therefore, a stable and close relationship has been established between the Company and the investment community. The Group also maintains a current distribution list of investors to provide them with corporate news and announcements through e-mails. The Group believes continuous communication is extremely important especially in a volatile stock market.

ACHIEVEMENT AND AWARD

With the aim to strike for excellence in delivering the investor relations work, the Company achieved ***"Best Investor Relations Professional (Hong Kong)"*** in the Third Asian Excellence Recognition Awards 2013 organized by the Corporate Governance Asia Magazine.

Looking ahead, the Company will continue to maintain a strong relationship with investors in order to enhance the Company's strength and corporate governance quality, in line with the long-term development of the Company.

The Company is committed to maintaining a high standard of corporate governance. The Board considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "old CG Code") for the period from 1 January 2012 to 31 March 2012, and thereafter with the enhanced Corporate Governance Code and Corporate Governance Report which came into effect on 1 April 2012 (the "revised CG Code") as set out in Appendix 14 to the Listing Rules, save for deviations from Code Provision A.4.1 of the old CG Code and the revised CG Code (the "Codes"), and from Code Provisions D.1.4 and A.6.7 of the revised CG Code as explained in the relevant paragraphs below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (as amended from time to time) as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

Currently, the Board is chaired by Mr. Cheung Chung Kiu. It consists of five executive directors and four non-executive directors, three of whom are independent. Names and other details of the members of the Board are set out under the heading of "Profiles of the Directors" on pages 29 to 30. The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The current structure and composition of the Board have provided it with an appropriate mix of skills and experience.

The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained. The Company has received confirmation from each director that he has given sufficient time and attention to the affairs of the Company during the year. Directors have also disclosed to the Company the changes, if any, of number and nature of offices they held in public companies or organizations and other significant commitment, including the identity of the public companies or organizations and indication of the time involved.

Set out below are details of directors' attendance of board, committees and general meetings in 2012:

	Attendance/Number of meetings held					
Name of directors	**Regular board meeting**	**Annual general meeting**	**Special general meeting**	**Audit committee meeting**	**Remuneration committee meeting**	**Nomination committee meeting**
Executive Directors						
Cheung Chung Kiu *(Chairman)*	4/4	1/1	1/2	—	1/1	1/1
Lam How Mun Peter *(Deputy Chairman & Managing Director)*	4/4	1/1	2/2	—	1/1	1/1
Tsang Wai Choi *(Deputy Chairman)*	3/4	1/1	0/2	—	—	—
Leung Chun Cheong	4/4	1/1	2/2	—	—	—
Leung Wai Fai	4/4	1/1	2/2	—	—	—
Lam Hiu Lo *(resigned with effect from 12 July 2012)*	2/2	1/1	1/2	—	—	—
Poon Ho Yee Agnes *(resigned with effect from 12 July 2012)*	2/2	1/1	2/2	—	—	—
Wu Hong Cho *(retired with effect from 18 May 2012)*	1/1	1/1	1/1	—	—	—
Non-executive Director						
Wong Yat Fai	4/4	1/1	2/2	—	—	—
Independent Non-executive Directors						
Lam Kin Fung Jeffrey	3/4	1/1	1/2	3/3	1/1	1/1
Leung Yu Ming Steven	4/4	1/1	2/2	3/3	1/1	1/1
Wong Lung Tak Patrick	4/4	1/1	2/2	3/3	1/1	1/1

During the year, the non-executive directors have met once with the Chairman without the presence of the executive directors, to consider and discuss various matters in respect of the management of the Company.

The Chairman sets the agenda for the Board and takes the lead in the formulation of objectives, strategies and actions at the directorate level. He ensures that members of the Board receive accurate, timely and clear information, and that matters to be taken into consideration are given their due weight, so that sound decisions can be made. With the assistance of the Company Secretary, the Chairman ensures that the Board properly exercises its powers, its meetings and procedures comply with all rules and requirements, and full and proper records are maintained. Procedures are also put in place for each director to have access to supporting papers and relevant information for each scheduled meeting. All directors also have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense.

The day-to-day management of the Group is delegated by the Board to the Managing Director who is supported by the various committees of the Board and management of the Company for recommending strategies to the Board, and determining and implementing operational decisions. The Managing Director assumes full accountability for the day-to-day management of the Group. All committees of the Board have specific terms of reference clearly defining their respective powers and responsibilities. All committees are required by their terms of reference to report to the Board in relation to their decisions or recommendations. Through participating in the Company's board meetings and committees meetings, attending general meetings, and participating in continuous professional development, all directors are able to make contribution required from them to the Board and to the development of the Company.

The Company provides directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as directors of the Company.

During the year under review, all directors have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors. All directors have provided the Company with their records of the training they received for the year. A summary of the records of their training is as follows:

Name of Directors	**Training Received**
Cheung Chung Kiu	Attending seminar and reading materials regarding updates on rules and regulations relating to listed companies and corporate governance; reading materials regarding ethics and code of conduct and operation and management of listed companies
Lam How Mun Peter	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct and relevant industry
Tsang Wai Choi	E-learning regarding operation and management of listed companies and relevant industry and reading materials regarding corporate governance
Leung Chun Cheong	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct, operation and management of listed companies, finance and relevant industry
Leung Wai Fai	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct and finance
Wong Yat Fai	Attending seminars regarding corporate governance, operation and management of listed companies and finance
Lam Kin Fung Jeffrey	Attending seminars regarding corporate governance, ethics and code of conduct and operation and management of listed companies
Leung Yu Ming Steven	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, and finance
Wong Lung Tak Patrick	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct and finance

As stated above, the Company has deviated from Code Provision D.1.4 of the revised CG Code in that the Company had not until December 2012 prepared formal letters of appointment for its directors, except for Mr. Tsang Wai Choi, setting out the key terms and conditions of their appointment. Given that all existing directors have served on the Board for more than 5 years and met the expectation of the Company, the Company believed that the directors understand the relevant duties and responsibilities applied to them as directors of the Company. Nevertheless, following the preparation and signing of formal letters of appointment with all the other directors in December 2012, the Company has complied with Code Provision D.1.4 of the revised CG Code.

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate. The main responsibility of Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of the committees of the Board, Managing Director is responsible for the day-to-day management of the Group's business, recommending strategies to the Board, and determining and implementing operational decisions.

NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent.

As stated above, the Company has deviated from Code Provision A.4.1 of the Codes in that none of the existing non-executive directors of the Company are appointed for a specific term until December 2012. Nevertheless, the tenure of non-executive directors is governed by the Bye-laws which stipulate that every director shall be subject to retirement by rotation at the annual general meeting at least once every three years. In addition, following the execution of their letters of appointment by all non-executive directors in December 2012, the Company has complied with Code Provision A.4.1 of the Codes. All non-executive directors are appointed for a term of not more than three years and are subject to retirement by rotation and re-election at the annual general meeting at least once every three years pursuant to the Bye-laws.

In respect of Code Provision A.6.7 of the revised CG Code, Independent Non-executive Director, Mr. Lam Kin Fung Jeffrey was unable to attend the special general meeting of the Company held on 8 June 2012 due to his other engagement.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board. In addition to the Executive Committee, the Board has set up the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board does not have a Corporate Governance Committee and its functions would be carried out by the Board as a whole.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Prof. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey. The major roles and functions of the Audit Committee are set out in the terms of reference which include duties specified in the revised CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

The Audit Committee has reviewed together with the management and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the year ended 31 December 2012. It has reviewed the financial statements before submission to the Board. When reviewing the Company's interim and annual reports, the Audit Committee has focused not only on the impact of the changes in accounting policies and practices but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements.

The Audit Committee has also reviewed with the management the system of internal control covering all material controls, including financial, operational and compliance controls and risk management functions. It has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Prof. Wong Lung Tak Patrick. It is chaired by Mr. Leung Yu Ming Steven. The major roles and functions of the Remuneration Committee are set out in the terms of reference which include duties specified in the revised CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

The remuneration policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages sufficient to attract, retain and motivate high quality executives to serve the Company. The fee for non-executive directors is determined with reference to his duties and level of responsibility with the Company and is reviewed on an annual basis.

During 2012, the Remuneration Committee has reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the non-executive directors, the existing share option scheme, the retirement benefit schemes, and the long-term incentive arrangement. Being given the delegated responsibility, the Remuneration Committee has also determined the remuneration packages of the executive directors of the Company.

NOMINATION COMMITTEE

The Board established its Nomination Committee on 30 March 2012, which currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Prof. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu. The major roles and functions of the Nomination Committee are set out in the terms of reference which include duties specified in the revised CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

The nomination policy for directors is formulated with reference to the skills and experience of the Board appropriate for the requirements of the Group's business. The Nomination Committee will review the Board's structure, size and composition (including the skills, knowledge and experience) and assess the independence of independent non-executive directors. It will also make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and make recommendations on the appointment or re-appointment of directors and succession planning for directors, including the Chairman. It is responsible for identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

During 2012, the Nomination Committee has reviewed and discussed, among other matters, the structure, size and composition (including the skills, knowledge and experience) of the Board and also assessed the independence of independent non-executive directors of the Board.

CORPORATE GOVERNANCE FUNCTION

The Board does not have a Corporate Governance Committee. The functions that would be carried out by a Corporate Governance Committee are performed by the Board as a whole and are as follows:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the Codes and disclosure in the Corporate Governance Report.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

During the year, members of the Board have discussed and reviewed, among other things, the Company's policies and practices on corporate governance at regular board meetings. They have also reviewed and monitored the training and continuous professional development of directors, and the Company's policies and practices on compliance with legal and regulatory requirements as well as its disclosure in the Corporate Governance Report. During the year, a code of conduct applicable to employees and directors setting out the standards of behaviour that the Company expects from them and the guidelines on how they should handle different situations in business dealings with the Group has been formulated, reviewed and adopted by the Board.

INDEPENDENT AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's independent auditors, Messrs. Ernst & Young amounted to a total of HK$9,265,000, of which HK$6,290,000 was for audit services and HK$2,975,000 for non-audit services including review, tax and consultancy services.

In addition, the remuneration paid/payable to the independent auditors of certain subsidiaries of the Company amounted to a total of HK$663,000 for audit services.

COMPANY SECRETARY

The Company Secretary has undertaken not less than 15 hours of relevant professional training during 2012.

SHAREHOLDERS' RIGHTS

The following is a brief summary of certain rights of shareholders, which are subject to applicable laws and regulations, including without limitation, the Companies Act, the Listing Rules and the Bye-laws.

1. Convening special general meeting

Members may by a written requisition require the directors to convene an SGM. A valid requisition may be made by a member or members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which at that date carries the right to vote at general meetings of the Company. The requisition must state the purposes of the requisitioned SGM, and must be signed by the requisitionists. The requisition may consist of several documents in like form each signed by one or more requisitionists, which must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

If directors do not duly convene an SGM within 21 days from the date of deposit of the requisition, the requisitionists (or any of them representing more than one-half of their total voting rights) may themselves convene an SGM, which must be held within three months of the date of deposit of the requisition. The SGM must be convened by the requisitionists in the same manner as nearly as possible as that in which SGM is to be convened by directors. The requisitionists are entitled to be repaid any reasonable expenses they incur as a result of the failure of directors duly to convene an SGM. These expenses will be payable by the Company and any sum so repaid shall be retained by the Company out of any fees or other remuneration payable by the Company to the defaulting directors in respect of their services.

2. Putting forward proposals at shareholders' meetings

In addition to the right to requisition an SGM, members of the Company may by a written requisition and at their expense (unless the Company otherwise resolves) require the Company to:

(a) give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company;

(b) circulate to members of the Company entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

A valid requisition may be made by either:

(a) any number of members of the Company representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition the right to vote at the meeting to which the requisition relates; or

(b) not less than 100 members of the Company.

The requisition signed by the requisitionists (or two or more copies which between them bear the signatures of all the requisitionists) must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and,

(a) in the case of a requisition requiring notice of a resolution to be moved at an annual general meeting, not less than 6 weeks before the annual general meeting; and

(b) in the case of any other requisition, not less than 1 week before the general meeting.

The requisitionists must deposit or tender with the requisition a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

3. Proposing a person for election as director

Shareholders may propose a person for election as director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

4. Sending enquiries to the Board

Shareholders may send any enquiries to the Board by mail, email or telephone to the Company's Head of Investor Relations, whose contact details are as follows:

Address: Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Email: ccland@ccland.com.hk
Telephone: +852 2820 7315

INVESTOR RELATIONS

The Company adopted a Shareholders Communication Policy on 30 March 2012. The use and effectiveness of such policy will be monitored and reviewed regularly by the Board. The Company recognises the importance of shareholders' privacy and therefore will not disclose shareholders' information without their consent, unless required by law to do so. To achieve equal access to information on the Company's latest major developments, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website under the column of "Investor Relations". In addition to financial reports, all announcements and circulars of the Company including results announcements, notices of general meetings and associated explanatory documents released by the Company to the Stock Exchange are posted on the Company's website. Other information such as presentation materials and press releases to be issued to shareholders and potential investors of the Company will also be made available on the Company's website. Shareholders should direct their questions about their shareholdings to the Company's share registrars. For enquiry about the information of the Company, shareholders may contact our Head of Investor Relations, whose contact details are set out under the heading of "Sending enquiries to the Board" above. Shareholders are encouraged to participate in the Company's general meetings. Members of the Board will attend to answer their questions.

The Company also adopted a Disclosure of Inside Information Policy on 4 December 2012. It sets out a framework for the release and control of inside information to ensure that the Company is able to meet its legal and regulatory obligations and requirements as a listed corporation. The Board is generally responsible for ensuring that the Group complies with its disclosure obligations regarding inside information and has established a disclosure group comprising certain directors and management to assist it in determining whether any particular information is inside information and overseeing and coordinating disclosure of inside information of the Group. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the disclosure group will help the Board to ensure that such information is kept strictly confidential.

On 30 March 2012, the Company posted its constitutional documents on its website and there was no significant change in them during the year under review.

INTERNAL CONTROLS

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. The Company has maintained an internal audit function which is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function forms part of the permanent establishment of the Group.

The internal audit function monitors the adequacy and effectiveness of the internal control system established within the Company and its subsidiaries for safeguarding assets against unauthorized use, for maintaining proper accounting records, and for ensuring the reliability of financial information. Functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Group and to provide reasonable assurance against material misstatement, errors, losses or fraud. The work of the internal audit function is generally focused on identifying, monitoring and reporting on major risks faced by the Group, including those related to business operations, compliance with laws and regulations and financial reporting. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Board recognizes that the Group's internal control system plays a key role in both the management of risks and the assurance of continued compliance with laws and regulations by the Group. The Audit Committee has kept under review the Group's internal control system. The Board has also conducted an annual review of the effectiveness of the Group's internal control system. Based on its review, the Audit Committee will advise the Board on the adequacy of the Group's internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the Codes. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external independent auditors of the Company, Messrs Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 62.

On behalf of the Board

Lam How Mun Peter
Deputy Chairman & Managing Director

Hong Kong, 26 March 2013

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. Following disposal of the luggage business in March 2012 (the "Disposal") and the successful spin-off and separate listing of the packaging business on the main board of the Stock Exchange in July 2012 (the "Spin-off"), the principal activities of its subsidiaries focus on property development and investment, as well as treasury investments, details of which are set out in note 20 to the financial statements. Save for the Disposal and the Spin-off, there were no other significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2012 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 63 to 117.

The directors recommend the payment of a final dividend of HK$0.045 per share in respect of the year to the shareholders on the Company's register of members at the close of business on 29 May 2013. The directors also propose that the shareholders entitled to the proposed final dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or part of the proposed final dividend.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 118. The summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Details of movements in the property, plant and equipment of the Company and of the Group and investment properties and properties under development of the Group during the year are set out in notes 16, 17 and 25.1 to the financial statements. Further details of the Group's major properties are set out on pages 119 to 121.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act or in the Bye-laws.

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.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2012, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act, amounted to HK$312,205,000 of which HK$116,451,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account in the amount of HK$9,523,849,000 may be distributed in form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group had made charitable contributions amounting to HK$13,085,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's revenue and less than 30% of the Group's purchases from its continuing operations were attributable to the Group's five largest customers and five largest suppliers, respectively.

