POWERLONG
宝 龙

寶龍地產控股有限公司
Powerlong Real Estate Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code：1238

2012
Annual Report

Artist's impression of Shanghai Caolu Powerlong City Plaza


宝龙城市广场

CONTENTS

Group Introduction

Powerlong Real Estate Holdings Limited (HK.1238) (the "Company", together with its subsidiaries collectively as the "Group") is dedicated to developing and operating high quality, large-scale and multi-functional commercial real estate projects. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009. The Group committed to improving the living standard of the citizens and driving the urbanization progress in China.

The Group had 31 real estate projects as at 31 December 2012. Powerlong City Plaza which comprises of shopping malls, restaurants, leisure and other recreational facilities has created a unique business model drawing extensive attention and recognition from the government and the public. Each project does not only promote the regional economic development, but also improves the retail facilities of the cities and creates job opportunities. The upgrade of people's living standard is a key driver for city quality improvement which the Group has been and will be actively engaged in.

The successful development of the Group is attributable to the innovative vision from the chairman of the Company, Mr. Hoi Kin Hong. Mr. Hoi instilled his insights and visions at the beginning of the corporate development and drove the evolvement of Powerlong. The Group will continue to uphold the belief of "Creditability, Courtesy, Innovation, Enthusiasm" and build up an efficient and excellent team to create values for the society, customers, shareholders and our staff.

Overview of Our Business

PROPERTY DEVELOPMENT

As at 31 December 2012, the Group had 31 projects which are at different phases of development. Among which, the Group currently has 9 fully completed projects, 3 of them are located in Fujian Province, 3 in Shandong Province, 1 in Henan Province, 1 in Anhui Province, and 1 in Jiangsu Province. Of the projects under development or held for future development, 6 are located in Jiangsu Province, 3 in Shandong Province, 3 in Fujian Province, 2 in Henan Province, 1 in Zhejiang Province, 1 in Jilin Province, 3 in Tianjin Municipality, 2 in Shanghai Municipality and 1 in Chongqing Municipality.

As at 31 December 2012, the Group had completed 9 property development projects and 22 other property development projects which are at various stages of development in China as follows:

- Completed properties: the Group had a total completed GFA of approximately 6.10 million square meters, including 9 fully completed projects in Fujian Province, Henan Province, Anhui Province, Jiangsu Province and Shandong Province.

- Properties under development: the Group had a total GFA under development of approximately 3.15 million square meters encompassing 18 construction projects, of which 6 are located in Jiangsu Province, 3 in Shandong Province, 2 in Fujian Province, 2 in Henan Province, 1 in Zhejiang Province, 2 in Shanghai Municipality, 1 in Tianjin Municipality and 1 in Chongqing Municipality.

- Properties held for future development: the Group had 16 projects with a total GFA of approximately 4.64 million square meters which are held for future development, some of which are also properties under development. Of the properties held for future development, the Group has 4 new projects in Tianjin Municipality, Shandong Province and Jilin Province which are yet to be developed.

PROPERTY INVESTMENT

As at 31 December 2012, the Group held and operated completed investment properties, mainly shopping malls, with a total GFA of approximately 1.41 million square meters. These properties are mainly located at Fuzhou and Anxi in Fujian Province, Zhengzhou, Luoyang and Xinxiang in Henan Province, Tai'an, Qingdao Chengyang, Jimo and Licang in Shandong Province, Bengbu in Anhui Province, and Wuxi Wangzhuang, Suqian and Yancheng in Jiangsu Province.

HOTEL DEVELOPMENT

The Group continued to develop its hotel business as a long-term recurring income stream. After the grand openings of Qingdao Powerlong Days Inn in February 2012, by the end of 2012, the Group had a total of 5 hotels in operation. Four hotels have engaged Starwood Hotels and Resorts Group as the hotel operator, and one hotel use the brand of Days Inn.

PROPERTY MANAGEMENT

The Company provides after-sales property management services to the households of each project developed by the Group through its wholly-owned property management subsidiaries. The services include maintenance of public utilities, cleaning of public area, gardening and landscaping, and other customer services.

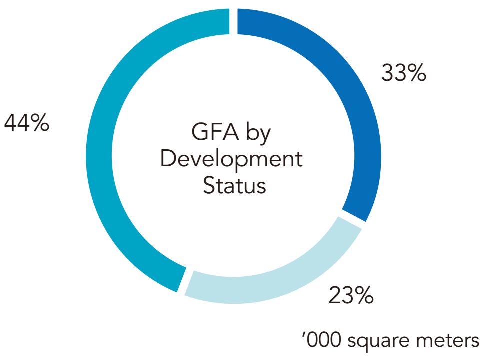
As at 31 December 2012, the development status of the property projects of the Group was as follows:

GFA (as at 31 December 2012)

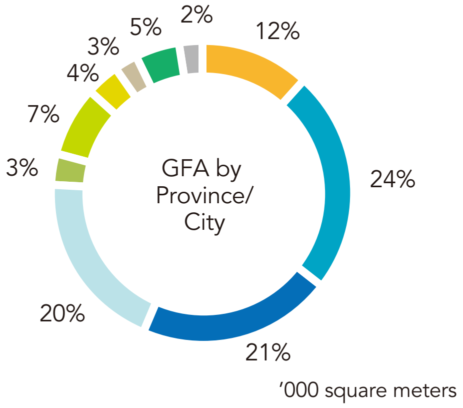
Province	Project	Total GFA ('000 sq m)	Properties completed ('000 sq m)	Properties under construction ('000 sq m)	Properties held for future development ('000 sq m)	Interest attributable to us
Fujian Province	Quanzhou Jinjiang Powerlong Golden Jiayuan	144	144	–	–	100%
	Quanzhou Anhai Powerlong Haoyuan	54	54	–	–	100%
	Fuzhou Powerlong City Plaza	218	218	–	–	100%
	Quanzhou Anxi Powerlong City Plaza	330	258	26	46	85%
	Xiamen Project	77	3	74	–	100%
	Jinjiang Powerlong City Plaza	835	–	622	213	100%
sub-total		1,658	678	723	258	
Jiangsu Province	Suzhou Taicang Powerlong City Plaza	287	214	51	22	100%
	Wuxi Yuqi Powerlong Riverside Garden	325	224	101	–	100%
	Wuxi Powerlong City Plaza	287	287	–	–	80%
	Suqian Powerlong City Plaza	486	350	136	–	100%
	Yancheng Powerlong City Plaza	497	475	22	–	100%
	Changzhou Powerlong City Plaza	1,050	216	40	794	100%
	Zhenjiang Powerlong City Plaza	366	–	191	175	100%
sub-total		3,299	1,766	542	991	
Shandong Province	Qingdao Chengyang Powerlong City Plaza	284	284	–	–	100%
	Tai'an Powerlong City Plaza	367	367	–	–	100%
	Yantai Haiyang Powerlong City Plaza	620	354	266	–	100%
	Qingdao Licang Powerlong City Plaza	165	–	–	165	100%
	Qingdao Jimo Powerlong City Plaza	707	707	–	–	100%
	Shandong Penglai Powerlong City Plaza	749	117	66	566	100%
sub-total		2,892	1,828	332	732	
Henan Province	Zhengzhou Powerlong City Plaza	252	252	–	–	100%
	Luoyang Powerlong City Plaza	1,134	711	44	379	100%
	Xinxiang Powerlong City Plaza	1,333	358	134	841	100%
sub-total		2,718	1,321	178	1,219	
Tianjin municipality	Tianjin Powerlong International Center	376	–	376	–	65%
	Tianjin North Green Area	110	–	–	110	100%
	Powerlong Europe Park	542	–	–	542	100%
sub-total		1,028	–	376	652	
Shanghai municipality	Shanghai Caolu Powerlong City Plaza	170	–	102	68	100%
	Shanghai Huaxin Hongqiao Powerlong City	291	–	156	134	100%
sub-total		461	–	258	202	

Province	Project	Total GFA ('000 sq m)	Properties completed ('000 sq m)	Properties under construction ('000 sq m)	Properties held for future development ('000 sq m)	Interest attributable to us
Zhejiang Province	Hangzhou Powerlong City Plaza	360	–	227	133	100%
sub-total		360	–	227	133	
Anhui Province	Bengbu Powerlong City Plaza	499	499	–	–	100%
sub-total		499	499	–	–	
Chongqing	Chongqing Hechuan Powerlong City Plaza	658	5	518	135	100%
sub-total		658	5	518	135	
Jilin Province	Changchun Powerlong Center	312	–	–	312	100%
sub-total		312	–	–	312	
Total		13,884	6,096	3,153	4,635	

GFA (as at 31 December 2012)

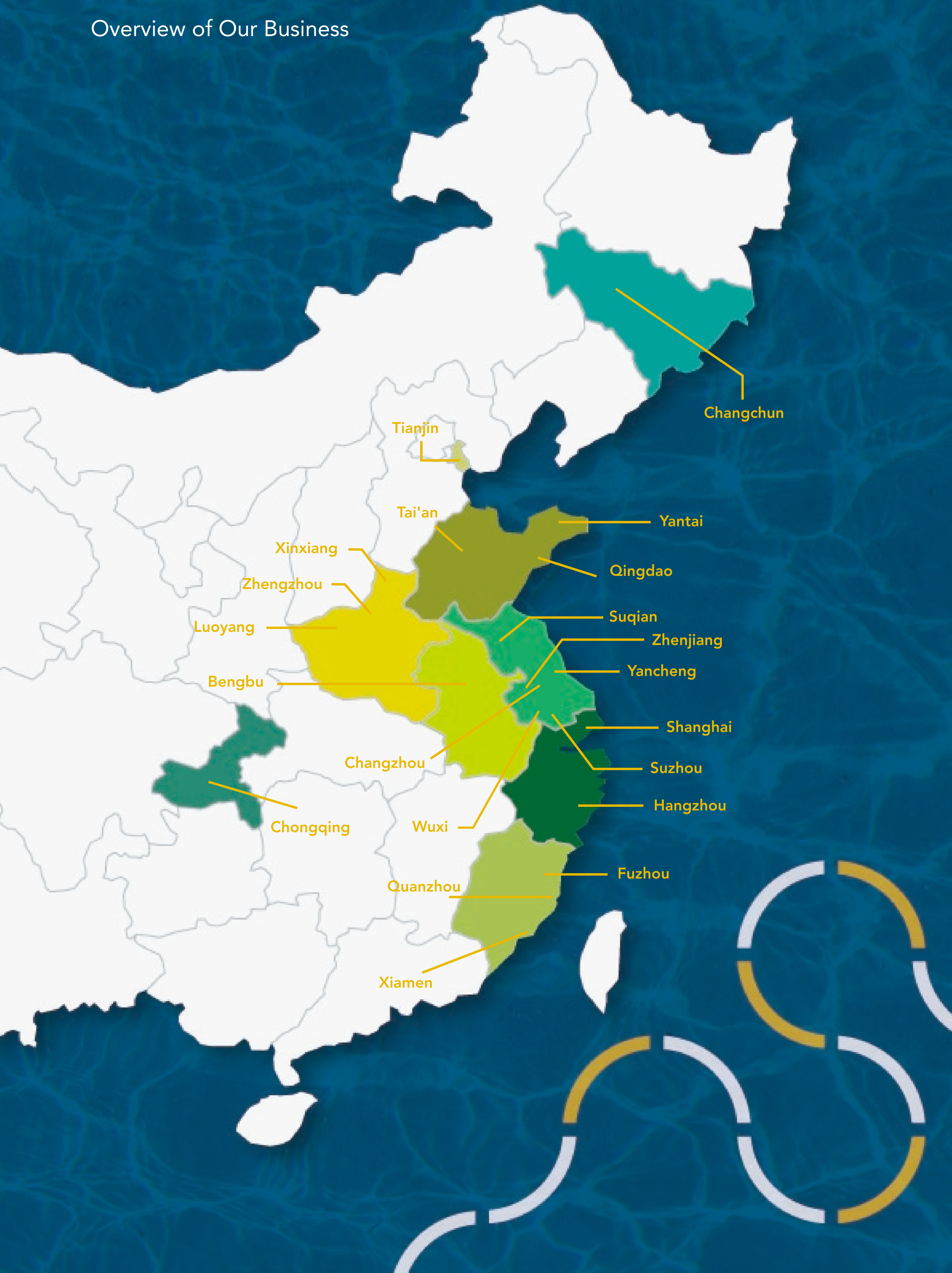


Properties completed	6,096
Properties under development	3,153
Properties held for future development	4,635
Total	13,884



Jiangsu	3,299 (24%)
Shandong	2,892 (21%)
Henan	2,718 (20%)
Fujian	1,658 (12%)
Tianjin	1,028 (7%)
Chongqing	658 (5%)
Anhui	499 (4%)
Shanghai	461 (3%)
Zhejiang	360 (3%)
Jilin	312 (2%)
Total	13,884

Overview of Our Business



Corporate Information

DIRECTORS

Executive Directors

Mr. Hoi Kin Hong *(Chairman of the Board of Directors)*
Mr. Hoi Wa Fong *(Chief Executive Officer)*
Mr. Xiao Qing Ping *(Vice Chief Executive Officer)*
Ms. Shih Sze Ni *(Executive Director and Executive Director of Commercial Group Management)*

Non-executive Directors

Ms. Hoi Wa Fan
Ms. Liu Xiao Lan (re-designated on 1 April 2012)

Independent Non-executive Directors

Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

AUDIT COMMITTEE

Mr. Ngai Wai Fung *(Chairman)*
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

REMUNERATION COMMITTEE

Mr. Mei Jian Ping *(Chairman)*
Mr. Hoi Wa Fong
Ms. Nie Mei Sheng

NOMINATION COMMITTEE

Mr. Hoi Kin Hong *(Chairman)*
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

COMPANY SECRETARY

Ms. Xiao Ying Lin (appointed on 4 October 2012)

AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong
Ms. Xiao Ying Lin (appointed on 4 October 2012)

REGISTERED OFFICE

P.O. Box 309
Ugland House, Grand Cayman KY1-1104
Cayman Islands

PLACE OF BUSINESS IN HONG KONG

Unit 5813, 58th Floor
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

12th – 15th Floor
Gubei International Wealth Center
1452 Hongqiao Road
Changning District
Shanghai
PRC
Postal Code: 200336

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Sheddon Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
Agricultural Bank of China Co., Ltd.
China Merchants Bank Co., Ltd.
China CITIC Bank Corporation Limited
The Hong Kong and Shanghai Banking Corporation Limited
Bank of Communications
The Bank of East Asia

AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

LEGAL ADVISOR

Sidley Austin

WEBSITE

www.powerlong.com

Corporate Development Milestones

1991-2000

Completion of Xiamen Powerlong Centre
Mr. Hoi Kin Hong established Powerlong Group, which is principally engaged in the development of residential properties, to tap into the real estate industry

2003

Construction commenced at Quanzhou Jinjiang Powerlong Golden Jiayuan

2004

Construction commenced at Quanzhou Anhai Powerlong Haoyuan, Fuzhou Powerlong City Plaza

2005

Completion of Quanzhou Jinjiang Powerlong Golden Jiayuan, Quanzhou Anhai Powerlong Haoyuan

Construction commenced at Suzhou Taicang Powerlong City Plaza Phase I

2006

Construction commenced at Tai'an Powerlong City Plaza Phase I, Zhengzhou Powerlong City Plaza, Luoyang Powerlong City Plaza Phase I, Bengbu Powerlong City Plaza

2007

Opening of Fuzhou Powerlong City Plaza

Completion of Suzhou Taicang Powerlong City Plaza Phase I

Construction commenced at Wuxi Powerlong City Plaza Phase I, Wuxi Yuqi Powerlong Riverside Garden Phase I, Qingdao Chengyang Powerlong City Plaza, Tai'an Powerlong City Plaza Phase II

2008

Opening of Zhengzhou Powerlong City Plaza

Completion of Zhengzhou Powerlong City Plaza, Wuxi Powerlong City Plaza Phase I, Tai'an Powerlong City Plaza Phase I, Bengbu Powerlong City Plaza Phase I

Construction Commenced at Wuxi Powerlong City Plaza Phase II

2009

Listing of Powerlong Real Estate Holdings Limited on the Main Board of The Stock Exchange of Hong Kong Limited

Opening of Qingdao Chengyang Powerlong City Plaza

Completion of Bengbu Powerlong City Plaza Phase II, Qingdao Chengyang Powerlong City Plaza Phase I, Luoyang Powerlong City Plaza Phase I, Tai'an Powerlong City Plaza Phase II, Wuxi Yuqi Powerlong Riverside Garden Phase I

2010

Relocation of headquarters to Shanghai

Opening of Wuxi Powerlong City Plaza, Bengbu Powerlong City Plaza, Four Points by Sheraton Taicang, Four Points by Sheraton Tai'an

Completion of Qingdao Chengyang Powerlong City Plaza Phase II, Wuxi Powerlong City Plaza
Issuance of US$200 million senior notes in September
Securing of projects in Anxi of Quanzhou, Yujiapu of Tianjin, Guangfulin of Shanghai, Hechuan of Chongqing, Lakeside Reservoir of Xiamen, Xiasha of Hangzhou, South Xincheng of Changchun

2011

Opening of Suqian Powerlong City Plaza, Yancheng Powerlong City Plaza, Qingdao Licang Powerlong City Plaza, Qingdao Jimo Powerlong City Plaza, Luoyang Powerlong City Plaza and Anxi Powerlong City Plaza

Opening of Four Points by Sheraton Qingdao, Chengyang in February 2011 and the Aloft Haiyang, Yantai in July 2011

Successful issuance of RMB750,000,000 US$ settled senior bonds in March and the obtaining of a term loan facility with the principal amount of US$47,000,000 from a syndicate of banks in the same period

Issuance of HK$1 billion aggregate principal amount of senior notes due September 2014 to China Life Trustees Limited in September

Acquisitions of new parcels of land in Quanzhou Jinjiang, Tianjin North Green Area, Tianjin Binhai, Jiangsu Zhenjiang, Shanghai Caolu and Shanghai Huaxin

2012

Opening of Qingdao Powerlong Days Inn

Opening of Xinxiang Powerlong City Plaza

Acquisition of land in Penglai, Yantai

Completion of acquisition of Mingfa Centre, Xiamen

Honors and Awards

BY LEVERAGING ON OUR OUTSTANDING DESIGNS, ARCHITECTURE AND OPERATIONAL CAPABILITIES, WE HAVE ACHIEVED REMARKABLE RESULTS IN OUR PROPERTY DEVELOPMENT BUSINESS AND OBTAINED MANY MAJOR AWARDS. IN 2012, NEW AWARDS RECEIVED BY US WERE AS FOLLOWS:

CORPORATE AWARDS

China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal

- 2012 Top 5 China Real Estate Listed Companies with Strongest Risk Management
- 2012 Top 50 China Real Estate Listed Companies with Comprehensive Strength

China Real Estate Top 10 Research Team

- 2012 China Top 100 Real Estate Companies
- 2012 China Top 30 Commercial Real Estate Companies
- 2012 Top 10 Brands of China Commercial Real Estate Companies
- 2011-2012 Annual Social Responsibility Enterprise of China Real Estate
- Powerlong City Plaza: 2012 Top 10 Brand of China Commercial Real Estate
- 2012 China Mainland Real Estate Company Top 10 Listed in Hong Kong in terms of EVA (Economic Value Added)
- 2012 China Mainland Real Estate Company Top 10 Listed in Hong Kong in terms of Finance Stability Ranking
- 2012 China Mainland Real Estate Company Top 10 Listed in Hong Kong in terms of Overall Ranking

Golden Brick Award Selection Committee for Real Estate of China

- 2012 Most Valuable Listed Company Award

PROJECT AWARDS

Zhenjiang Powerlong City Plaza:	2012 The Most Anticipating Real Estate Project awarded by Yangtse Newspaper 2012 The Most Anticipating Real Estate Project of Zhenjian City jointly awarded by Zhen Jiang Daily Media Group and Zhen Jiang Real Estate Association
Caolu Powerlong City Plaza:	2012 Shanghai Valuable Benchmark Commercial Property awarded by Shanghai Real Estate Professional Conference 2012 Shanghai Most Valuable Real Estate Project awarded by EJU Innovation Summit and Real Estate Professional Marketing Forum
Hongqiao Powerlong City (Huaxin):	2012 Shanghai Most Anticipating Real Estate Project awarded by EJU Innovation Summit and Real Estate Professional Marketing Forum

PERSONAL AWARDS GAINED BY MR. HOI KIN HONG

- 2012 Brand Contribution Character of China Real Estate awarded by China Real Estate Top 10 Research Team
- 2012 Leader of the China Commercial Real Estate Industry awarded by China Commercial Real Estate Industry Development Forum

The above honors and awards have proven the brilliant achievements and strong recognition of Powerlong.