None of the directors, their associates or shareholders, who to the knowledge of the directors own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS

The directors during the year and up to the date of this report (except as indicated) were as follows:

Executive directors:
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter *(Deputy Chairman and Managing Director)*
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Leung Chun Cheong
Mr. Leung Wai Fai
Mr. Lam Hiu Lo *(resigned with effect from 12 July 2012)*
Ms. Poon Ho Yee Agnes *(resigned with effect from 12 July 2012)*
Mr. Wu Hong Cho *(retired with effect from 18 May 2012)*

Non-executive director:
Mr. Wong Yat Fai

Independent non-executive directors:
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Prof. Wong Lung Tak Patrick

In accordance with Bye-law 87 of the Bye-laws, Mr. Cheung Chung Kiu, Mr. Tsang Wai Choi and Mr. Leung Yu Ming Steven will retire and, being eligible, will offer themselves for re-election at the AGM. All other directors will continue to be in office.

The Company has received from each of the independent non-executive directors, Messrs. Lam Kin Fung Jeffrey, Leung Yu Ming Steven and Wong Lung Tak Patrick, an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent.

DIRECTORS' BIOGRAPHIES

Updated biographical details of the directors are set out on pages 29 to 30.

Dr. Lam How Mun Peter was appointed on 19 June 2012 as chairman and non-executive director of Qualipak International Holdings Limited ("Qualipak"), the shares of which have been listed on the Stock Exchange commencing from 12 July 2012. While Mr. Leung Chun Cheong was appointed on 28 November 2011 as director of Qualipak and on 18 May 2012 was re-designated as executive director of Qualipak. Mr. Leung Wai Fai was appointed on 19 June 2012 as non-executive director of Qualipak.

Mr. Wong Yat Fai resigned as non-executive director of Yugang International Limited ("Yugang") and The Cross-Harbour (Holdings) Limited (the shares of both companies are listed on the Stock Exchange) on 31 December 2012.

Mr. Lam Kin Fung Jeffrey's appointment as a Member of the Advisory Committee on Corruption of Independent Commission against Corruption ended on 31 December 2012. During the year, Mr. Lam has been appointed as a member of the Fight Crime Committee for a term of two years from 1 April 2012 to 31 March 2014, and as Vice Chairman of Business and Professionals Alliance for Hong Kong and Non-official Member of the Executive Council on 7 October 2012 and 17 October 2012 respectively.

DIRECTORS' SERVICE CONTRACTS

No director offering for re-election at the AGM has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

REMUNERATION DETAILS

Details of the directors' remuneration and the five highest-paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications and competence of individual employee which are reviewed regularly in order to provide compensation packages at market rates sufficient to reward successful performance and attract, retain and motivate employees. The Company has adopted a share option scheme as a long-term incentive to eligible employees and directors, details of which are set out in note 40 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 31 December 2012, details of the interests and short positions of each of the directors in the shares, underlying shares and debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in shares of the Company (long positions)

Name of directors	Interests in shares: Personal interests	Interests in shares: Corporate interests	Interests in underlying shares pursuant to share options granted by the Company [3]	Aggregate interests	Approximate percentage [4]
Mr. Cheung Chung Kiu	—	1,331,205,790 [1&2]	—	1,331,205,790	51.44
Dr. Lam How Mun Peter	318,530	—	43,039,000	43,357,530	1.68
Mr. Tsang Wai Choi	3,394,242	—	—	3,394,242	0.13
Mr. Leung Chun Cheong	654,673	—	1,500,000	2,154,673	0.08
Mr. Leung Wai Fai	—	—	3,000,000	3,000,000	0.12

Notes:

1. 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.

2. 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang. Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.

3. Details of the directors' interests in the shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.

4. Approximate percentage refers to the aggregate interests of a director expressed as a percentage (rounded up to two decimal places) of the issued share capital of the Company as at 31 December 2012.

Save as disclosed above, as at 31 December 2012, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests and Short Positions" above and "Share Options" below, and in the share option scheme disclosures set out in note 40 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 29 April 2005, details of which were disclosed in the Company's circular dated 13 April 2005 and are set out in note 40 to the financial statements. Details of the share options granted under the Scheme and their movements during the year are set out below:

	Number of share options									
Name or category of participants	At 1 January 2012	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2012	Date of grant [1]	Exercise period	Exercise price [2] HK$ per share	Closing price immediately before date of grant HK$ per share
Directors										
Lam How Mun Peter	17,500,000	—	—	—	—	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	—	—	—	—	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	4,000,000	—	—	—	—	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	43,039,000	—	—	—	—	43,039,000				
Leung Chun Cheong	1,500,000	—	—	—	—	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Leung Wai Fai	3,000,000	—	—	—	—	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Poon Ho Yee Agnes[3]	2,000,000	—	—	—	—	—[3]	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Wu Hong Cho[4]	1,800,000	—	—	—	—	—[4]	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	51,339,000	—	—	—	—	47,539,000				
Employees										
In aggregate[5]	11,535,000	—	—	—	(760,000)	10,100,000[5]	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	800,000	—	—	—	—	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	12,335,000	—	—	—	(760,000)	10,900,000				
Others										
In aggregate[3, 4 & 5]	3,000,000	—	—	—	—	7,475,000[3,4 & 5]	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Total	66,674,000	—	—	—	(760,000)	65,914,000				

Notes:

1. Certain options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company's share capital.

3. Following her appointment as director of Qualipak on 28 November 2011 and the resignation as director of the Company with effect from 12 July 2012, Ms. Poon Ho Yee Agnes continues to hold 2,000,000 share options in her capacity as director of Qualipak (being a member of the Eligible Group as defined in the Scheme) instead.

4. As from 18 May 2012 following his retirement as director of the Company and appointment as director of Qualipak, Mr. Wu Hong Cho continues to hold 1,800,000 share options in his capacity as director of Qualipak (being a member of the Eligible Group as defined in the Scheme) instead.

5. As from 12 July 2012 following the Spin-off, former employees of the Group continue to hold in aggregate 675,000 share options as employees of Qualipak Manufacturing Limited (being a member of the Eligible Group as defined in the Scheme) instead.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 31 December 2012, details of the interests and short positions in the shares and underlying shares of the Company of every person other than directors of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
(a) Long Positions			
Thrivetrade	Beneficial owner	1,070,810,231[1]	41.38
Regulator	Beneficial owner	260,395,559[2]	10.06
Yugang-BVI	Interest of controlled corporation	260,395,559[2]	10.06
Yugang	Interest of controlled corporation	260,395,559[2]	10.06
CIL	Interest of controlled corporation	260,395,559[2]	10.06
Palin	Interest of controlled corporation	260,395,559[2]	10.06
T. Rowe Price Associates, Inc. and its Affiliates	Beneficial owner	179,654,000	6.94
JPMorgan Chase & Co.	Beneficial owner and custodian corporation/approved lending agent	176,275,406[3]	6.81
(b) Short Positions			
JPMorgan Chase & Co.	Beneficial owner	4,180,460	0.16

Notes:

1. These shares were included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.

   Mr. Cheung and Mr. Leung Yu Ming Steven are directors of Yugang.

   Mr. Cheung is also a director of each of Regulator, Yugang-BVI, CIL, Palin and Thrivetrade.

2. The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.

3. Of its interests in 176,275,406 shares, JPMorgan Chase & Co. had interests in 4,180,460 shares as beneficial owner and in 172,094,946 shares as a custodian corporation/approved lending agent. 172,094,946 shares were in the lending pool.

4. Approximate percentage refers to the number of shares which a shareholder held or had short positions in expressed as percentage (rounded up to two decimal places) of the issued share capital of the Company as at 31 December 2012.

Save as disclosed above, as at 31 December 2012, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company of any other person other than directors of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year and up to the date of this report, the Group had entered into the following connected transactions:

1. On 1 February 2012, Mighty Gain Enterprises Limited (the "Vendor", an indirect wholly-owned subsidiary of the Company) entered into an agreement with Ms. Chau Tin Ping (a 20.8% shareholder of an indirect subsidiary of the Company which is owned as to 60% by the Vendor) and Mr. Wang Zhe (collectively, the "Purchasers"), pursuant to which the Vendor conditionally agreed to sell to the Purchasers respectively 85% and 15% of the issued share capital of Ensure Success Holdings Limited, an indirect wholly-owned subsidiary of the Company, at a consideration of HK$17,000,000 and HK$3,000,000 respectively.

2. On 17 July 2012, Chongqing Verakin Real Estate Company Limited ("Verakin Property") entered into two separate facility agreements respectively with Verakin Group Company Limited ("Verakin Group") and Chongqing Top Pioneer Realty Company, an indirectly wholly-owned subsidiary of the Company, (collectively, the "JV Partners") in an aggregate amount of RMB196,000,000 whereby Verakin Property granted to each one of the JV Partners a loan facility in proportion to their percentage equity interest in Verakin Property. Under the facility agreement between Verakin Property and Verakin Group, Verakin Group was granted an unsecured loan facility in the sum of RMB96,040,000 available for drawdown during the period of one month immediately following the date of the facility agreement.

On 10 October 2012, Verakin Property further entered into two separate facility agreements with the JV Partners in an aggregate amount of RMB430,000,000 whereby Verakin Property granted to each of the JV Partners a loan facility in proportion to their percentage equity interest in Verakin Property. Under the facility agreement between Verakin Property and Verakin Group, Verakin Group was further granted an unsecured loan facility in the sum of RMB210,700,000 available for drawdown during the period of three months immediately following the date of the facility agreement.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

1. On 6 July 2010, the Company as borrower executed a facility agreement (the "First Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility for an aggregate amount of HK$2,750,000,000 (the "First Facility"). Under the First Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu ("Mr. Cheung") (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the First Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the First Facility may become immediately due and payable, and/or all or any part of the loan under the First Facility may become payable on demand. As at 31 December 2012, the outstanding loan balance was HK$1,925,000,000.

   Subsequent to the year under review, on 25 January 2013, the Company as borrower executed a facility agreement (the "Second Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility for an aggregate amount of HK$3,400,000,000 to refinance the First Facility and finance the general corporate requirements of the Group. The Second Facility Agreement contains the same provisions regarding event of default in respect of Mr. Cheung's shareholding interest and management control as the First Facility Agreement.

2. On 24 August 2010, a jointly-controlled entity held as to 25% by the Company entered into a facility agreement (the "JV Facility Agreement") as borrower with, among others, various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$1,000,000,000 ("Initial Facility"). On 22 December 2010, a supplement to the JV Facility Agreement was executed whereby the Initial Facility was enlarged to HK$1,400,000,000 by an additional term loan facility in the aggregate principal amount of HK$400,000,000 for a term of 36-month from the date of the JV Facility Agreement. On 31 October 2012, a second supplement to the JV Facility Agreement was executed whereby the enlarged facility was further enlarged to HK$1,830,000,000 by an additional term loan facility in the aggregate principal amount of up to HK$430,000,000 with a final maturity date falling 36 months from the date of the JV Facility Agreement. Under the JV Facility Agreement, it is (among other matters) an event of default if Mr. Cheung ceases to (i) save for a certain exception, own beneficially (directly or indirectly, through any other entity or entities wholly and beneficially owned by him or by virtue of his entitlement as beneficiary under any family trust arrangement(s)) at least 35% of the issued share capital of the Company; or (ii) exercise management control over the Company. On and at any time after the occurrence of an event of default which is continuing, commitments of the lenders under the JV Facility Agreement may immediately be cancelled, and/or all or any part of the loans together with accrued interest and all other amounts accrued or outstanding under certain finance documents defined in the JV Facility Agreement may become immediately due and payable or payable on demand, and/or certain security documents defined in the JV Facility Agreement or any of them may become immediately enforceable. As at 31 December 2012, the outstanding loan balance was HK$1,820,000,000.

3. On 28 December 2011, the Company as borrower executed a facility agreement with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$600,000,000. Under the facility agreement, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the facility agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the facility may become immediately due and payable, and/or all or any part of the loan under the facility may become payable on demand. As at 31 December 2012, the outstanding loan balance was HK$540,000,000.

4. On 14 December 2012, the Company accepted the offer of a term loan facility for an amount of HK$400,000,000 available for drawdown within 6 months from the date of the facility letter with a term of 3 years from the date of drawdown pursuant to the facility letter dated 7 December 2012. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, the facility or any part thereof may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the facility may become immediately due and payable, and/or all or any part of the loan under the facility may become payable on demand. As at 31 December 2012, the outstanding loan balance was HK$400,000,000.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events which took place subsequent to the reporting period are set out in note 49 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2012 and up to the date of this report as required under the Listing Rules.

INDEPENDENT AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as independent auditors of the Company will be proposed at the AGM.

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2013

ERNST & YOUNG
安 永

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 63 to 117, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

26 March 2013

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**7,432,699**	4,702,212
Cost of sales		**(4,933,700)**	(3,398,310)
Gross profit		**2,498,999**	1,303,902
Other income and gains	5	**299,281**	232,832
Selling and distribution expenses		**(314,070)**	(272,561)
Administrative expenses		**(425,740)**	(397,924)
Other expenses	6	**(12,288)**	243,625
Finance costs	7	**(64,475)**	(49,890)
Share of profits and losses of jointly-controlled entities		**(25,768)**	(27,732)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8	**1,955,939**	1,032,252
Income tax expense	11	**(1,295,913)**	(649,698)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**660,026**	382,554
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	13	**12,220**	34,241
PROFIT FOR THE YEAR		**672,246**	416,795
Attributable to:			
Owners of the parent	12	**529,237**	300,995
Non-controlling interests		**143,009**	115,800
		672,246	416,795
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	15		
Basic and diluted for profit for the year		**HK20.45 cents**	HK11.59 cents
Basic and diluted for profit from continuing operations		**HK19.95 cents**	HK10.31 cents

Details of dividends are disclosed in note 14 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
PROFIT FOR THE YEAR	**672,246**	416,795
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**7,425**	(19,196)
Deferred tax	**(4,398)**	4,799
	3,027	(14,397)
Share of other comprehensive income of jointly-controlled entities	**(1,862)**	58,340
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries	**(4,467)**	—
Exchange differences on translation of foreign operations	**(14,416)**	566,305
	(18,883)	566,305
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(17,718)**	610,248
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**654,528**	1,027,043
Attributable to:		
Owners of the parent	**511,605**	838,395
Non-controlling interests	**142,923**	188,648
	654,528	1,027,043

Consolidated Statement of Financial Position

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**170,685**	155,907
Investment properties	17	**379,946**	372,949
Prepaid land lease payments	18	**1,136,304**	784,860
Investments in jointly-controlled entities	19	**1,122,770**	1,129,249
Investments in associates	21	**156,646**	—
Held-to-maturity investments	22	**—**	115,391
Available-for-sale investments	23	**514,207**	696,920
Properties under development	25.1	**7,736,592**	7,350,068
Interests in land use rights for property development	25.2	**2,737,739**	3,150,527
Deferred tax assets	35	**16,557**	—
Total non-current assets		**13,971,446**	13,755,871
CURRENT ASSETS			
Properties under development	25.1	**13,486,744**	12,072,015
Completed properties held for sale	25.3	**2,988,501**	1,184,707
Prepaid land lease payments	18	**22,546**	18,128
Inventories	26	**—**	21,600
Trade and bills receivables	27	**—**	38,262
Prepayments, deposits and other receivables	28	**2,213,604**	943,290
Equity investments at fair value through profit or loss	24	**184,945**	369,045
Tax recoverable		**127,036**	157,912
Deposits with brokerage companies	29	**1,203**	1,539
Pledged deposits	30	**1,572,424**	152,075
Restricted bank balances	30	**2,953,902**	2,543,736
Time deposits with original maturity over three months	30	**—**	71,543
Cash and cash equivalents	30	**3,646,512**	3,986,532
		27,197,417	21,560,384
Non-current assets and assets of disposal groups classified as held for sale/distribution to owners	13	**406,021**	327,001
Total current assets		**27,603,438**	21,887,385
CURRENT LIABILITIES			
Trade and bills payables	31	**2,707,350**	1,937,009
Other payables and accruals	32	**9,730,424**	8,660,286
Loans from non-controlling shareholders of subsidiaries	33	**1,044,834**	666,155
Interest-bearing bank and other borrowings	34	**6,878,628**	2,065,320
Tax payable		**1,693,759**	767,666
Consideration payable on acquisition of subsidiaries		**1,100**	1,100
		22,056,095	14,097,536
Liabilities directly associated with the assets classified as held for sale/distribution to owners	13	**78,355**	70,030
Total current liabilities		**22,134,450**	14,167,566
NET CURRENT ASSETS		**5,468,988**	7,719,819
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,440,434**	21,475,690