Award Winning Project:
Shanghai Caolu Powerlong City Plaza

SHANGHAI CAOLU POWERLONG CITY PLAZA

Chairman's Statement

HOI KIN HONG
Chairman

Dear Shareholders,

On behalf of the Board of Powerlong Real Estate Holdings Limited, I am pleased to present to all shareholders the annual results of the Group for the year ended 31 December 2012. I would like to take this opportunity to express my sincere gratitude to our shareholders for their support and trust.

SEIZING MARKET PACE WITH COMPREHENSIVE IMPROVEMENT IN OPERATIONS

The Chinese economy managed a relatively stable growth of 7.8% amid the complicated and challenging international economic condition in 2012. In view of the austerity policy from the central government and market uncertainties, the real estate industry has been facing increasing operating pressure. In general, the real estate market regained momentum after a contraction during the year. The market remained sluggish due to the effects arising from the austerity policy in the first half year, yet mass demand and a recovery in liquidity pushed up both transaction price and volume in the second half year. The real estate industry recorded an increase of approximately 10% in total sales as compared with the previous year. The Chinese government remained insisting on the promotion of economic transition and facilitated the implementation of policies in relation to domestic demand. As compared with the previous year, the total retail sales of consumer goods for the year increased by approximately 14%, representing a faster growth than the overall economic development. During the period under review, Powerlong analysed government policies and market trend in an active manner. By successfully seizing market pace, the Group recorded contracted sales of approximately RMB6,519 million, representing an increase of 18.9% over the previous year. Rental income and property management fee income achieved RMB508 million, representing an increase of 78.9% over last year, due to active promotion of commercial operations. The overall operating results improved to a large extent.

The Group marked its tenth anniversary since entering into the commercial real estate industry in 2012. By focusing on the Chinese commercial real estate sector for a long term, the Group became a leading brand in the industry. In order to further enforce its long-term competitiveness, the Group was switching its objective from an expansion in operating scale to an improvement of both operating quality and economic benefits. With a business objective of "stable operations and strive for perfection", the Group strived to facilitate technology management, engineering quality, cost control and product upgrade for the property development sector, as well as value increase and brand building for commercial operation in 2012. With the contribution from all of our staff, our operating quality achieved a comprehensive improvement, laying a solid foundation for the development of the forthcoming ten years.

OPTIMIZATION IN SALES STRUCTURE AND NEW LANDMARK PROJECT FOR DEVELOPMENT

Benefited from the enthusiastic market response to the opening sales of new projects in Caolu in Shanghai, Xiasha in Hangzhou, Xinxiang in Henan and Jinjiang in Quanzhou, Powerlong exceeded its contract sales target in 2012. Among which, the project located in Caolu in Shanghai is the Group's first real estate project in Shanghai as well as its first project in first-tier city. It provides one-stop fashionable shopping area in the three state-level parks (Zhangjiang, Waigaoqiao and Jinqiao). It not only fills the gap of commercial properties in eastern Shanghai, but also becomes the sole urban complex within the 5 km of radiation circle and prosperous commercial hub of eastern Shanghai, covering a high-end consumer population of 360,000. The progress of property sales and investment promotion for the project both exceeded expectations. The success of the above new projects in different regions proved the feasibility of the Group's business model with continuous innovation and the adoption of various project portfolio targeting at different markets.

THE GRAND OPENING OF XINXIANG POWERLONG AND FURTHER EXPANSION OF GEOGRAPHICAL COVERAGE OF ITS BUSINESS

Subsequent to the opening of six new Powerlong City Plazas in June 2011 and grand opening of Henan Xinxiang Powerlong City Plaza in September 2012. The project attracts numerous famous national and international brands to join in and facilitates mid-high end of fashionable brand consumption. It also optimizes the existing commercial structure of Xinxiang

commercial circle and enhances the commercial quality of the area. The Group is currently operating a total of 13 Powerlong City Plazas, making us stand out in terms of the quantity of projects and area.

ABANDONING THE OLD WAY AND EXPLORING NEW METHODS, AND BUILDING UP BRAND NEW IMAGES FOR THE OLD PROJECTS

In 2012, the Group conducted a full review of the operating effectiveness and benefits in each of the projects after gaining a total of 10-year commercial property experience. By continuous efforts, we successfully built up brand new images for parts of the old projects and completely improve the overall operating conditions as well as the market recognition of the projects by introducing new retailers or regional brands. The projects of successful transformation include Qingdao Chengyang Powerlong City Plaza and Bengbu Powerlong City Plaza. Other than the significant improvement in the occupancy rate, the customer flow volume also increased, which received unanimous recognition from the local government and media.

ACQUIRING HIGH-QUALITY LAND PARCELS AND ENHANCING LAND BANK

The reasonably-priced and high-quality land bank is one of the Group's key advantages over the years. The Group continued in identifying and acquiring high-quality land parcels on a stable business and financial foundation in 2012. The Group did not carry out any land acquisition for the purpose of prudence amid the continuing market fluctuation in the first half of the year. As the market sentiment improved in the second half of the year, the Group acquired two land parcels to further strengthen the land bank, including Penglai in Shandong and Fengxian in Shanghai around the end of 2012. The Group will focus on the target expansion districts in the future, for expanding core Yangtze River Region and consolidating Bohai Rim, Central China Region and West Strait Region, while carefully replenishing the land bank in a proper way.

OUTLOOK

In 2013, the Group will endeavor to enhance sales for higher liquidity and improve the commercial operating efficiency at the same time with an aim to raise turnover and improve the quality of assets. Operation and product quality are the main focus of Powerlong as ever. The Group will further elaborate on the requirements based on the current standards in order to build up a perfect brand name. At last, the Group will continue to strengthen staff training, appoint suitable people for the right job and be human-oriented. We will enhance the competitiveness and execution ability of the Group through establishment of a strong team. With our joint efforts, we believe the Group will strive for the best return for the shareholders in long-term through continuous improvement in operating results and enhancement in market position.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the Group's investors, business partners and customers for their continuous support. At the same time, I would also like to take this opportunity to thank my fellow members of the Board for their work of high performance, contributions and the dedication of our staff.

Hoi Kin Hong
Chairman

18 March 2013

Management Discussion and Analysis

OVERALL PERFORMANCE

For the year ended 31 December 2012, the revenue of the Group amounted to RMB5,872 million (2011: RMB5,254 million), representing an increase of 11.8% over last year.

Revenue generated from property sales for the year ended 31 December 2012 amounted to RMB4,976 million (2011: RMB4,749 million), representing an increase of 4.8% over last year. The satisfactory revenue generated from property sales was primarily due to the increase in areas of properties delivered during the year under review.

Rental income and property management fee income achieved RMB508 million, representing an increase of 78.9% over last year, due to active promotion of commercial operations of the Group for the year ended 31 December 2012. The overall operating results improved to a large extent.

Net profit for the year ended 31 December 2012 amounted to RMB2,213 million (2011: RMB3,550 million) and the portion attributable to equity holders of the Company for the year ended 31 December 2012 was RMB2,194 million (2011: RMB3,415 million).

BUSINESS REVIEW

For the year ended 31 December 2012, the Group conducted its business activities in the following major business segments, namely property development, property investment, property management and other property development related services. During the year under review, property development remained the key revenue driver of the Group.

Property Development

During the year under review, the Group adhered closely to its completion and delivery schedule. The gross floor area ("GFA") of sold and delivered projects for the year ended 31 December 2012 amounted to approximately 863,082 square meters (2011: 657,575 square meters), representing an increase of 31.3% when compared with the corresponding period in 2011.

Set forth below further details regarding the projects sold and delivered during the year under review:

	FY2012		
	GFA Sold & Delivered (sq.m.)	Revenue (RMB'000)	Average selling price (RMB/sq.m.)
Zhengzhou			
Commercial	24	424	17,905
Tai'an			
Commercial	1,236	13,584	10,991
Bengbu			
Commercial	542	3,117	5,754
Luoyang			
Commercial	31,190	277,387	8,893
Residential	117,643	615,042	5,228
Qingdao Chengyang			
Commercial	3,280	19,558	5,962
Wuxi Wangzhuang			
Commercial	4,320	35,279	8,166
Wuxi Yuqi			
Commercial	32	184	5,697
Residential	28,881	127,240	4,406
Suqian			
Commercial	4,679	37,060	7,920
Residential	1,801	6,762	3,755
Qingdao Licang			
Commercial	2,685	19,128	7,124
Residential	171	596	3,487
Yantai Haiyang			
Commercial	474	4,037	8,523
Residential	1,035	13,174	12,724
Xinxiang			
Commercial	7,504	102,655	13,681
Residential	165,938	664,351	4,004
Yancheng			
Commercial	66,637	484,384	7,269
Residential	565	5,788	10,251
Changzhou			
Commercial	2,634	42,911	16,292
Residential	100,570	620,397	6,169
Qingdao Jimo			
Commercial	22,704	277,050	12,203
Residential	152,422	785,845	5,156
Anxi			
Commercial	54,839	388,136	7,078
Residential	83,533	380,647	4,557
Chongqing			
Residential	5,285	26,007	4,921
Xiamen			
Commercial	2,460	24,917	10,127
Total	863,082	4,975,660	5,765

	FY2012		
	GFA Sold & Delivered (sq.m.)	Revenue (RMB'000)	Average selling price (RMB/sq.m.)
Commercial	205,240	1,729,811	8,428
Residential	657,842	3,245,849	4,934

Contracted Sales Performance

During the year under review, the contracted sales of the Company reached RMB6,519 million (2011: RMB5,481 million), representing an increase of 18.9% as compared with the corresponding period in 2011. For the year 2012, the contracted sales area of the Company amounted to approximately 843,383 square meters (2011: 811,959 square meters).