	Notes	**2012** **HK$'000**	2011 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	**2,937,669**	5,034,261
Deferred tax liabilities	35	**1,551,231**	1,835,769
Total non-current liabilities		**4,488,900**	6,870,030
Net assets		**14,951,534**	14,605,660
EQUITY			
Equity attributable to owners of the parent			
Issued capital	36	**258,780**	254,392
Reserves	37(a)	**12,984,027**	12,727,397
		13,242,807	12,981,789
Non-controlling interests		**1,708,727**	1,623,871
Total equity		**14,951,534**	14,605,660

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

		Attributable to owners of the parent									
	Notes	Issued capital HK$'000	Share premium account* HK$'000	Surplus account* HK$'000 (Note)	Exchange fluctuation reserve* HK$'000	Available-for-sale investment revaluation reserve* HK$'000	Retained profits* HK$'000	Share option reserve* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011		255,996	9,488,203	90,554	1,355,116	71,199	805,728	198,930	12,265,726	950,098	13,215,824
Profit for the year		—	—	—	—	—	300,995	—	300,995	115,800	416,795
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax		—	—	—	—	(14,397)	—	—	(14,397)	—	(14,397)
Share of other comprehensive income of jointly-controlled entities		—	—	—	58,340	—	—	—	58,340	—	58,340
Exchange differences on translation of foreign operations		—	—	—	493,457	—	—	—	493,457	72,848	566,305
Total comprehensive income for the year		—	—	—	551,797	(14,397)	300,995	—	838,395	188,648	1,027,043
Acquisition of a subsidiary that is not a business	38	—	—	—	—	—	—	—	—	46,444	46,444
Acquisition of non-controlling interests		—	—	—	—	—	(13,823)	—	(13,823)	(55,606)	(69,429)
Disposal of a subsidiary	39(e)	—	—	—	—	—	—	—	—	(22,334)	(22,334)
Disposal of partial equity interest in subsidiaries		—	—	—	—	—	27,763	—	27,763	160,326	188,089
Contributions by non-controlling shareholders		—	—	—	—	—	—	—	—	359,725	359,725
Dividend paid to a non-controlling shareholder		—	—	—	—	—	—	—	—	(3,430)	(3,430)
Equity-settled share option arrangements	40	—	—	—	—	—	—	30	30	—	30
Forfeiture of share options		—	—	—	—	—	18,322	(18,322)	—	—	—
Repurchase of shares	36	(1,604)	(32,450)	—	—	—	—	—	(34,054)	—	(34,054)
Final 2010 dividend approved		—	—	—	—	—	(102,248)	—	(102,248)	—	(102,248)
At 31 December 2011 and 1 January 2012		**254,392**	**9,455,753**	**90,554**	**1,906,913**	**56,802**	**1,036,737**	**180,638**	**12,981,789**	**1,623,871**	**14,605,660**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**529,237**	**—**	**529,237**	**143,009**	**672,246**
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax		**—**	**—**	**—**	**—**	**3,027**	**—**	**—**	**3,027**	**—**	**3,027**
Share of other comprehensive income of jointly-controlled entities		**—**	**—**	**—**	**(1,862)**	**—**	**—**	**—**	**(1,862)**	**—**	**(1,862)**
Release of exchange fluctuation reserve upon disposal of subsidiaries	39(b)	**—**	**—**	**—**	**(4,467)**	**—**	**—**	**—**	**(4,467)**	**—**	**(4,467)**
Exchange differences on translation of foreign operations		**—**	**—**	**—**	**(14,330)**	**—**	**—**	**—**	**(14,330)**	**(86)**	**(14,416)**
Total comprehensive income for the year		**—**	**—**	**—**	**(20,659)**	**3,027**	**529,237**	**—**	**511,605**	**142,923**	**654,528**
Disposal of subsidiaries	39	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(57,196)**	**(57,196)**
Contribution by a non-controlling shareholder		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,850**	**1,850**
Dividend paid to a non-controlling shareholder		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,470)**	**(1,470)**
Forfeiture of share options		**—**	**—**	**—**	**—**	**—**	**6,051**	**(6,051)**	**—**	**—**	**—**
Final 2011 dividend approved	14	**—**	**—**	**—**	**—**	**—**	**(101,757)**	**—**	**(101,757)**	**—**	**(101,757)**
Shares issued as scrip dividends	36	**4,388**	**68,096**	**—**	**—**	**—**	**—**	**—**	**72,484**	**—**	**72,484**
Release upon distribution of the Packaging Business	39(a)	**—**	**—**	**(90,554)**	**—**	**—**	**90,554**	**—**	**—**	**(1,251)**	**(1,251)**
Interim 2012 special dividend	14	**—**	**—**	**—**	**—**	**—**	**(221,314)**	**—**	**(221,314)**	**—**	**(221,314)**
At 31 December 2012		**258,780**	**9,523,849**	**—**	**1,886,254**	**59,829**	**1,339,508**	**174,587**	**13,242,807**	**1,708,727**	**14,951,534**

Note: The surplus account represents the aggregate of the reserves other than the retained profits of the subsidiaries at 1 April 1998 and the excess of the nominal value of the shares issued and issuable by the Company over the nominal value of the issued share capital of the subsidiaries acquired pursuant to the group reorganisation in 1998. The amount was released to retained profits upon the distribution of the Packaging Business during the year.

* These reserve accounts comprise the consolidated reserves of HK$12,984,027,000 (2011: HK$12,727,397,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Notes	**2012 HK$'000**	2011 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations	4	**1,955,939**	1,032,252
From discontinued operations	4	**13,405**	39,152
Adjustments for:			
Write-back of impairment of trade receivables	4	**—**	(294)
Write-back of impairment of prepaid land lease payments	6	**—**	(150,881)
Write-back of impairment of properties under development	6	**—**	(119,392)
Write-back of impairment of completed properties held for sale	6	**—**	(23,962)
Interest income on bank deposits		**(72,777)**	(62,608)
Other interest income		**(13,827)**	(9,923)
Depreciation		**22,651**	28,924
Amortisation of prepaid land lease payments	4	**22,489**	21,360
Finance costs	4	**64,515**	51,354
Share of profits and losses of jointly-controlled entities	4, 19	**25,768**	27,732
Share of profits and losses of associates	4	**492**	480
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	4	**(1,378)**	50,372
Fair value gains on investment properties	5	**(7,630)**	(18,206)
Loss on disposal of investment properties	6	**149**	178
Loss/(gain) on disposal of subsidiaries, net		**1,891**	(36,192)
Gain on disposal of available-for-sale investments, net	5	**(187,376)**	(48,929)
Interest income from a convertible note receivable	5	**—**	(1,072)
Interest income from unlisted debt investments	5	**(9,346)**	(22,567)
Dividend income from listed equity investments	5	**(4,306)**	(15,359)
Dividend income from unlisted equity investments	5	**(916)**	(889)
Loss on disposal of items of property, plant and equipment		**60**	229
Equity-settled share option expense	6	**—**	30
Write-back of allowance for obsolete inventories		**—**	(1,538)
		1,809,803	740,251
Increase in properties under development		**(5,987,252)**	(5,021,280)
Increase in prepaid land lease payments		**—**	(448,742)
Decrease in completed properties held for sale		**4,930,109**	3,394,413
Decrease in inventories		**3,545**	23,101
Increase in trade, bills and other receivables, prepayments and deposits		**(496,627)**	(357,792)
Decrease/(increase) in equity investments at fair value through profit or loss		**185,478**	(288,411)
Decrease/(increase) in deposits with brokerage companies		**336**	(512)
Increase in restricted bank balances		**(410,636)**	(1,320,446)
Increase in trade and other payables and accruals		**1,999,012**	3,361,288
Cash generated from operations		**2,033,768**	81,870
Tax paid, net		**(643,752)**	(351,672)
Interest paid		**(476,337)**	(280,152)
Net cash flows from/(used in) operating activities		**913,679**	(549,954)

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary that is not a business		—	(126,935)
Loans to jointly-controlled entities, net		**(21,150)**	(16,014)
Decrease/(increase) in pledged time deposits		**(1,420,376)**	9,280
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**71,530**	(71,543)
Payment of land premium and related costs		**(3,624,585)**	(2,971,409)
Purchases of items of property, plant and equipment	16	**(25,248)**	(39,055)
Interest received from bank deposits		**72,777**	62,608
Interest received from a convertible note receivable		—	750
Interest received from unlisted debt investments		**10,271**	22,208
Other interest received		**13,827**	9,923
Dividend income from listed equity investments		**4,306**	15,359
Dividend income from unlisted equity investments		**916**	889
Proceeds from disposal of items of property, plant and equipment		**6,624**	4,604
Proceeds from disposal of subsidiaries		**430,521**	15,721
Proceeds from disposal of investment properties		**443**	549
Proceeds from disposal of unlisted equity investments		**427,818**	170,000
Proceeds from disposal of unlisted debt investments		**65,360**	383,704
Proceeds from redemption of a convertible note receivable		—	37,500
Purchase of unlisted debt investments		—	(388,413)
Net cash flows used in investing activities		**(3,986,966)**	(2,880,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests		—	(153,918)
Proceeds from disposal of partial interests in subsidiaries		—	87,754
Dividends paid		**(29,273)**	(102,248)
Dividend paid to a non-controlling shareholder		**(1,470)**	(3,430)
Cash and bank balances distributed in respect of the distribution of the Packaging Business	39(a)	**(62,900)**	—
Repurchase of shares		—	(34,054)
Capital contributions by non-controlling shareholders		**1,850**	180,607
Advance from non-controlling shareholders		**70,541**	130,714
Additions of bank borrowings, net		**2,719,969**	2,624,342
Payment of loan procurement fee		**(23,834)**	(1,823)
Net cash flows from financing activities		**2,674,883**	2,727,944
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(398,404)**	(702,284)
Cash and cash equivalents at beginning of year		**4,046,330**	4,564,274
Effect of foreign exchange rate changes, net		**(698)**	184,340
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,647,228**	4,046,330
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,619,336**	3,656,337
Non-pledged time deposits with original maturity of less than three months when acquired		**27,176**	330,195
Cash and cash equivalents as stated in the consolidated statement of financial position	30	**3,646,512**	3,986,532
Cash and bank balances attributable to the disposal group classified as held for sale/distribution to owners	13(a), (d)	**716**	59,798
Cash and cash equivalents as stated in the consolidated statement of cash flows		**3,647,228**	4,046,330

Statement of Financial Position

31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**299**	556
Investments in subsidiaries	20	**1,000,390**	1,162,212
Deferred tax asset	35	**—**	6,497
Total non-current assets		**1,000,689**	1,169,265
CURRENT ASSETS			
Prepayments, deposits and other receivables	28	**610**	332
Tax recoverable		**19**	425
Due from subsidiaries	20	**12,969,947**	11,860,937
Bank balances	30	**3,084**	461
Total current assets		**12,973,660**	11,862,155
CURRENT LIABILITIES			
Other payables and accruals	32	**14,754**	13,578
Due to a subsidiary	20	**350**	109
Interest-bearing bank borrowings	34	**3,277,587**	534,402
Total current liabilities		**3,292,691**	548,089
NET CURRENT ASSETS		**9,680,969**	11,314,066
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,681,658**	12,483,331
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	34	**412,237**	1,917,818
Total non-current liabilities		**412,237**	1,917,818
Net assets		**10,269,421**	10,565,513
EQUITY			
Issued capital	36	**258,780**	254,392
Reserves	37(b)	**10,010,641**	10,311,121
Total equity		**10,269,421**	10,565,513

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

1. CORPORATE INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is Room 3308-10, 33/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment;

(ii) treasury investment;

(iii) manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches and display units (discontinued operation (note 13(a))); and

(iv) manufacture and sale of soft luggages, travel bags, backpacks and briefcases (discontinued operation (note 13(b))).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain equity and debt investments, which have been measured at fair value. Non-current assets and assets of disposal groups classified as held for sale/distribution to owners are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity, and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group as the Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to setoff and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, inventories, financial assets, investment properties, goodwill and non-current assets/a disposal group classified as held for sale/distribution), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2% to 5% or over the unexpired terms of the leases if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases if less than five years
Electricity supply system	10%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Plant and machinery	10%
Moulds	15%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale or distribution to owners

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

A disposal group is classified as held for distribution to owners when the Group is committed to distribute the disposal group to the owners. For this to be the case, the disposal group must be available for immediate distribution in their present condition and the distribution must be highly probable.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale or distribution to owners are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale or distribution to owners are not depreciated or amortised.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as revenue in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial assets.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and 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 (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a 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 bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

In the case of debt instruments classified available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of revenue. Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial guarantee contracts, loans from non-controlling shareholders of subsidiaries, consideration payable on acquisition of subsidiaries, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at bank, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of properties, when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectibility of related receivables is reasonably assured;

(c) rental income from properties, in the period in which the properties are let and on a straight-line basis over the lease terms;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) income from the sale of listed securities, on the trade date.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 40 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 3.30% (2011: 2.82%) has been applied to the expenditure on the individual assets.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Investment properties stated at fair value are recovered through sale or through use

The Group has investment properties located in the People's Republic of China (the "PRC") which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption made in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. The presumption is rebutted only in the circumstance that there is sufficient evidences such as historical transaction, future development plan and management's intention to demonstrate the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by the management at each reporting date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease or other contract and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

Impairment loss on other receivables

In determining whether impairment loss on other receivable is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Group's responsible personnel discusses with the relevant counterparties and reports to management on the recoverability. Impairment loss is only made for receivables that are unlikely to be collected.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment of all non-financial assets at each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

Land appreciation taxes

Land appreciation tax in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its land appreciation tax returns for some of its completed property development projects with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement and the provision for land appreciation taxes in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 35 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

Property development and investment segment	—	Development and investment of properties located in Mainland China
Treasury investment segment	—	Investments in securities and notes receivables, and provision of financial services
Sale of packaging products segment	—	Manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches, and display units (discontinued operation (note 13(a)))
Sale of travel bags segment	—	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases (discontinued operation (note 13(b)))

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Reportable segment information

Year ended 31 December 2012

	Continuing operations			Discontinued operations			
	Property development and investment HK$'000	Treasury investment HK$'000	Total continuing operations HK$'000	Sale of packaging products HK$'000	Sale of travel bags HK$'000	Total discontinued operations HK$'000	Total Group HK$'000
Segment revenue							
Sales to external customers	7,430,261	2,438	7,432,699	168,007	31,675	199,682	7,632,381
Segment results	1,899,268	189,017	2,088,285	15,618	(2,173)	13,445	2,101,730
Corporate and unallocated income			2,104			—	2,104
Corporate and unallocated expenses			(69,975)			—	(69,975)
Finance costs			(64,475)			(40)	(64,515)
Profit before tax			1,955,939			13,405	1,969,344
Other segment information:							
Share of profits and losses of:							
Jointly-controlled entities	(25,768)	—	(25,768)	—	—	—	(25,768)
Associates	—	—	—	(492)	—	(492)	(492)
Capital expenditure in respect of items of property, plant and equipment	24,686	—	24,686	—	562	562	25,248
Depreciation	23,751	28	23,779	—	295	295	24,074
Amortisation of prepaid land lease payments	22,470	—	22,470	—	19	19	22,489
Fair value gains on investment properties	7,630	—	7,630	—	—	—	7,630
Fair value gains on equity investments at fair value through profit or loss, net	—	1,378	1,378	—	—	—	1,378
Investments in jointly-controlled entities	1,122,770	—	1,122,770	—	—	—	1,122,770
Investments in associates	156,646	—	156,646	—	—	—	156,646

Year ended 31 December 2011

	Continuing operations			Discontinued operations			
	Property development and investment HK$'000	Treasury investment HK$'000	Total continuing operations HK$'000 (Restated)	Sale of packaging products HK$'000	Sale of travel bags HK$'000	Total discontinued operations HK$'000 (Restated)	Total Group HK$'000 (Restated)
Segment revenue							
Sales to external customers	4,694,613	7,599	4,702,212	418,660	154,421	573,081	5,275,293
Segment results	1,122,477	3,946	1,126,423	46,092	(5,476)	40,616	1,167,039
Corporate and unallocated income			2,415			—	2,415
Corporate and unallocated expenses			(46,696)			—	(46,696)
Finance costs			(49,890)			(1,464)	(51,354)
Profit before tax			1,032,252			39,152	1,071,404
Other segment information:							
Share of profits and losses of:							
Jointly-controlled entities	(27,732)	—	(27,732)	—	—	—	(27,732)
Associates	—	—	—	(480)	—	(480)	(480)
Capital expenditure in respect of items of property, plant and equipment	38,362	—	38,362	159	534	693	39,055
Depreciation	22,490	41	22,531	5,663	1,766	7,429	29,960
Amortisation of prepaid land lease payments	20,707	—	20,707	573	80	653	21,360
Fair value gains on investment properties	18,206	—	18,206	—	—	—	18,206
Fair value losses on equity investments at fair value through profit or loss, net	—	50,372	50,372	—	—	—	50,372
Write-back of impairment of trade receivables	—	—	—	294	—	294	294
Write-back of impairment losses recognised in respect of the Group's properties portfolio	294,235	—	294,235	—	—	—	294,235
Investments in jointly-controlled entities	1,129,249	—	1,129,249	—	—	—	1,129,249
Investments in associates	—	—	—	625	—	625	625

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

Over 90% of the Group's revenue from external customers of continuing operations is derived from its operations in Mainland China.

(b) Non-current assets

Over 90% of the Group's non-current assets are located in Mainland China.

Information about major customer

For the years ended 31 December 2011 and 2012, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue from continuing operations.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents gross proceeds from sale of properties, net of business tax and other sales related taxes from the sale of properties; losses on disposal of equity investments at fair value through profit or loss; gross rental income received and receivable from investment properties; and dividend and interest income from listed and unlisted investments during the year.

An analysis of the Group's revenue, other income and gains from continuing operations is as follows:

	Notes	**2012** **HK$'000**	2011 HK$'000 (Restated)
Revenue			
Sale of properties		**7,408,442**	4,679,270
Gross rental income		**17,100**	13,766
Losses on disposal of equity investments at fair value through profit or loss		**(7,411)**	(30,711)
Dividend income from listed equity investments		**4,306**	15,359
Dividend income from unlisted equity investments		**916**	889
Interest income from a convertible note receivable		**—**	1,072
Interest income from unlisted debt investments		**9,346**	22,567
		7,432,699	4,702,212
Other income and gains			
Bank interest income		**72,754**	62,566
Other interest income		**13,827**	9,032
Exchange gains, net		**—**	56,078
Gains on disposal of subsidiaries	39(c),(d),(e)	**10,044**	36,192
Gain on disposal of available-for-sale investments, net		**187,376**	48,929
Fair value gains on investment properties	17	**7,630**	18,206
Fair value gains on equity investments at fair value through profit or loss, net		**1,378**	—
Others		**6,272**	1,829
		299,281	232,832

6. OTHER EXPENSES

An analysis of other expenses from continuing operations is as follows:

	Notes	**Group** **2012** **HK$'000**	2011 HK$'000 (Restated)
Write-back of impairment of prepaid land lease payments	18	**—**	(150,881)
Write-back of impairment of properties under development	25.1	**—**	(119,392)
Write-back of impairment of completed properties held for sale	25.3	**—**	(23,962)
Fair value losses on equity investments at fair value through profit or loss, net		**—**	50,372
Loss on disposal of investment properties		**149**	178
Loss on disposal of items of property, plant and equipment		**60**	30
Loss on disposal of subsidiaries	39(b)	**11,935**	—
Equity-settled share option expense	40	**—**	30
Exchange losses, net		**144**	—
		12,288	(243,625)

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group 2012 HK$'000	2011 HK$'000 (Restated)
Interest on bank loans and other loans wholly repayable:		
Within five years	**482,971**	289,392
Beyond five years	**14,766**	7,683
	497,737	297,075
Less: Interest capitalised	**(433,262)**	(247,185)
	64,475	49,890

8. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Cost of properties sold	25.3	**4,930,109**	3,394,413
Write-back of impairment losses recognised in respect of the Group's properties portfolio		**—**	(294,235)
Depreciation	4	**23,779**	22,531
Less: Amount capitalised		**(1,423)**	(1,036)
		22,356	21,495
Amortisation of prepaid land lease payments	4	**22,470**	20,707
Minimum lease payments under operating leases in respect of land and buildings		**8,274**	5,890
Auditors' remuneration		**6,750**	4,317
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries		**290,301**	258,128
Equity-settled share option expense		**—**	30
Pension scheme contributions		**7,133**	5,772
Less: Amount capitalised		**(75,708)**	(55,985)
		221,726	207,945
Foreign exchange differences, net		**144**	(56,078)
Gross rental income, net of business tax		**(17,100)**	(13,766)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**3,591**	3,897
Net rental income		**(13,509)**	(9,869)

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2012 HK$'000	2011 HK$'000
Fees	**1,870**	1,740
Other emoluments:		
Salaries, allowances and benefits in kind	**16,040**	19,618
Performance-related bonuses*	**14,000**	11,610
Pension scheme contributions	**720**	856
	30,760	32,084
	32,630	33,824

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

During the year, the Group provided a leasehold property in Hong Kong as staff quarter for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$600,000 (2011: HK$600,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2012 HK$'000	2011 HK$'000
Mr. Lam Kin Fung Jeffrey	**520**	480
Mr. Leung Yu Ming Steven	**450**	420
Prof. Wong Lung Tak Patrick	**450**	420
	1,420	1,320

There were no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2012					
Executive directors:					
Mr. Cheung Chung Kiu	—	—	—	—	—
Dr. Lam How Mun Peter	—	**7,100**	**7,000**	**300**	**14,400**
Mr. Tsang Wai Choi	—	**3,900**	**4,000**	**180**	**8,080**
Mr. Lam Hiu Lo*	—	—	—	—	—
Mr. Leung Chun Cheong	—	**1,618**	**1,500**	**76**	**3,194**
Mr. Leung Wai Fai	—	**1,820**	**1,500**	**84**	**3,404**
Ms. Poon Ho Yee Agnes*	—	**953**	—	**48**	**1,001**
Mr. Wu Hong Cho**	—	**649**	—	**32**	**681**
	—	**16,040**	**14,000**	**720**	**30,760**
Non-executive director:					
Mr. Wong Yat Fai	**450**	—	—	—	**450**
	450	**16,040**	**14,000**	**720**	**31,210**
2011					
Executive directors:					
Mr. Cheung Chung Kiu	—	—	—	—	—
Dr. Lam How Mun Peter	—	6,450	6,000	270	12,720
Mr. Tsang Wai Choi	—	3,510	3,000	162	6,672
Mr. Lam Hiu Lo	—	—	—	—	—
Mr. Leung Chun Cheong	—	1,794	600	83	2,477
Mr. Leung Wai Fai	—	1,664	1,200	77	2,941
Ms. Poon Ho Yee Agnes	—	1,794	360	83	2,237
Dr. Wong Kim Wing*	—	2,742	—	104	2,846
Mr. Wu Hong Cho	—	1,664	450	77	2,191
	—	19,618	11,610	856	32,084
Non-executive director:					
Mr. Wong Yat Fai	420	—	—	—	420
	420	19,618	11,610	856	32,504

* Dr. Wong Kim Wing, Mr. Lam Hiu Lo and Ms. Poon Ho Yee Agnes resigned as executive directors of the Company with effect from 31 August 2011, 12 July 2012 and 12 July 2012, respectively.

** Mr. Wu Hong Cho retired as an executive director of the Company with effect from 18 May 2012.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2011: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2011: two) non-director, highest paid employees are as follows:

	Group 2012 HK$'000	2011 HK$'000
Salaries, allowances, and benefits in kind	**3,510**	3,510
Performance-related bonuses	**7,000**	4,000
Pension scheme contributions	**162**	162
	10,672	7,672

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	No. of individuals 2012	2011
HK$3,000,001 to HK$4,000,000	**—**	1
HK$4,000,001 to HK$5,000,000	**1**	1
HK$6,000,001 to HK$7,000,000	**1**	—
	2	2

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	2012 HK$'000	2011 HK$'000 (Restated)
Group:		
Current charge for the year		
Hong Kong	**1,334**	3,645
Mainland China	**710,958**	375,570
	712,292	379,215
Underprovision/(overprovision) in prior years		
Hong Kong	**(452)**	1,086
Mainland China	**8,116**	17,341
	7,664	18,427
Land appreciation tax charge for the year	**879,549**	485,722
Deferred tax (note 35)	**(303,592)**	(233,666)
Total tax charge for the year from continuing operations	**1,295,913**	649,698

A reconciliation of the tax expense applicable to profit before tax from continuing operations at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group 2012 HK$'000	2011 HK$'000 (Restated)
Profit before tax from continuing operations	**1,955,939**	1,032,252
Tax at the statutory/applicable tax rates of different jurisdictions	**489,512**	257,216
Adjustments in respect of current tax of previous periods	**7,664**	18,427
Profits and losses attributable to jointly-controlled entities	**4,890**	4,924
Income not subject to tax	**(34,856)**	(66,295)
Expenses not deductible for tax	**143,639**	68,603
Tax losses utilised from previous periods	**(6,782)**	(1,658)
Tax losses not recognised	**33,080**	4,829
Land appreciation tax	**879,549**	485,722
Tax effect of land appreciation tax	**(219,887)**	(121,531)
Others	**(896)**	(539)
Tax expense from continuing operations at the Group's effective rate	**1,295,913**	649,698

There was no share of tax expense attributable to jointly-controlled entities and associates during the year ended 31 December 2012. For the year ended 31 December 2011, the share of tax expense attributable to jointly-controlled entities amounting to HK$13,000 was included in "share of profits and losses of jointly-controlled entities" in the consolidated income statement and no share of tax expense was attributable to associates.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2012 includes a loss of HK$63,274,000 (2011: HK$40,035,000) which has been dealt with in the financial statements of the Company.

13. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION TO OWNERS

(a) Discontinued operation — Packaging Business

During the year, the Group completed the spin-off of its business of manufacturing and sale of packaging products and display products (the "Packaging Business") through separate listing of its wholly-owned subsidiary, Qualipak International Holdings Limited ("Qualipak") on the Main Board of the Stock Exchange. Details of which are set out in the prospectus of Qualipak dated 28 June 2012. Upon the listing of Qualipak on 12 July 2012, the Group's entire 100% interest in Qualipak was distributed as special interim dividend to the Company's shareholders and Qualipak ceased to be a subsidiary of the Company thereafter. As at 31 December 2011, the assets and liabilities attributable to the Packaging Business had been classified as a disposal group held for distribution to owners and were presented separately in the consolidated statement of financial position.

The results of the Packaging Business for the year up to the date of spin-off which have been included in the consolidated income statement as discontinued operation are presented below:

	2012 HK$'000	2011 HK$'000
Revenue	**168,007**	418,660
Cost of sales	**(133,986)**	(333,017)
Gross profit	**34,021**	85,643
Other income and gains	**1,680**	3,564
Selling and distribution expenses	**(6,979)**	(14,969)
Administrative expenses	**(11,928)**	(27,960)
Other expenses	**(684)**	294
Share of profits and losses of associates	**(492)**	(480)
Profit before tax from the discontinued operation — Packaging Business	**15,618**	46,092
Income tax expense	**(1,188)**	(4,921)
Profit for the year from the discontinued operation — Packaging Business	**14,430**	41,171
Attributable to:		
Owners of the parent	**14,166**	37,509
Non-controlling interests	**264**	3,662
	14,430	41,171

The major classes of assets and liabilities of the Packaging Business classified as a discontinued operation as at 31 December 2011 are as follows:

	Notes	2011 HK$'000
Assets		
Property, plant and equipment	16	119,592
Prepaid land lease payments	18	19,395
Investments in associates		625
Inventories		39,007
Trade and bills receivables		45,916
Prepayments, deposits and other receivables		4,553
Cash and cash equivalents		59,798
Assets classified as a discontinued operation — Packaging Business		288,886
Liabilities		
Trade payables		38,329
Other payables and accruals		29,783
Tax payable		901
Deferred tax liabilities	35	1,017
Liabilities directly associated with the assets classified as a discontinued operation — Packaging Business		70,030
Net assets directly associated with the discontinued operation — Packaging Business		218,856

At 31 December 2011, certain of the leasehold land and buildings of the Packaging Business with a net book value of HK$5,434,000 were pledged to secure general banking facilities granted to the Packaging Business (note 34(a)).

13. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION TO OWNERS *(Continued)*

(a) Discontinued operation — Packaging Business *(Continued)*

The net cash flows incurred by the Packaging Business are as follows:

	2012 HK$'000	2011 HK$'000
Operating activities	**21,449**	45,179
Investing activities	**(7,626)**	670
Financing activities	**(10,721)**	(51,386)
Net cash inflow/(outflow)	**3,102**	(5,537)

	2012	2011 (Restated)
Basic and diluted earnings per share from the discontinued operation — Packaging Business	**HK0.55 cents**	HK1.44 cents

The calculations of basic and diluted earnings per share from the Packaging Business are based on:

	2012	2011 (Restated)
Profit attributable to ordinary equity holders of the parent from the discontinued operation — Packaging Business	**HK$14,166,000**	HK$37,509,000
Weighted average number of ordinary shares in issue during the year, as adjusted to reflect the scrip dividend issued during the year, used in the basic and diluted earnings per share calculation	**2,587,799,895**	2,597,089,678

(b) Discontinued operation — Luggage Business

On 1 February 2012, the Group entered into a sale and purchase agreement with an independent third party and a non-controlling shareholder of Hoi Tin Universal Limited ("Hoi Tin (HK)"), a then 60% owned subsidiary of the Company, to dispose of its entire 100% equity interest in Ensure Success Holdings Limited ("Ensure Success") for an aggregate consideration of HK$20,000,000. Ensure Success and its subsidiaries engage in the manufacture and sale of soft luggage, travel bags, backpacks and briefcases (the "Luggage Business"). The Group has decided to cease the Luggage Business because it plans to focus its resources on the property development and investment business. The disposal of the Luggage Business was completed on 26 March 2012.

The results of the Luggage Business for the year up to the date of completion of the disposal which have been included in the consolidated income statement as discontinued operation are presented below:

	2012 HK$'000	2011 HK$'000
Revenue	**31,675**	154,421
Cost of sales	**(30,005)**	(141,244)
Gross profit	**1,670**	13,177
Other income and gains	**337**	1,303
Selling and distribution expenses	**(714)**	(3,790)
Administrative expenses	**(3,455)**	(15,595)
Other expenses	**(11)**	(571)
Finance costs	**(40)**	(1,464)
Loss before tax from the discontinued operation — Luggage Business	**(2,213)**	(6,940)
Income tax credit	**3**	10
Loss for the year from the discontinued operation — Luggage Business	**(2,210)**	(6,930)
Attributable to:		
Owners of the parent	**(1,303)**	(4,393)
Non-controlling interests	**(907)**	(2,537)
	(2,210)	(6,930)

The net cash flows incurred by the Luggage Business are as follows:

	2012 HK$'000	2011 HK$'000
Operating activities	**2,549**	13,456
Investing activities	**617**	(293)
Financing activities	**(1,428)**	(14,734)
Net cash inflow/(outflow)	**1,738**	(1,571)

	2012	2011
Basic and diluted loss per share from the discontinued operation — Luggage Business	**HK(0.05) cents**	HK(0.16) cents

13. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION TO OWNERS *(Continued)*

(b) Discontinued operation — Luggage Business *(Continued)*

The calculations of basic and diluted loss per share from Luggage Business are based on:

	2012	2011
Loss attributable to ordinary equity holders of the parent from the discontinued operation — Luggage Business	**HK$(1,303,000)**	HK$(4,393,000)
Weighted average number of ordinary shares in issue during the year, as adjusted to reflect the scrip dividend issued during the year, used in the basic and diluted loss per share calculation	**2,587,799,895**	2,597,089,678

(c) Interest in an associate classified as held for sale — Sichuan Hengchen

On 30 November 2010, the Group entered into a share transfer agreement with a non-controlling shareholder of Sichuan Hengchen Real Estate Development Company Limited ("Sichuan Hengchen") to dispose of its entire 60% equity interest in Sichuan Hengchen. Sichuan Hengchen is principally engaged in property development and investment in Mainland China. The partial disposal of 30% equity interest in Sichuan Hengchen was completed on 30 March 2011 at a consideration of RMB30 million.