Investment Properties and Commercial Operations

To generate a stable and recurring income, the Group also retains and operates certain commercial properties, mainly shopping malls, for leasing. Subsequent to the opening of six new shopping malls in 2011, the Group successfully opened its most advanced shopping mall, namely Henan Xinxiang Powerlong City Plaza in September 2012, during the year under review. During the year ended 31 December 2012, the Group had a total of 13 Powerlong City Plazas.

Apart from newly-opened projects, the Company made an adjustment on some of the major shops in certain old project such as Qingdao Chengyang Powerlong City Plaza and Bengbu Powerlong City Plaza, thus improving the overall operating condition in 2012.

As at 31 December 2012, the Group had an aggregate GFA of approximately 1,678,511 square meters (2011: 1,454,365 square meters) held as investment properties, which was increased by 15.4% as compared with the areas in 2011.

For the year ended 31 December 2012, the Group recorded a rental income from investment properties of approximately RMB321 million (2011: RMB195 million), which increased by 64.6% when compared with the amount in 2011.

For the year ended 31 December 2012, the income of property management service fees generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB187 million (2011: RMB89 million), representing an increase of 110.1% as compared to the amount in 2011.

For the year ended 31 December 2012, the rental income and property management services income amounted to RMB508 million (2011: RMB284 million). In addition to the opening of one shopping mall in late 2012 which increased the total areas for leasing, the growth in the rental income and property management services income was mainly due to successful introduction of well-known domestic and international brands drawn by the Group's strengthening operations, which provided mid-to high-end fashion brands for local consumption and optimized the business structure of various shopping malls, thus improving local business quality and attracting consumers.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. During the year under review, the Group operated four graded hotels and one budget hotel namely, Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang and Days Inn Powerlong Qingdao. During the year under review, the Group recorded hotel revenue of approximately RMB175 million (2011: RMB138 million), representing an increase of 26.8% over last year.

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own development pipeline for the forthcoming five years.

As at 31 December 2012, the Group had a quality land bank amounting to a total GFA of approximately 7.8 million square meters, of which approximately 3.2 million square meters were under development and construction, and approximately 4.6 million square meters were held for future development. The land bank will be used for the development of large-scale commercial properties with supermarkets, department stores, cinema complexes, food courts, leisure facilities, quality residential properties, furnished apartments and hotels.

During the year under review, the market was still in a state of fluctuation. The Group upheld cautious and stringent standards on land investment decision, and, therefore, only two new land parcels located in Penglai of Yantai, Shandong and Fengxian of Shanghai, were added to the Group's land bank around the end of 2012.

FINANCIAL REVIEW

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses and business taxes. Cost of sales for the year ended 31 December 2012 increased by 20.0% to approximately RMB3,540 million (2011: RMB2,951 million) as compared with 2011, which mainly reflected the corresponding increase in revenue.

Gross Profit and Margin

For the year ended 31 December 2012, gross profit slightly increased to RMB2,332 million (2011: RMB2,303 million) as compared with 2011. Gross profit margin slightly dropped from 43.8% in 2011 to 39.7% in 2012, mainly attributable to an increase in other operating income such as income from hotels.

Selling and Marketing Costs and Administrative Expenses

For the year ended 31 December 2012, selling and marketing costs and administrative expenses amounted to approximately RMB714 million (2011: RMB712 million), which increased by approximately 0.28% over 2011, which was mainly attributable to a more stringent control over all expenses, which was in line with the cost-oriented strategy of the Group.

Revaluation Gains of Investment Properties

For the year ended 31 December 2012, the Group recorded revaluation gains of approximately RMB1,744 million (2011: RMB3,559 million) in 2012, representing a decrease of 51.0% over the amount in 2011, primarily due to the opening of only one shopping mall during the year as compared with that of six shopping malls in 2011. During the year under review, the appreciation value of investment properties was mainly revaluation gains of existing investment properties.

Income Tax Expenses

Income tax expenses dropped by 31.0% to RMB1,197 million (2011: RMB1,736 million) for the year ended 31 December 2012 as compared with 2011, primarily due to a significant decrease in valuation gains of investment properties in 2012 over 2011.

Profit attributable to Equity Owners of the Company

For the year ended 31 December 2012, the Group recorded a profit attributable to equity owners of the Company of RMB2,194 million (2011: RMB3,415 million), representing a decrease of 35.8% over 2011.

Core profits (excluding the profit attributable to fair value gains on investment properties) for the year ended 31 December 2012 reached approximately RMB968 million (2011: RMB903 million), representing an increase of 7.2% as compared with the amount in 2011. Core profit margin (excluding the profit attributable to fair value gains on investment properties) dropped from 17.2% in 2011 to 16.5%.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, borrowings and cash proceeds raised from issue of senior notes, which were used to finance its business operations and investment in development projects. The Group's liquidity position was well-managed in the year 2012. The Group's cash and cash equivalents and restricted cash amounted to RMB2,010 million in total as at 31 December 2012 (2011: RMB1,819 million).

Borrowings

Total borrowings as at 31 December 2012 increased by 18.1% to RMB11,054 million (2011: RMB9,356 million) as compared with the amount in 2011.

As at 31 December 2012, the Group had net debt (total borrowings less cash and cash equivalents) of RMB9,602 million (2011: RMB7,945 million), representing a net gearing ratio (net debt over total equity) of 58.2%.

Of the Group's total borrowings, RMB3,322 million was repayable within one year while RMB7,732 million was repayable after one year.

On 18 January 2013, the Company has issued a US dollar ("US$") denominated senior notes at 98.608% discount in an aggregate amount of US$250,000,000. The nominal interest rate is 11.25% per annum. The maturity date is 18 January 2018. The Company has an option to redeem the senior notes prior to the maturity date in accordance with underlying terms of the senior notes indenture. For further details regarding the issuance of such senior notes, please refer to the announcement of the Company dated 21 January 2013.

Cost of Borrowings

The effective interest rate of borrowings as at 31 December 2012 was as follows:

	31 December	
	2012	2011
Senior notes		
– Senior notes due September 2015	**15.02%**	15.02%
– Senior notes due March 2014	**13.46%**	13.46%
– Senior notes due September 2014	**15.50%**	15.50%
Bank and other borrowings	**8.59%**	7.76%
Finance lease liabilities	**7.90%**	–

The Group has established a treasury policy with the objective of better controlling treasury functions and lowering cost of funds. In providing funds to all its operations, funding terms are reviewed and monitored collectively at the Group's level as a whole.

To accomplish the aim of minimising interest rate risk, it is the policy of the Group to continue to closely monitor and manage the Group's loan portfolio by comparing its existing agreements' interest margin spread with market and bank interest rates.

Credit Policy

Trade receivables mainly arose from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements or lease agreements.

Pledge of Assets

As at 31 December 2012, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of RMB18,903 million to secure borrowings of the Group. The total secured borrowings as at 31 December 2012 amounted to RMB7,673 million.

Financial Guarantees

The face value of the financial guarantees issued by the Group is analysed as below:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,723,131**	2,995,056

Capital Commitment

(1) Commitments for property development expenditures

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Contracted but not provided for		
– Property development activities	**2,291,304**	3,907,013
– Acquisition of land use rights	**407,211**	1,205,200
	2,698,515	5,112,213

(2) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Not later than one year	**11,227**	13,227
Later than one year and not later than two years	**11,227**	727
Later than two years and not later than three years	**10,719**	–
	33,173	13,954

MATERIAL ACQUISITION AND DISPOSAL

For the year ended 31 December 2012, the Group did not have any material acquisition or disposal.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2012, the Group employed a total of 5,087 employees (2011: 4,154 employees). The total staff costs of the Group for the year under review was RMB405 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

Shopping Malls and Hotels Portfolio

SHOPPING MALLS

XINXIANG POWERLONG CITY PLAZA

Opening Date:
September 2012

Key Tenants:
Carnival KTV,
Yonghui Supermarket,
Suning, La Chapelle,
DMG International Cinemas

Area:
Approximately 90,000 square meters

TAI'AN POWERLONG CITY PLAZA

Re-Opening Date:
September 2012

Key Tenants:
New Time Department Store,
Hengdian Cinema

Area:
Approximately 63,000 square meters

QINGDAO JIMO POWERLONG CITY PLAZA

Opening Date:
December 2011

Key Tenants:
Bestseller, TESCO, Suning,
Watson's, Loongmic KTV,
Balloon Department Store,
Pizza Hut

Area:
Approximately 122,000 square meters

QINGDAO LICANG POWERLONG CITY PLAZA

Opening Date:
December 2011

Key Tenants:
Bestseller, Uniqlo, Pizza Hut, Watson's, Loongmic KTV, Balloon Department Store, Hengdian Cinema

Area:
Approximately 112,000 square meters

LUOYANG POWERLONG CITY PLAZA

Opening Date:
December 2011

Key Tenants:
Bestseller, Stellar International Complex, Yonghui Supermarket, Suning, Carnival KTV

Area:
Approximately 131,000 square meters

QUANZHOU ANXI POWERLONG CITY PLAZA

Opening Date:
December 2011

Key Tenants:
Jinyi International Cinemas, Watson's, RT-Mart, La Chapelle, Huanledi KTV

Area:
Approximately 55,000 square meters

SHOPPING MALLS

YANCHENG POWERLONG CITY PLAZA

Opening Date:
September 2011

Key Tenants:
Bestseller, Yonghui Supermarket, Kidswant, Gome, Watson's, Balloon Department Store, Hengdian Cinemas

Area:
Approximately 135,000 square meters

SUQIAN POWERLONG CITY PLAZA

Opening Date:
September 2011

Key Tenants:
Bestseller, Walmart, Suning, Watson's, Loongmic KTV, Balloon Department Store, Hengdian Cinemas

Area:
Approximately 121,000 square meters

WUXI POWERLONG CITY PLAZA

Opening Date:
October 2010

Key Tenants:
Carrefour, Parksons, Suning, China Oriental International Cinemas, Lixin Games