Upon completion of the first 30% disposal, the Group ceased to have control over Sichuan Hengchen thereafter. The Group has accounted for the investment retained in Sichuan Hengchen as an associate held for sale which was stated at its fair value at the date the control was lost and was presented as a non-current asset held for sale of HK$38,108,000 (2011: HK$38,115,000) as at the year end. The disposal of the remaining 30% equity interest in Sichuan Hengchen is expected to be completed in 2013 pursuant to a supplementary agreement entered on 9 November 2012 at a consideration of RMB30 million plus a premium of 1.25% per month on the consideration and the accrued interest calculated for the period from 1 January 2011 to the completion date of the disposal.

(d) Disposal group classified as held for sale — Keen Star Group

On 23 April 2012, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Keen Star Limited ("Keen Star") and a shareholder's loan owed by Keen Star to the Group for a total consideration of HK$408,212,000. Keen Star and its subsidiary (collectively as "Keen Star Group") is principally engaged in property development and investment in Mainland China. The disposal of Keen Star Group was completed on 3 January 2013 and the assets and liabilities of Keen Star Group have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2012.

The major classes of assets and liabilities of Keen Star Group classified as held for sale as at 31 December 2012 are as follows:

	Notes	**2012 HK$'000**
Assets		
Property, plant and equipment	16	**2,009**
Properties under development	25.1	**358,528**
Prepayments, deposits and other receivables		**6,660**
Cash and cash equivalents		**716**
Assets classified as held for sale		**367,913**
Liabilities		
Other payables and accruals		**1,744**
Loans from a non-controlling shareholder		**76,611**
Liabilities directly associated with the assets classified as held for sale		**78,355**
Net assets directly associated with the disposal group — Keen Star Group		**289,558**

Cumulative income recognised in other comprehensive income:

	2012 HK$'000
Exchange fluctuation reserve	**12,562**

14. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Special interim (note 39(a))	**221,314**	—
Final proposed subsequent to the reporting period — HK$0.045 (2011: HK$0.04) per ordinary share	**116,451**	101,757
	337,765	101,757

Year ended 31 December 2012

The Company declared a special interim dividend in respect of the year ended 31 December 2012 which was satisfied by way of a distribution in specie of the entire 100% interest in the issued share capital of Qualipak to qualifying shareholders of the Company (the "Distribution"). Under the Distribution, each qualifying shareholder of the Company received one share of Qualipak for every whole multiple of twenty ordinary shares of the Company held by the qualifying shareholders.

The final dividend of HK$0.045 per ordinary share for the year ended 31 December 2012 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The final dividend will be payable in cash with a scrip dividend alternative subject to the approval of the Company's shareholders of the relevant resolutions regarding the proposed final dividend and the granting of a general mandate unconditionally to the directors of the Company to issue shares at the forthcoming annual general meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued.

Year ended 31 December 2011

The Company declared a final dividend of HK$0.04 per ordinary share amounting to HK$101,757,000 for the year ended 31 December 2011 with a scrip alternative offered to shareholders to elect to receive the final dividend by an allotment of new shares in lieu of cash. A scrip dividend of HK$72,484,000 was paid on 19 June 2012 by issuing 43,876,637 ordinary shares of HK$0.10 each in the Company at a market value determined to be HK$1.652 per share and a cash dividend of HK$29,273,000 was paid.

No interim dividend was declared in respect of the year ended 31 December 2011.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2012 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2012 HK$'000	2011 HK$'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	**516,374**	267,879
From discontinued operations	**12,863**	33,116
	529,237	300,995

	Number of shares 2012	2011 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year, as adjusted to reflect the scrip dividend issued during the year, used in the basic and diluted earnings per share calculation	**2,587,799,895**	2,597,089,678

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Electricity supply system HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Total HK$'000
31 December 2012								
At 31 December 2011 and at 1 January 2012:								
Cost	**128,041**	**1,731**	**—**	**35,453**	**48,655**	**7,347**	**—**	**221,227**
Accumulated depreciation	**(23,331)**	**(1,412)**	**—**	**(15,697)**	**(20,226)**	**(4,654)**	**—**	**(65,320)**
Net carrying amount	**104,710**	**319**	**—**	**19,756**	**28,429**	**2,693**	**—**	**155,907**
At 1 January 2012, net of accumulated depreciation	**104,710**	**319**	**—**	**19,756**	**28,429**	**2,693**	**—**	**155,907**
Additions	**3,685**	**180**	**—**	**11,709**	**9,674**	**—**	**—**	**25,248**
Transfer from completed properties held for sale (note 25.3)	**53,117**	**—**	**—**	**—**	**—**	**—**	**—**	**53,117**
Assets included as held for sale (note 13(d))	**(1,613)**	**—**	**—**	**(189)**	**(207)**	**—**	**—**	**(2,009)**
Disposal of subsidiaries (notes 39(b) and (d))	**(24,672)**	**—**	**—**	**(2,915)**	**(273)**	**(2,585)**	**—**	**(30,445)**
Disposals	**(4,100)**	**—**	**—**	**(1,283)**	**(1,301)**	**—**	**—**	**(6,684)**
Depreciation provided during the year	**(6,961)**	**(223)**	**—**	**(8,115)**	**(8,667)**	**(108)**	**—**	**(24,074)**
Exchange realignment	**(13)**	**—**	**—**	**(163)**	**(199)**	**—**	**—**	**(375)**
At 31 December 2012, net of accumulated depreciation	**124,153**	**276**	**—**	**18,800**	**27,456**	**—**	**—**	**170,685**
At 31 December 2012:								
Cost	**149,402**	**1,911**	**—**	**39,926**	**54,030**	**—**	**—**	**245,269**
Accumulated depreciation	**(25,249)**	**(1,635)**	**—**	**(21,126)**	**(26,574)**	**—**	**—**	**(74,584)**
Net carrying amount	**124,153**	**276**	**—**	**18,800**	**27,456**	**—**	**—**	**170,685**
31 December 2011								
At 1 January 2011:								
Cost	264,854	7,621	2,729	35,961	36,326	30,005	9,264	386,760
Accumulated depreciation	(44,660)	(6,866)	(2,568)	(21,865)	(13,288)	(22,574)	(8,004)	(119,825)
Net carrying amount	220,194	755	161	14,096	23,038	7,431	1,260	266,935
At 1 January 2011, net of accumulated depreciation	220,194	755	161	14,096	23,038	7,431	1,260	266,935
Additions	6,405	177	—	13,788	18,586	88	11	39,055
Assets included as held for distribution (note 13(a))	(113,047)	(121)	(2)	(1,863)	(1,008)	(2,946)	(605)	(119,592)
Disposals	(1,280)	—	—	(375)	(2,505)	(409)	(264)	(4,833)
Depreciation provided during the year	(9,145)	(492)	(159)	(7,465)	(10,674)	(1,623)	(402)	(29,960)
Exchange realignment	1,583	—	—	1,575	992	152	—	4,302
At 31 December 2011, net of accumulated depreciation	104,710	319	—	19,756	28,429	2,693	—	155,907
At 31 December 2011:								
Cost	128,041	1,731	—	35,453	48,655	7,347	—	221,227
Accumulated depreciation	(23,331)	(1,412)	—	(15,697)	(20,226)	(4,654)	—	(65,320)
Net carrying amount	104,710	319	—	19,756	28,429	2,693	—	155,907

As at 31 December 2012, certain of the Group's leasehold buildings of HK$40,983,000 (2011: Nil) were pledged to banks to secure banking facilities granted to the Group (note 34(a)).

The carrying value of the Group's land and buildings shown above comprises:

	2012 HK$'000	2011 HK$'000
Land and buildings situated in Hong Kong:		
Medium term leases	**14,654**	15,025
Land and buildings situated in Mainland China:		
Long term leases	**—**	64,914
Medium term leases	**109,499**	24,771
	109,499	89,685
	124,153	104,710

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 December 2012			
At 31 December 2011 and at 1 January 2012:			
Cost	**1,566**	**644**	**2,210**
Accumulated depreciation	**(1,373)**	**(281)**	**(1,654)**
Net carrying amount	**193**	**363**	**556**
At 1 January 2012, net of accumulated depreciation	**193**	**363**	**556**
Depreciation provided during the year	**(193)**	**(64)**	**(257)**
At 31 December 2012, net of accumulated depreciation	**—**	**299**	**299**
At 31 December 2012:			
Cost	**1,566**	**644**	**2,210**
Accumulated depreciation	**(1,566)**	**(345)**	**(1,911)**
Net carrying amount	**—**	**299**	**299**
31 December 2011			
At 1 January 2011:			
Cost	1,566	637	2,203
Accumulated depreciation	(1,059)	(217)	(1,276)
Net carrying amount	507	420	927
At 1 January 2011, net of accumulated depreciation	507	420	927
Additions	—	7	7
Depreciation provided during the year	(314)	(64)	(378)
At 31 December 2011, net of accumulated depreciation	193	363	556
At 31 December 2011:			
Cost	1,566	644	2,210
Accumulated depreciation	(1,373)	(281)	(1,654)
Net carrying amount	193	363	556

17. INVESTMENT PROPERTIES

	Group	
	2012 HK$'000	2011 HK$'000
Carrying amount at 1 January	**372,949**	338,323
Disposals during the year	**(592)**	(727)
Net gain from a fair value adjustment (note 5)	**7,630**	18,206
Exchange realignment	**(41)**	17,147
Carrying amount at 31 December	**379,946**	372,949

The Group's investment properties are situated in Mainland China and are held under the following lease terms:

	Group	
	2012 HK$'000	2011 HK$'000
Long term leases	**75,587**	372,949
Medium term leases	**304,359**	—
	379,946	372,949

The revaluation of the above investment properties on 31 December 2012 was carried out by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 41(a).

At 31 December 2012, the Group's investment properties with an aggregate carrying amount of HK$171,437,000 (2011: HK$135,149,000) were pledged to secure banking facilities granted to the Group (note 34(a)).

18. PREPAID LAND LEASE PAYMENTS

	Group 2012 HK$'000	2011 HK$'000
Carrying amount at 1 January	**802,988**	1,941,896
Additions	**—**	448,742
Acquisition of a subsidiary that is not a business (note 38)	**—**	252,883
Transfer from interests in land use rights for property development (note 25.2)	**381,921**	—
Assets included as held for distribution (note 13(a))	**—**	(19,395)
Disposal of subsidiaries (note 39(b))	**(3,356)**	—
Transfer to properties under development (note 25.1)	**—**	(2,055,012)
Write-back of impairment (note 6)	**—**	150,881
Amortised during the year	**(22,489)**	(21,360)
Exchange realignment	**(214)**	104,353
Carrying amount at 31 December	**1,158,850**	802,988
Current portion	**(22,546)**	(18,128)
Non-current portion	**1,136,304**	784,860

The Group's leasehold lands are situated in Mainland China and are held under the following lease terms:

	Group 2012 HK$'000	2011 HK$'000
Long term leases	**321,956**	127,791
Medium term leases	**836,894**	675,197
	1,158,850	802,988

At 31 December 2012, the Group's prepaid land lease payments with an aggregate carrying amount of HK$724,855,000 (2011: HK$746,508,000) were pledged to secure banking facilities granted to the Group (note 34(a)).

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group 2012 HK$'000	2011 HK$'000
Share of net assets	**69,330**	96,959
Loans to jointly-controlled entities	**1,053,440**	1,032,290
	1,122,770	1,129,249

The loans to jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the loans approximate to their fair values.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2012 HK$'000	2011 HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**183,715**	94,442
Non-current assets	**1,431,011**	1,403,692
Current liabilities	**(33,673)**	(17,395)
Non-current liabilities	**(1,511,723)**	(1,383,780)
Net assets	**69,330**	96,959
Share of the jointly-controlled entities' results:		
Other income	**2,430**	2,384
Total expenses	**(28,198)**	(30,116)
Loss after tax	**(25,768)**	(27,732)

Particulars of the Group's principal jointly-controlled entities are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Benefit East Investments Limited	Ordinary shares of US$1 each	British Virgin Islands ("BVI")	25	25	25	Investment holding
Chongqing Sino Land Company Limited	Registered capital of HK$1,395 million	PRC	25	25	25	Property development and investment

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

All the above jointly-controlled entities are unlisted and are indirectly held by the Company.

20. INVESTMENTS IN SUBSIDIARIES

	Company 2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**1,000,390**	1,159,921
Capital contribution in respect of employee share-based compensation	—	2,291
	1,000,390	1,162,212

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$12,969,947,000 (2011: HK$11,860,937,000) and HK$350,000 (2011: HK$109,000), respectively, are unsecured, interest-free and have no fixed terms of repayment except for an amount due from a subsidiary of HK$3,689,824,000 (2011: HK$2,452,220,000) that bears interest ranging from HIBOR + 1.9% to 4% per annum (2011: HIBOR + 1.9% per annum). The carrying amounts of these amounts approximate to their fair values.

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Ample Win Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
Charm Best Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Cheer Gain Development Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
Dragon Pioneer Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Excel Sky (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Global Palace Investments Limited*	BVI/ Hong Kong	Ordinary US$1,000	100	Property holding
Good Wave International Limited#	BVI	Ordinary US$1	100	Investment holding
Grand Fortune Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Harbour Crest Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Ho Yeung Group Limited*/#	BVI	Ordinary US$1	100	Investment holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Joy Wealthy Investment Limited*	Hong Kong	Ordinary HK$1	85	Investment holding
Joyview Group Limited*/#	BVI	Ordinary US$1	100	Investment holding
Marvel Leader Investments Limited#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Merry Full Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Mighty Gain Enterprises Limited*/#	BVI	Ordinary US$1	100	Investment holding
Starthigh International Limited#	BVI	Ordinary US$1	100	Investment holding
Victor Shiny Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
Victory Joy Investments Limited*/#	BVI	Ordinary US$1	100	Investment holding
Wealthy New Limited*/#	BVI	Ordinary US$1	100	Investment holding
Win Harbour Investments Limited*/#	BVI	Ordinary US$1	85	Investment holding
Win Peak Group Limited#	BVI	Ordinary US$1	100	Investment holding
Worthwell Investments Limited	BVI/ Hong Kong	Ordinary US$50,000	100	Investment holding

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Chengdu Guojia Cheer Gain Property Company Limited*/**/### (成都國嘉志得置業有限公司)	PRC/Mainland China	Registered RMB1,375,000,000	51	Property development and investment
Chengdu Guojia Zhong Yu Real Estate Company Limited*/** (成都國嘉中渝置業有限公司)	PRC/Mainland China	Registered RMB$50,000,000	51	Property development and investment
Chengdu Yongping Real Estate Company Limited*/** (成都市永平置業有限公司)	PRC/Mainland China	Registered RMB$20,000,000	51	Property development and investment
Chengdu Zhongyi Property Development Company Limited*/**/## (成都眾怡房地產開發有限公司)	PRC/Mainland China	Registered RMB200,000,000	51	Property development and investment
Chongqing Juxin Property Development (Group) Company Limited*/**/## (重慶聚信房地產開發(集團)有限公司)	PRC/Mainland China	Registered RMB469,200,000	100	Property development and investment
Chongqing Lian Xian Investment Company Limited*/** (重慶聯星投資有限公司)	PRC/Mainland China	Registered RMB320,000,000	51	Property development and investment
Chongqing Lucky Boom Realty Company*/## (重慶瑞昌房地產有限公司)	PRC/Mainland China	Registered US$50,000,000	100	Property development and investment
Chongqing Verakin Gonghao Real Estate Company Limited*/** (重慶同景共好置地有限公司)	PRC/Mainland China	Registered RMB300,000,000	26	Property development and investment
Chongqing Verakin Real Estate Company Limited*/** (重慶同景置業有限公司)	PRC/Mainland China	Registered RMB302,800,000	51	Property development and investment
Chongqing Verakin Wenlong Real Estate Company Limited*/** (重慶同景文龍置地有限公司)	PRC/Mainland China	Registered RMB50,000,000	26	Property development and investment
Chongqing Victor Shiny Real Estate Development Company Limited*/## (重慶浚亮房地產開發有限公司)	PRC/Mainland China	Registered US$200,000,000	100	Property development and investment
Chongqing Zhong Yu Property Development Company Limited*/## (重慶中渝物業發展有限公司)	PRC/Mainland China	Registered US$131,000,000	100	Property development and investment
Guiyang Zhong Yu Real Estate Development Company Limited*/**/## (貴陽中渝置地房地產開發有限公司)	PRC/Mainland China	Registered US$130,000,000	85	Property development and investment
Sichuan Senxin Real Estate Company Limited*/**/## (四川森信置業有限公司)	PRC/Mainland China	Registered US$29,800,000	100	Property development and investment
Sichuan Star Massive Realty Limited*/## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Sichuan Yongqiao Land Company Limited*/** (四川雍橋置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	100	Property development and investment
Yunnan Zhong Yu Land Development Company Limited*/** (雲南中渝置地發展有限公司)	PRC/Mainland China	Registered RMB50,000,000	70	Property development and investment

\# These are investment holding companies which have no specific principal place of operations.
\#\# These companies are registered as wholly-owned foreign enterprises under PRC law.
\#\#\# This company is registered as Sino-foreign joint ventures under PRC law.
* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
** Direct translation from the Chinese name which is for identification purposes only.

Note: Except for Marvel Leader Investments Limited and Mighty Gain Enterprises Limited, the equity interests of all principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INVESTMENTS IN ASSOCIATES

	Group 2012 HK$'000	2011 HK$'000
Share of net assets	**57,243**	—
Due from associates	**99,403**	—
	156,646	—

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

Particulars of the principal associates are as follows:

Name	Place of incorporation/ registration	Particulars of issued shares held	Percentage of ownership interest attributable to the Group 2012	Principal activities
Chongqing Verakin Wenhao Real Estate Company Limited* (重慶同景文浩置業有限公司)	PRC/ Mainland China	Registered RMB100,000,000	**24.99**	Property development and investment
Chongqing Verakin Wenhong Real Estate Company Limited* (重慶同景文宏置地有限公司)	PRC/ Mainland China	Registered RMB20,000,000	**24.99**	Property development and investment

* Direct translation from the Chinese name which is for identification purposes only.

All the above associates are unlisted and are held by a 51% indirectly-held subsidiary of the Company. They were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts or financial statements:

	2012 HK$'000	2011 HK$'000
Assets	**334,902**	—
Liabilities	**(218,080)**	—
Revenue	**—**	—
Loss	**(6,307)**	—

22. HELD-TO-MATURITY INVESTMENTS

	Group 2012 HK$'000	2011 HK$'000
Unlisted debt investments, at amortised cost	**—**	115,391

The effective interest rates of the held-to-maturity investments as at 31 December 2011 were ranged from 12% to 15% per annum and these investments would mature in 2015. During the year, as the Group has sold partial investments amounting to HK$72,768,000 before maturity, therefore, the remaining portfolio of these investments have been reclassified as available-for-sale investments and were remeasured to fair value.

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2012 HK$'000	2011 HK$'000
Listed equity investment in Mainland China, at fair value	**188,927**	171,367
Unlisted equity investments, at cost	**292,825**	525,553
Unlisted debt investments, at fair value	**32,455**	—
	514,207	696,920

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$7,425,000 (2011: loss of HK$19,196,000).

The investments at 31 December 2012 consist of investments in equity securities which were designated as available-for-sale financial assets with no fixed maturity date or coupon rate and investments in debt securities with a fixed interest rate at 12% per annum which will mature in 2015.

23. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The investments at 31 December 2011 consisted of investments in equity securities which were designated as available-for-sale financial assets with no fixed maturity date or coupon rate.

As at 31 December 2012, the unlisted equity investments with a carrying amount of HK$292,825,000 (2011: HK$525,553,000) were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

The market value of the Group's listed available-for-sale investments at the date of approval of these financial statements was approximately HK$184,223,000.

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2012	2011
	HK$'000	HK$'000
Listed equity investments in Hong Kong, at market value	**184,945**	369,045

The above investments at 31 December 2011 and 2012 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

The market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was approximately HK$156,392,000.

25.1 PROPERTIES UNDER DEVELOPMENT

	Group	
	2012	2011
	HK$'000	HK$'000
At beginning of year	**19,422,083**	14,773,115
Additions (including development costs and capitalised interest)	**6,389,554**	5,269,501
Assets included as held for sale (note 13(d))	**(358,528)**	—
Disposal of subsidiaries (notes 39(c), (d))	**(1,110,506)**	—
Write-back of impairment (note 6)	**—**	119,392
Transfer from prepaid land lease payments (note 18)	**—**	2,055,012
Transfer from interests in land use rights for property development (note 25.2)	**3,687,289**	—
Transfer to completed properties held for sale (note 25.3)	**(6,802,977)**	(3,524,206)
Exchange realignment	**(3,579)**	729,269
At end of year	**21,223,336**	19,422,083

Properties under development expected to be completed:

	Group	
	2012	2011
	HK$'000	HK$'000
Beyond normal operating cycle included under non-current assets	**7,736,592**	7,350,068
Within normal operating cycle included under current assets	**13,486,744**	12,072,015
	21,223,336	19,422,083

Properties under development expected to be completed within normal operating cycle and recovered:

	Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**4,151,902**	4,954,249
After one year	**9,334,842**	7,117,766
	13,486,744	12,072,015

The Group's properties under development are situated in Mainland China and are held under the following leases:

	2012	2011
	HK$'000	HK$'000
Long term leases	**8,470,813**	14,876,028
Medium term leases	**12,752,523**	4,546,055
	21,223,336	19,422,083

At 31 December 2012, the Group's properties under development with an aggregate carrying amount of HK$10,997,965,000 (2011: HK$8,983,705,000) (note 34(a)) were pledged to secure banking facilities granted to the Group.

25.2 INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

	Group 2012 HK$'000	2011 HK$'000
At beginning of year	**3,150,527**	—
Additions	**3,656,968**	3,150,527
Transfer to properties under development (note 25.1)	**(3,687,289)**	—
Transfer to prepaid land lease payments (note 18)	**(381,921)**	—
Exchange realignment	**(546)**	—
At end of year	**2,737,739**	3,150,527

The Group's interests in land use rights for property development were in respect of the rights to use certain land situated in Mainland China over fixed periods and held under the following leases:

	2012 HK$'000	2011 HK$'000
Long term leases	**920,043**	991,082
Medium term leases	**1,817,696**	2,159,445
	2,737,739	3,150,527

At the end of the reporting period, the Group was in the progress of obtaining the relevant certificates of the above land use rights.

25.3 COMPLETED PROPERTIES HELD FOR SALE

	Group 2012 HK$'000	2011 HK$'000
At beginning of year	**1,184,707**	1,006,981
Transfer from properties under development (note 25.1)	**6,802,977**	3,524,206
Transfer to property, plant and equipment (note 16)	**(53,117)**	—
Write-back of impairment (note 6)	**—**	23,962
Properties sold (note 8)	**(4,930,109)**	(3,394,413)
Exchange realignment	**(15,957)**	23,971
At end of year	**2,988,501**	1,184,707

The Group's completed properties held for sale are situated in Mainland China and are held under the following leases:

	2012 HK$'000	2011 HK$'000
Long term leases	**1,470,749**	949,443
Medium term leases	**1,517,752**	235,264
	2,988,501	1,184,707

At 31 December 2012, the Group's completed properties held for sale with an aggregate carrying amount of HK$42,412,000 (2011: Nil) were pledged to secure banking facilities granted to the Group (note 34(a)).

26. INVENTORIES

	Group 2012 HK$'000	2011 HK$'000
Raw materials	**—**	5,354
Work in progress	**—**	6,877
Finished goods	**—**	9,369
	—	21,600

27. TRADE AND BILLS RECEIVABLES

	Group 2012 HK$'000	2011 HK$'000
Trade and bills receivables	**—**	38,826
Impairment	**—**	(564)
	—	38,262

27. TRADE AND BILLS RECEIVABLES *(Continued)*

No credit terms are granted to the customers of the Group's property development and investment business. As at 31 December 2011, the Group's trade and bills receivables related to sales with its customers of the Luggage Business. The Group's trading terms with its customers of the Luggage Business were mainly on credit, except for new customers, where payment in advance was normally required. The credit period was generally 60 days, extending up to 105 days for major customers. Each customer had a maximum credit limit. The Group sought to maintain strict control over its outstanding receivables and had a credit control department to minimise credit risk. Overdue balances were reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables related to a large number of diversified customers, there was no significant concentration of credit risk. The Group did not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables were non-interest-bearing.

An aged analysis of the trade and bills receivables as at 31 December 2011, based on the due date and net of provisions, is as follows:

	Group 2011		
	Neither past due nor impaired HK$'000	Past due but not impaired HK$'000	Total HK$'000
Less than 1 month	25,069	9,802	34,871
1 to 3 months	—	—	—
Over 3 months	—	3,391	3,391
	25,069	13,193	38,262

Discounted bills with recourse of HK$12,292,000 were included in trade and bills receivables as at 31 December 2011. The maturity date of these discounted bills with recourse was within three months from the inception date of the discounted bills.

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2012 HK$'000	2011 HK$'000
At 1 January	**564**	1,590
Write-back of impairment (note 4)	**—**	(294)
Amount written-off as uncollectible	**(564)**	(8)
Amount included as held for sale	**—**	(748)
Exchange realignment	**—**	24
At 31 December	**—**	564

As at 31 December 2011, the provision for impairment of trade receivables was a provision for individually impaired trade receivables of HK$564,000, with a carrying amount before provision of HK$564,000. The individually impaired trade receivables related to customers that were in financial difficulties. The Group did not hold any collateral or other credit enhancements over these balances.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Prepayments	**510,948**	483,978	**602**	324
Deposits and other receivables	**1,174,868**	334,296	**8**	8
Amounts due from non-controlling shareholders of subsidiaries	**527,788**	125,016	**—**	—
	2,213,604	943,290	**610**	332

As at 31 December 2012, business tax and other tax surcharges on deposits received from pre-sale of properties imposed by the relevant PRC tax authorities amounted to HK$379,704,000 (2011: HK$326,727,000). It is classified as and included in "Prepayments" above.

Except for an amount of HK$378,296,000 (2011: Nil) which bears interest at 12% per annum, the amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

29. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average fixed interest rate of 0.06% per annum (2011: 0.005% per annum). The fair values of the deposits with brokerage companies approximate to their carrying amounts.

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2012	2011	**2012**	2011
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cash and bank balances		**6,573,238**	6,200,073	**3,084**	461
Time deposits		**1,599,600**	553,813	**—**	—
		8,172,838	6,753,886	**3,084**	461
Less: Pledged time deposits	(a)	**(1,572,424)**	(152,075)	**—**	—
Restricted bank balances	(b)	**(2,953,902)**	(2,543,736)	**—**	—
Time deposits with original maturity over three months		**—**	(71,543)	**—**	—
Cash and cash equivalents		**3,646,512**	3,986,532	**3,084**	461

Notes:

(a) The time deposits were pledged to secure general banking facilities granted to the Group (note 34(a)).

(b) Restricted bank balances represent deposits placed with certain PRC banks where the usages of which are restricted to PRC property development activities.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$7,772,301,000 (2011: HK$6,477,598,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances and time deposits approximate to their fair values.

31. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Within 1 year	**2,707,350**	1,937,009

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle.

32. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits received	**9,420,830**	8,407,197	**—**	—
Other payables	**238,920**	205,115	**919**	156
Accruals	**70,674**	47,974	**13,835**	13,422
	9,730,424	8,660,286	**14,754**	13,578

Other payables are non-interest-bearing and are normally settled within one year.

33. LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The directors consider that the carrying amounts of the loans from non-controlling shareholders of subsidiaries approximate to their fair values. Except for an amount of HK$640,075,000 (2011: HK$121,870,000) which bears interest at 12% per annum (2011: 7% to 12% per annum), the amounts are unsecured, interest-free and have no fixed terms of repayment.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2012			2011		
Group	**Contractual interest rate**	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Discounted bills with recourse	—	—	—	Bank's funding rate + (1.375% to 1.5%)	2012	12,292
Bank loans — secured	**RMB base lending rate/ RMB base lending rate x (1 + 5% to 20%)/ HIBOR + 2% to 2.5%/ fixed rate of 5.6%**	**2013**	**4,851,041**	RMB base lending rate/ RMB base lending rate x (1 + 10% to 25%)	2012	1,518,626
Bank loans — unsecured	**HIBOR + 1.9% to 4%**	**2013**	**2,027,587**	HIBOR + 1.9%	2012	534,402
			6,878,628			2,065,320
Non-current						
Bank loans — secured	**RMB base lending rate/ RMB base lending rate x (1 + 10% to 25%)**	**2014 - 2022**	**2,525,432**	RMB base lending rate/ RMB base lending rate x (1 + 10% to 25%)	2013 - 2018	3,116,443
Bank loans — unsecured	**HIBOR + 4%**	**2014**	**412,237**	HIBOR + 1.9%	2013	1,917,818
			2,937,669			5,034,261
			9,816,297			7,099,581
Analysed into:						
Bank and other borrowings repayable:						
Within one year or on demand			**6,878,628**			2,065,320
In the second year			**1,413,969**			4,213,982
In the third to fifth years, inclusive			**1,452,787**			788,208
Beyond five years			**70,913**			32,071
			9,816,297			7,099,581

	2012			2011		
Company	**Contractual interest rate**	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans — secured	**HIBOR + 2% to 2.5%**	**2013**	**1,250,000**	—	—	—
Bank loans — unsecured	**HIBOR + 1.9% to 4%**	**2013**	**2,027,587**	HIBOR + 1.9%	2012	534,402
			3,277,587			534,402
Non-current						
Bank loans — unsecured	**HIBOR + 4%**	**2014**	**412,237**	HIBOR + 1.9%	2013	1,917,818
			3,689,824			2,452,220

34. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	Notes	**2012 HK$'000**	2011 HK$'000
Property, plant and equipment	13(a),16	**40,983**	5,434
Investment properties	17	**171,437**	135,149
Prepaid land lease payments	18	**724,855**	746,508
Properties under development	25.1	**10,997,965**	8,983,705
Completed properties held for sale	25.3	**42,412**	—
Time deposits	30	**1,572,424**	152,075

In addition to the above, as at 31 December 2012, a bank loan of HK$604,304,000 was secured by a land use right owned by Chengdu Shengshi Jingwei Real Estate Investment Company Limited ("Shengshi Jingwei"), a subsidiary disposed in current year. Pursuant to the relevant sale and purchase agreement dated 16 October 2012, the release of the charge on this land should be made by 31 August 2013. Another bank loan of HK$93,729,000 is secured by a land use right owned by Chongqing Verakin Wenhong Real Estate Company Limited, an associate of the Group.

(b) Except for a bank loan of HK$240,488,000 (2011: Nil) which bears interest at a fixed interest rate, all borrowings bear interest at floating interest rates.

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollars (HK$)	**3,689,824**	2,452,220
United States dollars (US$)	**—**	12,292
Renminbi (RMB)	**6,126,473**	4,635,069
	9,816,297	7,099,581

(d) The carrying amounts of the Group's bank borrowings approximate to their fair values.

(e) As at 31 December 2011, the discounted bills with recourse was secured by personal guarantees from certain non-controlling shareholders amounted to HK$20,400,000.

(f) In addition, certain subsidiaries of the Company have guaranteed the Company's bank loans up to HK$3,715,000,000 (2011: HK$2,475,000,000). The Company's bank loans are secured by time deposits of HK$1,270,272,000 (2011: Nil) placed by its subsidiary and/or a specific performance obligation imposed on Mr. Cheung and pursuant to which Mr. Cheung is required to control 35% or more of the beneficial shareholding interest in the issued capital of the Company, to carry 35% or more of the voting rights and to have management control of the Company. Non-compliance with the aforesaid obligation by Mr. Cheung would constitute an event of default under the relevant loan agreement.