Area:
Approximately 143,000 square meters

ZHENGZHOU POWERLONG CITY PLAZA

Opening Date:
December 2009

Key Tenants:
Hengdian Cinemas, Dashang Supermarket, Suning, Guanjun Ice Skating Rink

Area:
Approximately 198,000 square meters

BENGBU POWERLONG CITY PLAZA

Opening Date:
December 2009

Key Tenants:
TESCO, Hengdian Cinemas, Shui Diao Ge Tou KTV, Lixin Games, Gome

Area:
Approximately 230,000 square meters

QINGDAO CHENGYANG POWERLONG CITY PLAZA

Opening Date:
October 2009

Key Tenants:
RT-Mart supermarket, ChowTaiSeng Jewelry, Suning, XinFuSheng Hotel, Pinault Printemps Redoute, China Film Group Corporation

Area:
Approximately 299,000 square meters

Shopping Malls and Hotels Portfolio

SHOPPING MALLS

HOTELS

FUZHOU POWERLONG CITY PLAZA

Opening Date:
April 2007

Key Tenants:
Jinyi Cinemas, Xinhuadu Department Store, Carrefour, Gome, Fuzhou Powerlong Amusement Park, Watson's

Area:
Approximately 144,000 square meters

DAYS INN POWERLONG QINGDAO

Opening Date:
January 2012

Address:
No.689 Qingshan Road,
Licang District,
Qingdao,
Shandong, 266100,
China

ALOFT HAIYANG

Opening Date:
July 2011

Address:
Powerlong Town,
Middle Haibin Road,
Haiyang,
Shandong, 265100,
China

FOUR POINTS BY SHERATON QINGDAO

Opening Date:
February 2011

Address:
No.271 Wenyang Road,
Chengyang, Qingdao,
Shandong, 266109,
China

FOUR POINTS BY SHERATON TAI'AN

Opening Date:
December 2010

Address:
No.888 East Huanshan Road,
Taishan, Tai'an,
Shandong, 271001,
China

FOUR POINTS BY SHERATON TAICANG, SUZHOU

Opening Date:
July 2010

Address:
No.288 Shanghai East Road,
Taicang, Suzhou,
Jiangsu, 215400,
China

Directors and Senior Management

EXECUTIVE DIRECTORS

HOI Kin Hong, aged 61, is the Chairman of the Board. He is primarily responsible for the overall strategy and investment decision. Hoi Kin Hong founded Powerlong Group Development Co., Ltd. in 1992 and has served as its chairman ever since. Since the establishment of Powerlong Group Development Co., Ltd., he has been engaged in the real estate development business, and has completed the development of several residential projects. He started to specialize in the development of commercial properties in 2003. For two consecutive years in 2006 and 2007, Hoi Kin Hong was recognized as a Contributor to Real Estate Brands in China by the China Index Academy. Hoi Kin Hong is a member of the Chinese People's Political Consultative Conference and of the plenary meeting of the Selection Committee of the Macau Special Administrative Region of the People's Republic of China. He is also the vice chairman of All-China Federation of Industry & Commerce and of China Real Estate Chamber of Commerce. In addition, Hoi Kin Hong was also awarded various honours such as the Most Influential Entrepreneur in China, Special Contribution to Public Utility in China and the Outstanding Leader in the Commercial Real Estate Industry in China. Hoi Kin Hong is the father of Hoi Wa Fong and Hoi Wa Fan.

HOI Wa Fong, aged 35, is an executive Director of the Board and Chief Executive Officer of the Group. He is primarily responsible for the overall management of the business operations of the Group. Hoi Wa Fong joined Xiamen Powerlong Decoration Design Works Company Limited in 1999 and served as the vice general manager. In October 2001, Hoi Wa Fong resigned from his position in Xiamen Powerlong Decoration Design Works Company Limited and joined Xiamen Powerlong Real Estate Development Co., Ltd. as vice general manager, responsible for financial and daily operation. He was promoted to vice president and later became an executive vice president of Xiamen Powerlong Group in December 2003 and June 2004, respectively, primarily responsible for the overall management of the business of Xiamen Powerlong Group. Hoi Wa Fong was a member of Chinese People's Political Consultative Conference for the city of Shanghai in 2012 and has been a member of Chinese People's Political Consultative Conference for the city of Xiamen and a director of World Federation of Jin Jiang Clans. Hoi Wa Fong was awarded one of the Top 10 Outstanding Young Entrepreneurs in Fujian Province, Outstanding Individual of Returned Overseas Chinese and Family Members and one of the Top 10 Leaders in the Real Estate Industry in the PRC for 2009 from CIHAF. Hoi Wa Fong received an EMBA from the Cheung Kong Graduate School of Business in October 2007. Hoi Wa Fong is the son of Hoi Kin Hong.

XIAO Qing Ping, aged 64, is an executive Director of the Board and the Vice Chief Executive Officer of the Group. He is primarily responsible for the administrative management of the Company. He was an officer of Jinjiang Bureau of Land Administration from 1997 to 1999. He has over 30 years of experience in administration management. He joined Powerlong Group Development Co., Ltd. in October 2001 as vice president and head of administration. In November 2007, he resigned from his position in Powerlong Group Development Co., Ltd. and joined the Group as an executive Director. He graduated from China Textile Political Distance Learning College in 1988, majoring in economic management.

SHIH Sze Ni, aged 32 is an executive Director of the Board and the Executive Director of Commercial Group Management. She is primarily responsible for cost control and overall strategy of Commercial Management Division of the Group. Shih Sze Ni joined Xiamen Powerlong Hotel in January 2003 as a director and was primarily responsible for financial management. She then joined Powerlong Group Development Co., Ltd. in May 2005 as a director and chief financial officer. In November 2007, she resigned from her positions in Xiamen Powerlong Hotel and Powerlong Group Development Co., Ltd. and joined the Group as an executive Director and the Executive Director of Commercial Group Management. She graduated from Central Queensland University in Australia with a master's degree in arts administration in 2001. Shih Sze Ni is the wife of Hoi Wa Fong.

NON-EXECUTIVE DIRECTORS

HOI Wa Fan, aged 37, is a non-executive Director of the Board. Hoi Wa Fan is a managing director of Pou Long Construction and Land Investment Company Limited and is responsible for the overall management and business development of Pou Long Construction and Land Investment Company Limited. Between 2000 and 2006, she was a managing director of Nicole, a fashion brand concept store in Macau. She is a member of All-China Youth Federation. Hoi Wa Fan is the daughter of Hoi Kin Hong.

LIU Xiao Lan, aged 47, is a non-executive Director of the Board. She was re-designated from an executive Director to a non-executive Director since 1 April 2012. Between 1998 and 2002, she worked as a sales manager and marketing manager in the China office of Beckman Coulter, Inc.. She joined Powerlong Group Development Co., Ltd. in June 2002 and served as the assistant to the chief vice president and vice general manager of the real estate center of Powerlong Group Development Co., Ltd. in January 2005. In November 2007, she resigned from her position in Powerlong Group Development Co., Ltd. and joined the Group as an assistant to the president and secretary of the Board. She served as an executive director of Powerlong Real Estate in July 2009 as well as the general manager of Powerlong Commercial Group Management of Powerlong Real Estate in October 2009. She joined Vantone Greatcity Investment Management Company Limited as general manager in March 2012 and served as managing director of Sunyat Capital as a partner in January 2013. She graduated from Fujian University of Traditional Chinese Medicine in 1988 and completed the advanced business administration program for the Youth Presidents in China offered by Chinese Academy of Social Sciences in 2004. She graduated from the Executive Development Programs (EDP) in Xiamen University in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

NGAI Wai Fung, aged 51, is an independent non-executive Director of the Board, is currently the managing director of MNCOR Consulting Limited, the chief executive officer of SW Corporate Services Group Limited and a vice president of Hong Kong Institute of Chartered Secretaries and the Adjunct Professor of Law of Hong Kong Shue Yan University and a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants. Dr. Ngai has recently been appointed by the Chief Executive of The HKSAR as a non-official member of Work Group on Professional Services under the Economic Development Commission. Dr. Ngai was an independent non-executive director and a member of the audit committee of China Life Insurance Company Limited and Franshion Properties (China) Limited and is currently an independent non-executive director and the member or chairman of the audit committee of Bawang International (Group) Holdings Limited, Bosideng International Holdings Limited, Biostime International Holdings Limited, China Railway Construction Corporation Limited, China Coal Energy Company Limited, Sany Heavy Equipment International Holding Limited, SITC International Holdings Company, LDK Solar Co., Ltd., all of which are companies listed on the Stock Exchange and/or the Shanghai Stock Exchange and/or the New York Stock Exchange. Dr. Ngai was a director and head of Listing Services of an independent operating Corporate Services Provider (formed by the former corporate and commercial divisions of KPMG and Grant Thornton). Prior to that, Dr. Ngai had been in senior management positions including acting as the executive director, chief financial officer and company secretary of a number of Hong Kong listed companies, including COSCO Group, China Unicom (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Ltd. Dr. Ngai has over 20 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chips companies. Dr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities, and the provision of professional services and support to many state-owned enterprises and red chip companies in the areas of regulatory compliance, corporate governance and company secretarial services. Dr. Ngai is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai received a doctoral degree in finance at Shanghai University of Finance and Economics in 2011, a master's degree incorporate finance from Hong Kong Polytechnic University in 2002 and a bachelor honor degree in laws from University of Wolverhampton in the United Kingdom in 1994 and a master's degree in business administration from Andrews University of Michigan in 1992.

MEI Jian Ping, aged 53, is an independent non-executive Director of the Board. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business in Beijing since 2006. He was an assistant professor from 1990 to 1995 at New York University, and an associate professor of finance at the same university from 1996 to 2005. From 2003 to 2008, he was a visiting professor of finance at Tsinghua University. Mr. Mei has been a director of Cratings.com Inc. since 1999. Since 2009, Mr. Mei has served on the board of directors of Zhong De Securities Company Limited. Mr. Mei acted as a consultant for various financial institutions, such as Deutsche Bank, UBS, NCH Capital and Asia Development Bank. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor degree in mathematics from Fudan University in 1982, a master degree in economics and a doctorate in economics (finance) from Princeton University in 1988 and 1990, respectively. He was appointed an independent non-executive Director of the Company in June 2008 and was appointed as an independent non-executive director of MI Energy Holdings in mid 2010.