35. DEFERRED TAX

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

Deferred tax liabilities

Group

	Revaluation of properties HK$'000	**Depreciation allowance in excess of related depreciation** HK$'000	**Development costs** HK$'000	**Revaluation of available-for-sale investments** HK$'000	**Total** HK$'000
At 1 January 2011	1,957,626	1,854	—	31,700	1,991,180
Deferred tax credited to equity during the year	—	—	—	(4,799)	(4,799)
Deferred tax charged/(credited) to the income statement during the year					
— continuing operations (note 11)	(122,417)	(7)	4,307	—	(118,117)
— discontinued operations	—	(93)	—	—	(93)
Exchange realignment	94,057	3	—	1,573	95,633
At 31 December 2011 and 1 January 2012	**1,929,266**	**1,757**	**4,307**	**28,474**	**1,963,804**
Deferred tax charged to equity during the year	**—**	**—**	**—**	**4,398**	**4,398**
Deferred tax charged/(credited) to the income statement during the year					
— continuing operations (note 11)	**(209,796)**	**73**	**42,791**	**—**	**(166,932)**
— discontinued operations	**—**	**(10)**	**—**	**—**	**(10)**
Disposal of subsidiaries (notes 39(a),(b))	**—**	**(1,486)**	**—**	**—**	**(1,486)**
Exchange realignment	**(1,377)**	**(2)**	**(51)**	**(5)**	**(1,435)**
At 31 December 2012	**1,718,093**	**332**	**47,047**	**32,867**	**1,798,339**

35. DEFERRED TAX *(Continued)*

Deferred tax assets

Group

	Provision for land appreciation tax HK$'000	Losses available for offsetting taxable profits HK$'000	Total HK$'000
At 1 January 2011	9,306	1,616	10,922
Deferred tax credited to the income statement during the year from continuing operations (note 11)	95,062	20,487	115,549
Exchange realignment	461	86	547
At 31 December 2011 and 1 January 2012	**104,829**	**22,189**	**127,018**
Deferred tax credited/(charged) to the income statement during the year from continuing operations (note 11)	**156,465**	**(19,805)**	**136,660**
Exchange realignment	**28**	**(41)**	**(13)**
At 31 December 2012	**261,322**	**2,343**	**263,665**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2012 HK$'000	2011 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**16,557**	—
Deferred tax liabilities recognised in the consolidated statement of financial position	**(1,551,231)**	(1,835,769)
Deferred tax liabilities included in the disposal group (note 13(a))	**—**	(1,017)
	(1,534,674)	(1,836,786)

The Company's deferred tax asset as at 31 December 2011 relate to tax losses arising in Hong Kong available indefinitely for offsetting against future taxable profits of the Company and are credited to the income statement during that year.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and jointly-controlled entities established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and jointly-controlled entities established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and jointly-controlled entities will distribute such earnings in the foreseeable future. The aggregate amount of temporary difference associated with investments in subsidiaries and jointly-controlled entities in Mainland China for which deferred tax liabilities have not been recognised totally approximately HK$2,456,102,000 as at 31 December 2012 (2011: HK$1,147,425,000).

The Group has tax losses arising in Hong Kong of HK$39,010,000 (2011: HK$8,516,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$154,100,000 (2011: HK$85,662,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

36. SHARE CAPITAL

Shares

	2012 HK$'000	2011 HK$'000
Authorised: 5,000,000,000 (2011: 5,000,000,000) ordinary shares of HK$0.10 (2011: HK$0.10) each	**500,000**	500,000
Issued and fully paid: 2,587,799,895 (2011: 2,543,923,258) ordinary shares of HK$0.10 (2011: HK$0.10) each	**258,780**	254,392

36. SHARE CAPITAL *(Continued)*

Shares *(Continued)*

During the year ended 31 December 2011, the Company repurchased a total of 16,034,000 shares at an average price of HK$2.11 per share in the open market on the Stock Exchange, all of which were subsequently cancelled by the Company.

During the year ended 31 December 2012, 43,876,637 ordinary shares of HK$0.10 each in the Company were issued at HK$1.652 per share as scrip dividends.

A summary of transactions during the year with reference to the above movement in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	**Issued capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2011	2,559,957,258	255,996	9,488,203	9,744,199
Repurchase of shares	(16,034,000)	(1,604)	(32,450)	(34,054)
At 31 December 2011 and 1 January 2012	2,543,923,258	254,392	9,455,753	9,710,145
Shares issued as scrip dividends	43,876,637	4,388	68,096	72,484
At 31 December 2012	2,587,799,895	258,780	9,523,849	9,782,629

Share options

Details of the Company's share option scheme are set out in note 40 to the financial statements.

37. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 67.

(b) Company

	Notes	**Share premium account** HK$'000	**Contributed surplus** HK$'000	**Retained profits** HK$'000	**Share option reserve** HK$'000	**Total** HK$'000
At 1 January 2011		9,488,203	158,331	37,947	198,930	9,883,411
Total comprehensive income for the year		—	—	562,378	—	562,378
Repurchase of shares	36	(32,450)	—	—	—	(32,450)
Final 2010 dividend approved		—	—	(102,248)	—	(102,248)
Forfeiture of share options		—	—	18,322	(18,322)	—
Equity-settled share option arrangements	40	—	—	—	30	30
At 31 December 2011 and 1 January 2012		**9,455,753**	**158,331**	**516,399**	**180,638**	**10,311,121**
Total comprehensive income for the year		**—**	**—**	**(45,505)**	**—**	**(45,505)**
Final 2011 dividend approved	14	**—**	**—**	**(101,757)**	**—**	**(101,757)**
Shares issued as scrip dividends	36	**68,096**	**—**	**—**	**—**	**68,096**
Release upon distribution of the Packaging Business		**—**	**(158,331)**	**158,331**	**—**	**—**
Interim 2012 special dividend	14	**—**	**—**	**(221,314)**	**—**	**(221,314)**
Forfeiture of share options		**—**	**—**	**6,051**	**(6,051)**	**—**
At 31 December 2012		**9,523,849**	**—**	**312,205**	**174,587**	**10,010,641**

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Qualipak Development Limited at the date on which its shares were acquired by the Company, and the nominal value of the Company's shares issued and issuable for the acquisition. The amount was released to retained profits upon the distribution of the Packaging Business during the year.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

38. BUSINESS COMBINATION

Year ended 31 December 2011

Acquisition of a subsidiary that is not a business

On 1 February 2011, the Group entered into an acquisition agreement with Verakin Group Company Limited (the "Verakin Group", a non-controlling shareholder of the Group's subsidiary) to acquire a 51% equity interest in Chongqing Lian Xing Investment Company Limited ("Lian Xing") and 51% share of the aggregate shareholders' loans owed by Lian Xing to the Verakin Group at a cash consideration of RMB106,915,000 (equivalent to HK$126,940,000). Lian Xing is principally engaged in property development in Chongqing, the PRC. Up to the date of acquisition, Lian Xing has not carried out any significant business transactions except for holding certain parcels of land in Chongqing.

The above acquisition has been accounted by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The net assets acquired by the Group in the above transaction are as follows:

	Note	HK$'000
Net assets acquired:		
Prepaid land lease payments	18	252,883
Cash and bank balances		5
Accruals		(3,986)
Shareholders' loans		(154,119)
Non-controlling interests		(46,444)
		48,339
Satisfied by:		
Cash		126,940
Shareholders' loans		(78,601)
		48,339

An analysis of the cash flows in respect of the acquisition of Lian Xing is as follows:

	HK$'000
Cash consideration	(126,940)
Cash and bank balances acquired	5
Net outflow of cash and cash equivalents included in cash flows from investing activities	(126,935)

39. SPIN-OFF OF QUALIPAK/DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2012

(a) During the year, the Group completed the spin-off of the Packaging Business. For details, please refer to note 13(a) to the consolidated financial statements.

Details of the aggregate net assets of the Packaging Business distributed by the Company as a result of the spin-off and their financial impacts are summarised below:

	Note	**2012 HK$'000**
Net assets distributed:		
Property, plant and equipment		**119,736**
Prepaid land lease payments		**19,395**
Investments in associates		**133**
Inventories		**37,515**
Trade and bills receivables		**46,642**
Prepayment, deposits and other receivables		**6,523**
Pledged time deposits		**7,506**
Cash and bank balances		**62,900**
Trade payables		**(40,664)**
Other payables and accruals		**(34,014)**
Tax payable		**(2,096)**
Deferred tax liabilities	35	**(1,011)**
Non-controlling interests		**(1,251)**
		221,314
Satisfied by:		
Special interim dividend (note 14)		**221,314**

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the Packaging Business is as follows:

	2012 HK$'000
Cash and bank balances distributed and outflow of cash and cash equivalents in respect of the distribution of the Packaging Business	**(62,900)**

39. SPIN-OFF OF QUALIPAK/DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2012 *(Continued)*

(b) On 1 February 2012, the Group entered into a sale and purchase agreement with an independent third party and a non-controlling shareholder of Hoi Tin (HK) to dispose of its Luggage Business for an aggregate consideration of HK$20,000,000. The disposal was completed on 26 March 2012. For details, please refer to note 13(b) to the consolidated financial statements.

Details of the aggregate net assets of the Luggage Business disposed of in the current year and their financial impacts are summarised below:

	Notes	2012 HK$'000
Net assets disposed of:		
Property, plant and equipment	16	**29,944**
Prepaid land lease payments	18	**3,356**
Trade receivables		**30,816**
Prepayment, deposits and other receivables		**3,019**
Tax recoverable		**20**
Inventories		**18,055**
Cash and bank balances		**3,453**
Trade payables		**(28,895)**
Other payables and accruals		**(5,011)**
Shareholder's loan		**(17,927)**
Deferred tax liabilities	35	**(475)**
Non-controlling interests		**47**
		36,402
Exchange reserve release upon disposal of the Luggage Business		**(4,467)**
Loss on disposal of subsidiaries — the Luggage Business	6	**(11,935)**
		20,000
Satisfied by:		
Cash		**20,000**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Luggage Business is as follows:

	2012 HK$'000
Cash consideration	**20,000**
Cash and bank balances disposed of	**(3,453)**
Net inflow of cash and cash equivalents in respect of the disposal of the Luggage Business	**16,547**

(c) On 16 October 2012, the Group entered into a sale and purchase agreement with independent third parties to dispose of its entire interest in Shengshi Jingwei, a 51% indirectly-held subsidiary and a shareholder's loan owed by Shengshi Jingwei to the Group of RMB573,511,000 (equivalent to HK$707,297,000) for an aggregate consideration of RMB680,400,000 (equivalent to HK$839,119,000). The disposal was completed on 21 November 2012 and a gain on disposal of a subsidiary of HK$9,914,000 was recognised in the consolidated income statement.

Details of the aggregate net assets of Shengshi Jingwei disposed of in the current year and their financial impacts are summarised below:

	Notes	2012 HK$'000
Net assets disposed of:		
Properties under development	25.1	**828,723**
Prepayment, deposits and other receivables		**482**
Shareholder's loan		**(707,297)**
		121,908
Gain on disposal of a subsidiary — Shengshi Jingwei	5	**9,914**
		131,822
Satisfied by:		
Cash		**431,646**
Other receivable		**407,473**
Shareholder's loan		**(707,297)**
		131,822

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Shengshi Jingwei is as follows:

	2012 HK$'000
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of Shengshi Jingwei	**431,646**

39. SPIN-OFF OF QUALIPAK/DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2012 *(Continued)*

(d) On 10 December 2012, the Group entered into a equity transfer agreement with a non-controlling shareholder of Chongqing Verakin Wenhao Real Estate Company Limited ("Verakin Wenhao") to dispose of its 2% equity interest in Verakin Wenhao. Verakin Wenhao and its wholly-owned subsidiary (collectively as "Verakin Wenhao Group") are principally engaged in property development and investment in Mainland China. The partial disposal of 2% equity interest in Verakin Wenhao was completed on 25 December 2012 at a consideration of RMB2,000,000. Upon the completion of the disposal of 2% equity interest, the Group ceased to have control over Verakin Wenhao Group thereafter. The Group has accounted for the remaining 49% equity interest of Verakin Wenhao Group as interests in associates, which were stated at their fair value at the date the control was lost as at the year end.

Details of the aggregate net assets of Chongqing Verakin Wenhao Group disposed of in the current year and their financial impacts are summarised below:

	Notes	**2012 HK$'000**
Net assets disposed of:		
Property, plant and equipment	16	**501**
Property under development	25.1	**281,783**
Prepayments, deposits and other receivables		**34,946**
Cash and bank balances		**17,672**
Other payables and accruals		**(118,676)**
Shareholder's loan		**(99,403)**
Non-controlling interests		**(57,243)**
		59,580
Gain on disposal of subsidiaries — Verakin Wenhao Group	5	**130**
Fair value of retained interests in associates — Verakin Wenhao Group		**(57,243)**
		2,467
Satisfied by:		
Other receivable		**2,467**

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Verakin Wenhao Group is as follows:

	2012 HK$'000
Cash and bank balances as disposed of and outflow of cash and cash equivalents in respect of the disposal of Verakin Wenhao Group	**(17,672)**

Year ended 31 December 2011

(e) On 30 November 2010, the Group entered into a sale and purchase agreement with a non-controlling shareholder of Sichuan Hengchen to dispose of the entire interest in Sichuan Hengchen, a then 60%-owned subsidiary of the Group. The partial disposal of 30% equity interest in Sichuan Hengchen has been completed on 30 March 2011. For details, please refer to note 13(c) to the consolidated financial statements.

Details of the aggregate net assets of Sichuan Hengchen disposed of in the prior year and their financial impacts are summarised below:

	Note	2011 HK$'000
Net assets disposed of:		
Property, plant and equipment		309
Interests in land use rights for property development		59,706
Prepayments, deposits and other receivables		1,440
Cash and bank balances		19,666
Trade payable		(2,137)
Other payables and accruals		(3,759)
Shareholder's loan		(16,540)
Non-controlling interests		(22,334)
		36,351
Gain on disposal of a subsidiary — Sichuan Hengchen	5	36,192
Fair value of retained interest in an associate classified as held for sale		(37,156)
		35,387

	2011 HK$'000
Satisfied by:	
Cash	35,387

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Sichuan Hengchen is as follows:

	2011 HK$'000
Cash consideration	35,387
Cash and bank balances disposed of	(19,666)
Net inflow of cash and cash equivalents in respect of the disposal of Sichuan Hengchen	15,721

40. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted at the special general meeting of the Company held on 29 April 2005. Under the Scheme, share options may be granted to directors and employees of the Group and those who have contributed or will contribute to the Group, at any time within 10 years after its adoption, at the discretion of the Board. The following is a summary of the Scheme.

For the purpose of this section, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director or proposed executive and non-executive director) of any member of the Eligible Group.

Purpose

The purposes of the Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group and to provide incentives and to help the Group retain its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long-time business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Maximum number of shares available for subscription

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Maximum period for exercising an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

Life of the Scheme

The Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

The movement of share options under the Scheme during the year is as follows:

	2012		2011	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**3.30**	**66,674**	3.30	69,134
Forfeited during the year	**3.31**	**(760)**	3.31	(2,460)
At 31 December	**3.30**	**65,914**	3.30	66,674

There were no share options exercised during the years ended 31 December 2011 and 2012.

40. SHARE OPTION SCHEME *(Continued)*

Life of the Scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2012

Number of options '000	Exercise price* HK$ per share	Exercise period
17,500	**3.27**	**07-05-2009 to 06-05-2019**
43,614	**3.31**	**03-09-2010 to 02-09-2020**
4,800	**3.31**	**01-01-2011 to 02-09-2020**
65,914		

2011

Number of options '000	Exercise price* HK$ per share	Exercise period
17,500	3.27	07-05-2009 to 06-05-2019
44,374	3.31	03-09-2010 to 02-09-2020
4,800	3.31	01-01-2011 to 02-09-2020
66,674		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

There was no share options granted during the years ended 31 December 2011 and 2012. There was no share option expense recognised during the year (2011: HK$30,000).

At the end of the reporting period, the Company had 65,914,000 (2011: 66,674,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 65,914,000 (2011: 66,674,000) additional ordinary shares of the Company and additional share capital of HK$6,591,000 (2011: HK$6,667,000) and share premium of HK$210,884,000 (2011: HK$213,324,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 65,914,000 share options outstanding under the Scheme, which represented approximately 2.5% of the Company's shares in issue as at that date.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17 to the financial statements) and some other properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2012 HK$'000	2011 HK$'000
Within one year	**15,197**	14,480
In the second to fifth years, inclusive	**55,894**	48,872
After five years	**159,164**	69,811
	230,255	133,163

During the year, no contingent rental receivable was recognised by the Group (2011: Nil).

(b) As lessee

The Group leases certain of its office properties and quarters under operating lease arrangements. The leases for the office properties and quarters are negotiated for terms of one month to three years.