NIE Mei Sheng, aged 72, is an independent non-executive Director of the Board. She graduated from civil engineering department of Tsinghua University specializing in water supply and drainage. She has more than 18 years of experience working at the China Southwest Municipal Engineering Design Institute. From 1995 to 2000, she served as the director general of the Science & Technology Department of the PRC and was the vice director of the Science and Technology Committee of the Ministry of Construction. She has been the chairwoman of the Housing Industrialization Office of the Ministry of Construction since 1998. Nie Mei Sheng has also served as the chairwoman of the Estate Chamber of the China National Federation of Industry and Commerce since 2001. She has been a standing committee member of the China National Federation of Industry and Commerce from 2004 to 2008. In addition, she has served as the vice chairwoman of the China Urban Water Supply and Drainage Association and the economic consultant to Jieyang City, Guangdong Province since 2006. She served as the honourary chairwoman of China Real Estate Chamber of Commerce since 2013. She was also a member of the 12th China National Committee for Pacific Economic Cooperation since February 2013. She had been an independent non-executive Director of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited) (HK stock code: 563) until her resignation effective from 26 July 2010.

Nie Mei Sheng won numerous awards in China and overseas, including A-level Science and Technology Progress Prize by the Ministry of Construction and A-level Science and Technology Progress Prize by the State Education Commission. She was recognized by the 4th Women Conference of the UN as a female scientific & technological expert. Nie Mei Sheng is a visiting professor of Shanghai University and an academician of the World Productivity Academy.

SENIOR MANAGEMENT

GUO Jun, aged 51, is the executive vice president of the Company. He is responsible for the planning and design, technology management, product research and development as well as decision-making and organization of the Company. He served as president of Zhejiang Construction Contractor Company (浙江省建設總承包公司), Sino Sourcing Group and Zhongnan Property Development Group (中南房地產集團). He obtained a bachelor degree in civil engineering from Jilin Architectural and Civil Engineeing Institute and a master degree in construction economics from the Shizuoka University in Japan and also the first group of registered architects and senior engineer of the PRC. He worked as executive vice president of Powerlong Group from June 2007 to January 2009 and rejoined the Company in January 2011.

LIN Feng Li, aged 45, is the vice president of the Company, is responsible for marketing and investment development. Between 1994 to 2008, he was the vice general manager, director and general manager for Eastern China in Xiamen Ju Heng Xing Real Estate Development Company, Xiamen Beifu Real Estate Marketing Agency and Xiamen Haosi Housing Investment Company Limited respectively. He graduated from Zhong Nan University of Finance in 1990, majoring in investment and economics. He joined the Company in 2008.

REN Rui Xia, aged 43, is the vice president of the Company. She is responsible for project management, construction, cost and quality control. She has over 20 years of experience in property development and related industry. She served as project coordinating manager in Hutchison Whampoa Properties (Shanghai) Limited, the assistant to general manager, the general project manager, the regional executive deputy general manager, the regional general manager, the executive deputy general manager and the general manager of Integrated Development Business Division of SPG Land (Holdings) Limited. She graduated from Tianjin University with a bachelor degree in construction structure of civil engineering. She the obtained a master's degree in business administration from Tsing Hua University. She joined the Company in November 2012.

PAN Tao, aged 43, is the vice president and the general manager of the Commercial Group Management of the Company who is fully responsible for business administration of the commercial group. He had worked in Gemdale Commercial Real Estate Company (金地商業地產), Dalian Wanda Commercial Properties, Dalian Wanda Group, Ministry of Foreign Affairs, the Foreign Affairs Office of the Ministry of Defense. He obtained a bachelor degree in law from the University of International Relations and was a visiting scholar of the Tulane University of the United States. He joined the Company in September 2011.

LIAO Ming Shun, aged 49, is the vice president and the Chief Financial Officer of the Company. He is responsible for the whole financial management of the Company. He served senior management positions in various large-scale enterprises. Prior to joining the Company, he was the director, chief financial controller and general manager of the finance company of Fujian Great World Enterprises Group Company Limited. He obtained a bachelor's degree in Rural Finance from Fujian Agriculture and Forestry University, and was awarded a master's degree by the Graduate School of Chinese Academy of Social Sciences. He is also qualified as a Senior Accountant, Senior Economist, International Public Accountant, Certified Taxation Accountant, and Financial Planner. He joined the Company in August 2009.

CAO Zhi Dong, aged 42, is the vice president of the Company. He is responsible for administration and human resources management. He served as assistant president of Fosun International, vice president and senior vice president of Shanghai Forte Land Co. Ltd and the deputy manager for human resources headquarter of Shanghai New Huangpu Group. He obtained a double bachelor's degree in technology and economy, a master's degree in technology and a Ph. D. in management from Shanghai Jiaotong University in 1993, 1997 and 2000 respectively. He joined the Company in April 2013.

YOU Xiao Di, aged 38, is the general manager of the capital management centre of the Company. He is responsible for the capital and asset management of the Company. He worked in Zhong Ke Xin Securities Company from 1997 to 2002 in the investment banking department. Before joining the Group, he worked as the head of investment banking of Xiamen Enrich Asset Management Company Limited. You Xiao Di joined Xiamen Powerlong Group in February 2005. In November 2007, he resigned from his position in Xiamen Powerlong Group and joined the Company as the vice chief financial officer and the chief investment cooperation officer. He graduated from Xiamen University with a bachelor's degree in finance in 1997 and obtained a Master of Business Administration degree in 2007.

XIAO Ying Lin, aged 39, is the company secretary and the director for investor relations of the Company. She is responsible for the listing and compliance management as well as investor relation of the Company. She acted as a company secretary of Lianhua Supermarket Holdings Co., Ltd. (Stock Code: HK0980), and had been in charge of professional corporate governance promotion for companies in eastern China for The Hong Kong Institute of Chartered Secretaries. She holds a master degree in Economics from the Shanghai Academy of Social Sciences and has extensive experience in the company secretarial, legal and compliance fields. She is an associate member of The Institute of Chartered Secretaries and Administrators, United Kingdom and The Hong Kong Institute of Chartered Secretaries, Hong Kong as well as a Certified Public Accountants of The Chinese Institute of Certified Public Accountants. She joined the Company in 2012.

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2012. The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders. During the year ended 31 December 2012 and save as disclosed herein in relation to the deviation to Code Provision A.6.7, the Company has complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2012 and as at the date of this annual report, the Board consists of 9 Directors, 4 of whom are executive Directors, 2 of whom are non-executive Directors and 3 of whom are independent non-executive Directors. The biographies of the Directors are set out on pages 30 to 32 of this annual report.

Responsibilities of Directors

The Board's major functions and duties are to oversee the management, businesses, strategic directions and financial performance of the Group as well as to maximize the financial performance of the Group and make decisions in the best interest of the Group. The Board is also fully responsible for the formulation of business plans and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The Board has delegated the authority and responsibilities to the senior management for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated various responsibilities to these Board committees as set out in their terms of reference, respectively.

All executive Directors and independent non-executive Directors have entered into service contracts with the Company for a term of three years. Ms. Hoi Wa Fan and Ms. Liu Xiao Lan, both are non-executive Directors, have entered into a service contract for a term of 3 years and 1 year with the Company, respectively. Under the articles of association of the Company (the "Articles of Association"), the Board is empowered to appoint any person as a director to fill the casual vacancy or as an additional director of the Board. The Board considers a candidate's experience, skill and knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty and/or recommendation by the Nomination Committee (if any).

The Board believes that the non-executive Directors and independent non-executive Directors have brought their independent judgment on issues in connection with the Group's strategies, performance, conflict of interests and management process so that the interests of all shareholders are considered and safeguarded. During the year ended 31 December 2012, the Company has at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules, the Company has appointed 3 independent non-executive Directors (representing one-third of the Board), 1 of whom has appropriate professional qualifications in accounting and financial management. Pursuant to the annual written confirmation, all independent non-executive Directors have confirmed their independence to the Company pursuant to the requirements of the Listing Rules and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. All independent non-executive Directors have entered into letters of appointment with the Company for a term of 3 years. One third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every 3 years in accordance with the Articles of Association.

All Directors, including independent non-executive Directors, have given sufficient time and effort to the affairs of the Group. Independent non-executive Directors have provided the Board with their diversified expertise, experience and professional advice. The Board believes that the ratio between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Group. The Board also believes that the views and participation of the independent non-executive Directors in the Board and its committees meetings provide independent judgment on the issues relating to strategies, performance, conflict of interests and management process to ensure that the interests of all shareholders are considered and safeguarded.

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. For the year ended 31 December 2012, the Board held 2 Board meetings on 22 March 2012 and 30 August 2012, respectively. At these Board meetings, Directors discussed and exchanged their views on significant issues and general operations of the Group, formulated business policies and strategies, as well as reviewed the financial performance and internal control system, including financial, operational and compliance controls and risk management systems. Directors can attend the meeting in person or by electronic means.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities in order to provide suitable coverage for certain liabilities due to the discharge of responsibilities. The insurance coverage is reviewed on an annual basis.

Attendance of the individual directors at the Board meetings and the annual general meeting during the year ended 31 December 2012 is set out as follows:

	Board Meeting Attended/Total	Annual General Meeting Attended/Total
Executive Directors		
Mr. Hoi Kin Hong *(Chairman of the Board and the Nomination Committee)*	2/2	1/1
Mr. Hoi Wa Fong *(Chief Executive Officer)*	2/2	0/1
Mr. Xiao Qing Ping	2/2	0/1
Ms. Shih Sze Ni	2/2	0/1
Non-executive Directors		
Ms. Hoi Wa Fan	2/2	0/1
Ms. Liu Xiao Lan (re-designated on 1 April 2012)	2/2	0/1
Independent non-executive Directors		
Mr. Ngai Wai Fung *(Chairman of the Audit Committee)*	2/2	1/1
Mr. Mei Jian Ping *(Chairman of the Remuneration Committee)*	2/2	0/1
Ms. Nie Mei Sheng	2/2	0/1

Code Provision A.6.7 of the CG Code provides that the independent non-executive directors and non-executive directors should attend general meetings of the Company. Due to prior business engagements external to the Company, two non-executive directors of the Company, Ms. Hoi Wa Fan and Ms. Liu Xiao Lan and two independent non-executive directors of the Company, Mr. Mei Jian Ping and Ms. Nie Mei Sheng were unable to attend the annual general meeting of the Company held during the year ended 31 December 2012.

All Board members have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures and all applicable rules and regulations are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record sufficient details of the matters considered by the Board and decisions made, including any proposal raised by the Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by the Directors.

A list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Hoi Kin Hong is the Chairman of the Board and Mr. Hoi Wa Fong is the Chief Executive Officer of the Company. Mr. Hoi Kin Hong is the father of Mr. Hoi Wa Fong. Despite their relationship, the responsibilities between the Chairman of the Board and the Chief Executive Officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Hoi Kin Hong, being the Chairman of the Board, is responsible for providing leadership to the Board and ensuring that the Board functions effectively, that Directors receive in timely manner adequate information which is complete and reliable and that all Directors are properly briefed on issues proposed at Board meetings. The Chairman also encourages Directors to participate actively and to make a full contribution to the Board so that the Board acts in the best interest of the Group.

Mr. Hoi Wa Fong, being the Chief Executive Officer of the Company, is responsible for the daily operations of the Group, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and lead the management of the Group.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

The Company encourages all Directors to participate in continuing professional development in order to develop and refresh their knowledge and skills. The Company offers professional training to Directors by way of seminars, providing them with training materials and engaging compliance lawyers. The training attended by the Directors during the year ended 31 December 2012 is summarized as follows:

Date of the first session of training: 3 May 2012
Directors attended: Hoi Kin Hong, Hoi Wa Fong, Xiao Qing Ping, Shih Sze Ni, Liu Xiao Lan, Ngai Wai Fung, Nie Mei Sheng

Date of the second session of training: 12 December 2012
Directors attended: Hoi Wa Fan, Mei Jian Ping

Summary of the training courses:

1. The responsibility on disclosure of listed companies
2. An update on the functions and responsibilities of directors – amendments to the Corporate Governance Code and disclosure requirements under the Securities and Futures Ordinance ("SFO") and relevant Listing Rules

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by its Directors. Specific enquiry has been made with all the Directors and all the Directors have confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2012.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2012 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year ended 31 December 2012 and are properly prepared on an going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Board has set up 3 committees with respective responsibilities, namely the audit committee, the remuneration committee and the nomination committee. All Board committees discharge their duties based on respective terms of reference, which is available for Shareholders on the Company's website. The Board has sufficient resources to discharge its duties.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises all the independent non-executive Directors:

Mr. Ngai Wai Fung *(Chairman of the Audit Committee)*
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

The Audit Committee has established its terms of reference pursuant to the requirements under Rule 3.21 of the Listing Rules and Code Provision C3 as set out in Appendix 14 of the Listing Rules. The main duties of the Audit Committee is to provide the Board with an independent assessment report based on the effectiveness of the financial reporting procedure, internal control and risk management system of the Group, monitor the auditing procedure and discharge other duties and responsibilities delegated by the Board, included but not limited to the followings:

- To review the financial statements, reports and accounts and consider any significant or unusual items raised by the external auditor before submission to the Board;

- To review the relationship with the external auditor by reference to the work performed by the auditor, their remuneration and terms of engagement and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and the associated procedures. The Audit Committee provides supervision over the internal control system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2012, the Audit Committee held 2 meetings to review the financial results, and to make recommendations to improve the Group's internal control. The chief financial officer and representatives of the external auditor of the Company attended the meeting.

Attendance of individual members of the Audit Committee at the meetings for the year ended 31 December 2012 is set out as follows:

Committee Members	Meetings Attended/Total
Mr. Ngai Wai Fung	2/2
Mr. Mei Jian Ping	2/2
Ms. Nie Mei Sheng	2/2

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Audit Committee is also responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;

- to review and monitor the training and continuous professional development of the directors and senior management;

- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and

- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

REMUNERATION COMMITTEE

During the year under review, the remuneration committee of the Company (the "Remuneration Committee") comprises 3 members, the majority of whom are independent non-executive Directors:

Mr. Mei Jian Ping *(Chairman of the Remuneration Committee)*
Mr. Hoi Wa Fong
Ms. Nie Mei Sheng

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under the Code Provision B.1.3 as set out in Appendix 14 to the Listing Rules. The main duties of the Remuneration Committee include but not limited to provide recommendations to the Board in relation to the remuneration policy and structure of all Directors and senior management, and to establish a formal and transparent procedure for the development of those remuneration policies; determine specific remuneration packages for Directors and senior management; review and approve the performance-based remuneration with reference to the corporate goal and objectives resolved by the Directors from time to time.

During the year ended 31 December 2012, the Remuneration Committee held 2 meetings to review and consider the remuneration packages for the executive Directors and senior management of the Company.

Attendance of individual members of the Remuneration Committee at the meeting for the year ended 31 December 2012 is set out as follows:

Committee Members	Meetings Attended/Total
Mr. Mei Jian Ping	2/2
Mr. Hoi Wa Fong	2/2
Ms. Nie Mei Sheng	2/2

NOMINATION COMMITTEE

During the year under review, the nomination committee of the Company (the "Nomination Committee") comprises 3 members, the majority of whom are independent non-executive Directors:

Mr. Hoi Kin Hong *(Chairman of the Nomination Committee)*
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

The Nomination Committee has adopted written terms of reference prepared by reference to the requirement of Code Provision A.5.2 as set out in Appendix 14 of the Listing Rules. The Nomination Committee has been delegated with the powers and authorities to review the structure, size and composition of the Board, make recommendation to the Board on selection of individuals nominated for directorships and senior management, appointment or reappointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

The appointment, re-election and removal of Directors are governed by the Company's Articles of Association. Pursuant to the Company's Articles of Association, any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting, whereas any director appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation and be eligible for re-election thereat, such that all directors should be subject to retirement by rotation at annual general meeting at least once every three years and be eligible for re-election thereat.

During the year ended 31 December 2012, the Nomination Committee held 2 meetings. Attendance of individual members of the Nomination Committee at the meeting for the year ended 31 December 2012 is set out as follows:

Committee Members	Meetings Attended/Total
Mr. Hoi Kin Hong	2/2
Mr. Mei Jian Ping	2/2
Ms. Nie Mei Sheng	2/2

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control system in order to safeguard the Group's assets and shareholders' interests and review and monitor the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Board from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

The Board conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2012. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the Audit Committee. The Board believes that the existing internal control system is adequate and effective.

EXTERNAL AUDITOR AND AUDITORS' REMUNERATION

The statement of external auditor of the Company about his reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2012 is set out in the section headed "Independent Auditor's Report" in this annual report.

For the year ended 31 December 2012, the fee paid/payable to the auditors of the Group in respect of audit services and non-audit services (mainly interim review) amounted to RMB3.9 million and RMB0.9 million, respectively.

SHAREHOLDER RELATIONS

The Company believes that by adopting a policy of disclosing clear and relevant information to shareholders through publication of announcements, notices, circulars, interim and final reports in a timely manner, the Company is able to establish an effective and appropriate relationship with its shareholders. Further, shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post. To enhance the Company's transparency, other information on the Company is also published at the Company's website at http://www.powerlong.com. In addition to publication of information, the annual general meeting of the Company provides a forum for communication between shareholders and Directors. The Chairman of the Board personally chairs the annual general meeting to ensure shareholders' views are communicated to the Board. In addition to the Chairman, the chairmen of the Board committees, or in their absence, other members of the respective committees, are available to answer any queries that shareholders may have. The Chairman will propose separate resolutions for each issue to be considered at the annual general meeting. The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices and shareholders' rights are preserved. Notice of annual general meeting is delivered to all shareholders at least 20 clear business days prior to the date of the meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the Chairman. Vote results are posted on the Company's website.

PROCEDURES FOR SHAREHOLDERS TO REQUISITION AND CONVENE AN EXTRAORDINARY GENERAL MEETING (INCLUDING PROPOSING A RESOLUTION AT AN EXTRAORDINARY GENERAL MEETING)

- Any two or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholders") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "Requisition"), to require the Board to convene an extraordinary general meeting, and to put any resolution so requisitioned to vote at such extraordinary general meeting.

- Eligible Shareholders who wish to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the place of business of the Company in Hong Kong at Unit 5813, 58th Floor, The Center, 99 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the names of the Eligible Shareholders concerned, specify the objects of the meeting, and be signed by the Eligible Shareholders concerned. The Eligible Shareholders must prove their shareholdings in the Company to the satisfaction of the Company.

- The Company will check the Requisition and the identities and the shareholdings of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order and in compliance with the memorandum and articles of association of the Company, the Board will within 21 days of the date of deposit of the Requisition, proceed duly to convene an extraordinary general meeting to be held within a further 21 days, for the purpose of putting any resolution(s) proposed by the Eligible Shareholders to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the memorandum and articles of association of the Company, the Eligible Shareholders concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholders to vote at any such extraordinary general meeting or any other general meeting of the Company.

- If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholders that the Requisition is not in order and not in compliance with the memorandum and articles of association of the Company, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholders themselves (or any one or more of the Eligible Shareholders who holds more than one-half of the total voting rights of all the Eligible Shareholders who signed the Requisition) may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the memorandum and articles of association of the Company, provided that the extraordinary general meeting so convened must be held before the expiration of three months from the date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholders concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholders concerned by the Company.

During the year ended 31 December 2012, there was no change in the constitutional documents of the Company.

INVESTOR RELATIONS OVERVIEW

As a responsible listed company, the Company is committed to maintain dynamic communications with its shareholders and investors. The Company regularly updates the investors about its latest operations and financial performance through company website, corporate newsletters, site visits, one-on-one meetings, bank conferences and international roadshows.