As at 31 December 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2012 HK$'000	2011 HK$'000
Within one year	**5,808**	5,332
In the second to fifth years, inclusive	**9,745**	1,321
	15,553	6,653

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41(b) above, the Group had the following commitments in respect of property development expenditures at the end of the reporting period:

	Group 2012 HK$'000	2011 HK$'000
Contracted, but not provided for	**9,886,241**	8,150,967

The Group had the following share of commitments with jointly-controlled entities in respect of property development expenditure at the end of the reporting period:

	Group 2012 HK$'000	2011 HK$'000
Contracted, but not provided for	**141,569**	17,999

At the end of the reporting period, the Company did not have any significant commitments.

43. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	**—**	—	**369,982**	443,051
Jointly-controlled entity	**455,000**	350,000	**455,000**	350,000
Associates	**—**	9,000	**—**	9,000
	455,000	359,000	**824,982**	802,051

As at 31 December 2012, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$332,984,000 (2011: HK$308,332,000), and the banking facilities guaranteed by the Group to a jointly-controlled entity and associates were utilised to the extent of approximately HK$455,000,000 (2011: HK$350,000,000) and nil (2011: HK$3,789,000), respectively.

44. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	Group 2012 HK$'000	2011 HK$'000
Guarantees in respect of mortgage facilities provided for certain customers	**5,685,928**	4,090,067

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of these purchasers for repayments. The guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore no provision has been made in the financial statements for the guarantees.

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group incurred rental expense of HK$452,000 to a subsidiary of Qualipak, a company under common control of a controlling shareholder of the Company, for the year ended 31 December 2012 which was mutually agreed between the Group and the related company.

(b) Other transactions with related parties

Details of the Group's loans to its jointly-controlled entities and advances to associates as at the end of the reporting period are set out in notes 19 and 21 to the financial statements.

(c) During the year, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK$13,774,000 (2011: HK$14,845,000) were provided to a family member of a director for the operation of a school free of charge.

45. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2012 **HK$'000**	2011 HK$'000
Short term employee benefits paid to key management personnel	**32,630**	33,824

Further details of directors' emoluments are included in note 9 to the financial statements.

The related party transaction in respect of item (a) above also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

46. FINANCIAL INSTRUMENTS BY CATEGORY

Except for certain available-for-sale investments and equity investments at fair value through profit or loss, which are measured at fair value, other financial assets and liabilities of the Company and the Group as at 31 December 2011 and 2012 are loans and receivables and financial liabilities at amortised cost.

47. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

	2012 **Level 1** **HK$'000**	2011 Level 1 HK$'000
Available-for-sale investments	**221,382**	171,367
Equity investments at fair value through profit or loss	**184,945**	369,045
	406,327	540,412

The Group did not have any financial liabilities measured at fair value as at 31 December 2011 and 2012.

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2011 and 2012.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2011: Nil).

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments at fair value through profit or loss, held-to-maturity investments, available-for-sale investments, trade and other receivables, trade and other payables, cash and bank balances, bank borrowings and short term deposits. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's cash and bank balances and bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2012		
HK$	**100**	**(32,957)**
US$	**100**	**65**
EUR	**100**	**—**
RMB	**150**	**28,295**
HK$	**(100)**	**32,957**
US$	**(100)**	**(65)**
EUR	**(100)**	**—**
RMB	**(150)**	**(28,295)**
2011		
HK$	100	(22,729)
US$	100	1,372
EUR	100	12
RMB	150	43,224
HK$	(100)	22,729
US$	(100)	(1,372)
EUR	(100)	(12)
RMB	(150)	(43,224)

Foreign currency risk

The Group's property development and investment business are mainly operated in Mainland China and sales transactions and all major cost items are denominated in RMB. The RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of Mainland China.

The Group currently does not have a foreign currency hedging policy. However, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2012		
If RMB weakens against US$	**3%**	**—**
If RMB strengthens against US$	**(3%)**	**—**
If HK$ weakens against RMB	**3%**	**29,075**
If HK$ strengthens against RMB	**(3%)**	**(29,075)**
2011		
If RMB weakens against US$	3%	1
If RMB strengthens against US$	(3%)	(1)
If HK$ weakens against RMB	3%	27,835
If HK$ strengthens against RMB	(3%)	(27,835)

Credit risk

No credit terms are granted to the customers of the Group's property development and investment business.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligation of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 44.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (note 23) and equity investments at fair value through profit or loss (note 24) as at 31 December 2012. The Group's listed investments are listed on the Hong Kong and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

	31 December 2012	**High/low 2012**	31 December 2011	High/low 2011
Hong Kong — Hang Seng Index	**22,657**	**22,719/ 18,056**	18,434	24,469/ 16,170
Shanghai — A Share Index	**2,269**	**2,478/ 1,949**	2,199	3,067/ 2,134

The following table demonstrates the sensitivity to every 10% decrease (2011: 10% decrease) in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investments HK$'000	**Decrease in profit before tax** HK$'000	**Decrease in other components of equity** HK$'000
2012			
Equity investments at fair value through profit or loss listed in Hong Kong	**184,945**	**(18,495)**	**—**
An available-for-sale investment listed in Shanghai	**188,927**	**—**	**(18,893)**
Total	**373,872**	**(18,495)**	**(18,893)**
2011			
Equity investments at fair value through profit or loss listed in Hong Kong	369,045	(36,905)	—
An available-for-sale investment listed in Shanghai	171,367	—	(17,137)
Total	540,412	(36,905)	(17,137)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its construction commitments and other business operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2012				
	On demand or less than 1 year HK$'000	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Interest-bearing bank and other borrowings	**7,164,989**	**1,579,319**	**1,551,912**	**83,782**	**10,380,002**
Loans from non-controlling shareholders	**1,044,834**	**—**	**—**	**—**	**1,044,834**
Trade and bills payables	**2,707,350**	**—**	**—**	**—**	**2,707,350**
Financial liabilities included in other payables and accruals	**238,920**	**—**	**—**	**—**	**238,920**
Consideration payable on acquisition of subsidiaries	**1,100**	**—**	**—**	**—**	**1,100**
	11,157,193	**1,579,319**	**1,551,912**	**83,782**	**14,372,206**
Financial guarantees issued: Maximum amount guaranteed	**6,140,928**	**—**	**—**	**—**	**6,140,928**

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	2011				
	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	2,343,305	4,387,018	820,574	32,205	7,583,102
Loans from non-controlling shareholders	666,155	—	—	—	666,155
Trade and bills payables	1,937,009	—	—	—	1,937,009
Financial liabilities included in other payables and accruals	205,115	—	—	—	205,115
Consideration payable on acquisition of subsidiaries	1,100	—	—	—	1,100
	5,152,684	4,387,018	820,574	32,205	10,392,481
Financial guarantees issued: Maximum amount guaranteed	4,449,067	—	—	—	4,449,067

Company

	2012		
	On demand or less than 1 year HK$'000	**1 to 2 years HK$'000**	**Total HK$'000**
Interest-bearing bank borrowings	**3,321,442**	**429,877**	**3,751,319**
Other payables	**919**	**—**	**919**
Due to a subsidiary	**350**	**—**	**350**
	3,322,711	**429,877**	**3,752,588**
Financial guarantees issued: Maximum amount guaranteed	**824,982**	**—**	**824,982**

	2011		
	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	590,452	1,946,675	2,537,127
Other payables	156	—	156
Due to a subsidiary	109	—	109
	590,717	1,946,675	2,537,392
Financial guarantees issued: Maximum amount guaranteed	802,051	—	802,051

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 2012.

The Group monitors capital using a net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank and other borrowings less cash and bank balances and time deposits, and excluding those of the discontinued operations. The net gearing ratios as at the ends of the reporting periods were as follow:

Group

	2012 HK$'000	2011 HK$'000
Interest-bearing bank and other borrowings (note 34)	**9,816,297**	7,099,581
Less: Cash and bank balances and time deposits (note 30)	**(8,172,838)**	(6,753,886)
Net debts	**1,643,459**	345,695
Equity attributable to owners of the parent	**13,242,807**	12,981,789
Net gearing ratio	**12.4%**	2.7%

49. EVENTS AFTER THE REPORTING PERIOD

(a) On 3 January 2013, the disposal of Keen Star Group has been completed.

(b) On 25 January 2013, the Company as borrower executed a facility agreement (the "Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$3,400,000,000. Under the Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company.

50. COMPARATIVE AMOUNTS

The comparative consolidated income statement has been re-presented as if the operations classified as discontinued operations during the current year had been discontinued at the beginning of the comparative period (notes 13(a) and (b)).

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 26 March 2013.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	**7,432,699**	4,702,212	1,350,350	653,529	731,405
PROFIT/(LOSS) BEFORE TAX	**1,955,939**	1,032,252	365,059	(24,530)	(1,260,063)
Income tax credit/(expense)	**(1,295,913)**	(649,698)	(142,607)	(33,054)	230,568
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**660,026**	382,554	222,452	(57,584)	(1,029,495)
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	**12,220**	34,241	33,109	14,658	(49,142)
PROFIT/(LOSS) FOR THE YEAR	**672,246**	416,795	255,561	(42,926)	(1,078,637)
Attributable to:					
Owners of the parent	**529,237**	300,995	260,082	(58,358)	(837,145)
Non-controlling interests	**143,009**	115,800	(4,521)	15,432	(241,492)
	672,246	416,795	255,561	(42,926)	(1,078,637)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**170,685**	155,907	266,935	269,971	286,668
Investment properties	**379,946**	372,949	338,323	297,094	250,294
Prepaid land lease payments	**1,136,304**	784,860	1,899,345	2,258,873	2,222,536
Investments in jointly-controlled entities	**1,122,770**	1,129,249	1,082,627	726,268	1,210,921
Investments in associates	**156,646**	—	1,105	1,743	2,747
Held-to-maturity investments	**—**	115,391	114,969	—	—
Available-for-sale investments	**514,207**	696,920	822,491	900,599	150,757
Properties under development	**7,736,592**	7,350,068	7,164,334	5,920,718	6,901,012
Interests in land use rights for property development	**2,737,739**	3,150,527	—	986,864	389,098
Other non-current assets	**16,557**	—	—	35,650	34,212
Non-current assets	**13,971,446**	13,755,871	11,690,129	11,397,780	11,448,245
Current assets	**27,603,438**	21,887,385	15,720,394	9,146,110	4,203,601
Current liabilities	**(22,134,450)**	(14,167,566)	(9,315,552)	(3,913,701)	(2,037,542)
Net current assets	**5,468,988**	7,719,819	6,404,842	5,232,409	2,166,059
Non-current liabilities	**(4,488,900)**	(6,870,030)	(4,879,147)	(4,074,532)	(3,726,660)
Non-controlling interests	**(1,708,727)**	(1,623,871)	(950,098)	(748,022)	(612,034)
Equity attributable to owners of the parent	**13,242,807**	12,981,789	12,265,726	11,807,635	9,275,610

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
Two parcels of land located to the south of Xingai Road, (Lot Nos. 16 and 17-1), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Auxiliary Facilities and Car Park	71,000	415,000	2013 or after	100%
A site located to the east of Songpai Road, (Lot No. 9), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	81,300	305,000	2015 or after	100%
A site located to the southeast of the junction of Xingai Road, and Hongjin Road, (Lot No. 10), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial, Office, Hotel, Auxiliary Facilities and Car Park	72,400	420,000	2014-2015	100%
Three parcels of land located in the junction of Xingai Road and Jinshan Road (Lot No. 19) Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office, Auxiliary Facilities and Car Park	143,900	296,000	2014-2015	100%
A site located to the east of Hongjin Road, (Lot No. 3-1), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	47,900	260,000	2015 or after	100%
A site located to the west of Hongjin Road, (Lot No. 4), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	96,900	557,000	2015 or after	100%
Two sites (Lot No. 20 and Lot No. 11-1) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	19,900	60,000	2015 or after	100%
A site (Lot No. 22) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	5,300	20,000	2015 or after	100%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
A site (Lot No. 7-1) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	5,200	11,000	2015 or after	100%
A site located in No. 2, Xingsheng Branch, Longta Street, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial and Car Park	91,400	328,000	2013-2016	100%
A site located in No. 1 Zhongxin Section, Huaxin Street, Jie Dao Qiao Bei Village, Jiangbei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	205,000	1,030,000	2014 or after	25%
A site located in Tongjiang Avenue, New District of Chayuan, Nan'an District, Chongqing, PRC	Residential, Commercial and Car Park	446,400	1,310,000	2013-2017	51%
A site located in Chenjiaba She No. 1, Xinxing She Nos. 4 and 5, Jiangnan New District, Wanzhou District, Chongqing, PRC	Residential, Commercial and Car Park	51,100	237,000	2014-2015	100%
Two parcels of land located in Zone 3 Liangfengcun and Zone 5 Fengfangyancun, Jinjiang District, Chengdu, Sichuan, PRC	Residential and Car Park	116,100	401,000	2013 or after	51%
A site located in Chaoyang Road Central, Tongchuan District, Dazhou, Sichuan, PRC	Residential Commercial and Car Park	72,900	413,000	2013-2015	100%
A site located in Section 2, Chuendadao, Xinchengnan Region, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	159,100	263,000	2013-2015	51%
A site located in Xiyong Zone, Shapingba District, Chongqing, PRC	Residential, Commercial and Car Park	133,000	510,000	2013-2015	100%
A site located in North Wing of International Exhibition Centre, Guanshanhu District, Guiyang, Guizhou Province, PRC	Residential, Commercial Office and Car Park	365,200	1,325,000	2013 or after	85%
Two parcels of land located in 2, 3 and 4 she, Yang Yu Cun, Bicheng Jie Dao, Bishan County, Chongqing, PRC	Residential, Commercial and Car Park	219,000	830,000	2014 or after	26%
A site located in Section 1, Guang Hua Avenue, Xi San Huan, Chengdu, Sichuan, PRC	Residential, Commercial Office and Car Park	76,100	368,000	2014-2015	51%
A site located in Ertangpian District, Nan'an District, Chongqing, PRC	Residential, Commercial and Car Park	216,400	598,000	2015 or after	26%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
A site located in Chengjiaba She No. 1, Xinxing She Nos. 1, 2, 3, 7 and 11, Jiangnan New District, Wanzhou District, Chongqing, PRC	Residential, Commercial and Car Park	119,400	271,000	2015 or after	100%
A site located in Right side of Exit Rongchang, Chengyu Highway, Beihu New District (Administrative Centre), Rongchang County, Chongqing, PRC	Residential, Commercial and Car Park	52,000	152,000	2015	25%
Two parcels of land located in Zhaomu Mountain Area, Chongqing, PRC	Residential Commercial and Car Park	265,300	663,000	2015 or after	100%
A site located near the midsection of Yizhou Avenue, Southern Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	16,800	121,000	2015 or after	51%
A site located in Huafu Avenue, Gongxing Town, Shuangliu County, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	99,900	398,000	2015 or after	51%
A site located in Xinpaifang, Yubei District, Chongqing, PRC	Commercial, Office and Car Park	8,600	26,000	2015 or after	100%
A site located in Jinfeng Road, Damian Town, Long Quan Yi District, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	99,600	814,000	2015 or after	51%
A site located in No. 1 Zhenhua Square of Upper Village and Longtang Village, Wudang District Guiyang, Guizhou Province, PRC	Residential, Commercial and Car Park	131,700	444,000	2015 or after	85%

GROUP II — PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

Property Location	Usage	Attributable GFA (sqm)	Tenure	The Group's Interest
California Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Residential Car parking spaces	22,060 2,323 15,646	Medium term lease Medium term lease Medium term lease	100% 100% 100%
California City Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Car parking spaces Auxiliary facilities	4,685 12,094 2,565	Medium term lease Medium term lease Long term lease	100% 100% 100%
Kechuang Building, No. 8 Jinshan Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Car parking spaces	2,823	Long term lease	100%
Huijingtai, No. 3 Jinshan Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Car parking spaces	1,541 10,951	Long term lease Long term lease	100% 100%
Underground Carpark, No. 2 Xingai Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Car parking spaces	8,236	Long term lease	100%

Glossary

"AGM"	annual general meeting of the Company to be held on 21 May 2013
"ASP"	average selling price
"Board"	the board of directors of the Company
"Bye-laws"	the bye-laws of the Company
"Companies Act"	Companies Act 1981 of Bermuda as amended from time to time
"Company" or "C C Land"	C C Land Holdings Limited
"GDP"	gross domestic product
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"HIBOR"	Hong Kong Inter-bank Offered Rate
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"PRC" or "China" or "Mainland China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	special general meeting
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"sqm"	square meters
"%"	per cent