In 2012, the Company was invited to participate in 7 Asian and European forums and conferences held by various investment banks meeting approximately 160 investors. Investor relations activities are not only helpful in promoting two-way communications between the Company and the public and acting as an effective channel for information exchange, but also further enhance transparency and credibility of the Company within the industry, thereby improving investors' relationship of the Group.

Powerlong participated in the following major investor relations activities in 2012:

January: UBS Greater China Conference 2012 (Shanghai)
May: Barclays Bank Asia Property Summit 2012 (Hong Kong)
May: Morgan Stanley's 3rd Annual Hong Kong Investor Summit (Hong Kong)
July: Citi's HK & China Mini Conference (United Kingdom)
September: UBS Hong Kong/China Property Conference (Hong Kong)
November: Citi Greater China Investor Conference 2012 (Macau)
November: Bank of America – Merrill Lynch New China Conference (Beijing)

Shareholders, investors and the media can make enquiries to the Company through the following means:
Telephone number: +86-21-51759999/+852-21693058
By post: 15/F, Gubei International Wealth Center, 1452 Heng Qiao Road, Chang Ning, Shanghai, China
Unit 5813, 58/F, The Center, 99 Queen's Road Central, Hong Kong
Attention: Mr. You Xiao Di/Ms. Xiao Ying Lin/Ms. Fu Pauline
By email: youxd@powerlong.com/xiaoyl@powerlong.com/fubl@powerlong.com

Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, property investment and other property development related services. Details of the principal activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2012 are set out on pages 62 to 142 of this annual report.

The Directors recommended the payment of a final dividend of RMB 8 cents per ordinary share for the year ended 31 December 2012. The proposed final dividend, if approved at the annual general meeting of the Company to be held on 20 May 2013, will be paid to the shareholders whose names appear on the register of members of the Company on 29 May 2013. The register of members of the Company will be closed from 24 May 2013 to 29 May 2013 (both days inclusive). In order to be qualified for the above mentioned proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 23 May 2013.

RESERVES

Details of movement in the reserves of the Company and the Group for the year ended 31 December 2012 are set out in note 18, 19 and 30 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 December 2012, the reserves of the Company available for distribution were approximately RMB3,402 million (2011: RMB3,308 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases during the year under review.

None of the Directors, their associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the issued share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group.

BORROWINGS

Particulars of borrowings of the Company and the Group as at 31 December 2012 are set out in note 20 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2012 amounted to RMB7,806,000 (2011: RMB25,913,000).

PROPERTY AND EQUIPMENT

Details of property and equipment of the Group are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year under review are set out in note 18 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 143 to 144 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights over shares of the Company under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Hoi Kin Hong *(Chairman)*
Mr. Hoi Wa Fong *(Chief Executive Officer)*
Mr. Xiao Qing Ping *(Vice Chief Executive Officer)*
Ms. Shih Sze Ni

Non-executive Directors

Ms. Hoi Wa Fan
Ms. Liu Xiao Lan (re-designated on 1 April 2012)

Independent Non-executive Directors

Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Ms. Nie Mei Sheng

In accordance with article 16.18 of the Company's Articles of Association, Ms. Shih Sze Ni, Ms. Liu Xiao Lan and Ms. Nie Mei Sheng will retire from its office as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

Each of the executive Directors and Ms. Hoi Wa Fan, a non-executive Director, have entered into service contracts with the Company for a term of three years commencing from 14 October 2012. Ms. Liu Xiao Lan who has re-designated as non-executive Director since 1 April 2012 and has entered into a service contract with the Company for a term of one year. Upon expiry of such service contract, Ms. Liu Xiao Lan has renewed the service contract with the Company for another one year commencing from 1 April 2013. Each of the Independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 14 October 2012. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular review by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

Details of Directors' remuneration are set out in note 27 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the note 36 to the consolidated financial statements and in the section "Continuing Connected Transactions" of this annual report, there was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

SHARE OPTION SCHEMES

Pursuant to the shareholder's resolutions of the Company on 16 September 2009, the Company has adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute and had contributed to the success of the Group's operations.

A. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the Eligible Participants (as defined in paragraph 2 below) for the contributions they had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives:

(i) to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) to attract and retain the Eligible Participants or to otherwise maintain on-going business relationship with them whose contributions are or will be beneficial to the long-term growth of the Group.

2. **Participants of the Share Option Scheme:**
The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of shares of the Company as the Board may determine:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries;

(iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. **Total number of shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2012:**
The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 400,000,000 shares (representing approximately 9.88% of the issued share capital as at 31 December 2012).

4. **Maximum entitlement of each participant under the Share Option Scheme:**
The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time, for this respect, such Eligible Participant and his associates (as defined in the Listing Rules) shall abstain from voting at the meeting.

5. **The period within which the options must be exercised under Share Option Scheme to subscribe for shares:**
An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee but in any event not exceeding 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**
There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Directors.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid:
   Options granted must be taken up within 21 days of the date of offer, upon payment of HK$1 per grant.

8. The basis of determining the exercise price:
   The exercise price is determined by the Board but shall not be less than the higher of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets on the date (which must be a trading day) of grant of options; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share.

9. The remaining life of the Share Option Scheme:
   The Share Option Scheme will remain in force for a period of 10 years commencing from 16 September 2009.

   Since the adoption of the Share Option Scheme and up to 31 December 2012, no options had been granted under the Share Option Scheme.

B. PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme:

1. Purpose of the Pre-IPO Share Option Scheme:
   The Pre-IPO Share Option Scheme is established to recognize and acknowledge the Pre-IPO Eligible Participants (as defined in paragraph 2 below) for the contributions they had or may have made to the Group. The Pre-IPO Share Option Scheme will provide the Pre-IPO Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives:

   (i) to motivate the Pre-IPO Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

   (ii) to attract and retain the Pre-IPO Eligible Participants or to otherwise maintain business relationship with them whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Pre-IPO Share Option Scheme:
   The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Pre-IPO Eligible Participants") to subscribe for such number of shares of the Company as the Board may determine:

   (i) any full-time employees, executives or officers of the Company or any of its subsidiaries; or

   (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries;

   (iii) any full-time employees of any subsidiaries of the Company at a manager level or above and other full-time employees of the Company or its subsidiaries who have been in employment with the Group for over 3 years prior to the date of the adoption of the Pre-IPO Share Option Scheme.

3. **Total number of shares available for issue under the Pre-IPO Share Option Scheme and percentage of issued share capital as at 31 December 2012:**

The maximum number of shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 40,000,000 shares (representing approximately 0.99% of the issued share capital).

4. **The period within which the options must be exercised under Pre-IPO Share Option Scheme to subscribe for shares:**

Exercise Period	Number of Options Exercisable
From 16 September 2010 to 15 September 2012	1st batch options, being 20% of the total number of options granted
From 16 September 2011 to 15 September 2013	2nd batch options, being 20% of the total number of options granted
From 16 September 2012 to 15 September 2014	3rd batch options, being 20% of the total number of options granted
From 16 September 2013 to 15 September 2015	4th batch options, being 20% of the total number of options granted
From 16 September 2014 to 15 September 2016	5th batch options, being 20% of the total number of options granted

5. **The minimum period for which an option must be held before it can be exercised:**

Minimum Period	Number of Options Exercisable
12 months from 16 September 2009	1st batch options, up to 20% of the total number of options granted
24 months from 16 September 2009	2nd batch options, up to 20% of the total number of options granted
36 months from 16 September 2009	3rd batch options, up to 20% of the total number of options granted
48 months from 16 September 2009	4th batch options, up to 20% of the total number of options granted
60 months from 16 September 2009	5th batch options, up to 20% of the total number of options granted

6. **The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid:**

Options granted must be taken up within 21 days of the date of offer, upon payment of HK$1 per grant.

7. The basis of determining the exercise price:

The exercise price shall be a price equivalent to a discount of 10% to the offer price under the global offering of the Company's shares.

8. Movements of the Pre-IPO Share Option Scheme of the Company:

		Number of share options			
Category	Exercise Period	As at 1 January 2012	Granted during the year	Exercised/ Lapsed/ Cancelled during the year	As at 31 December 2012
Mr. Hoi Kin Hong	16 September 2010 to 15 September 2012	1,400,000	–	(1,400,000)	–
	16 September 2011 to 15 September 2013	1,400,000	–	–	1,400,000
	16 September 2012 to 15 September 2014	1,400,000	–	–	1,400,000
	16 September 2013 to 15 September 2015	1,400,000	–	–	1,400,000
	16 September 2014 to 15 September 2016	1,400,000	–	–	1,400,000
	Total	7,000,000	–	(1,400,000)	5,600,000
Mr. Hoi Wa Fong	16 September 2010 to 15 September 2012	440,000	–	(440,000)	–
	16 September 2011 to 15 September 2013	440,000	–	–	440,000
	16 September 2012 to 15 September 2014	440,000	–	–	440,000
	16 September 2013 to 15 September 2015	440,000	–	–	440,000
	16 September 2014 to 15 September 2016	440,000	–	–	440,000
	Total	2,200,000	–	(440,000)	1,760,000

		Number of share options			
Category	Exercise Period	As at 1 January 2012	Granted during the year	Exercised/ Lapsed/ Cancelled during the year	As at 31 December 2012
Mr. Xiao Qing Ping	16 September 2010 to 15 September 2012	360,000	–	(360,000)	–
	16 September 2011 to 15 September 2013	360,000	–	–	360,000
	16 September 2012 to 15 September 2014	360,000	–	–	360,000
	16 September 2013 to 15 September 2015	360,000	–	–	360,000
	16 September 2014 to 15 September 2016	360,000	–	–	360,000
	Total	1,800,000	–	(360,000)	1,440,000
Ms. Shih Sze Ni	16 September 2010 to 15 September 2012	240,000	–	(240,000)	–
	16 September 2011 to 15 September 2013	240,000	–	–	240,000
	16 September 2012 to 15 September 2014	240,000	–	–	240,000
	16 September 2013 to 15 September 2015	240,000	–	–	240,000
	16 September 2014 to 15 September 2016	240,000	–	–	240,000
	Total	1,200,000	–	(240,000)	960,000
Ms. Liu Xiao Lan	16 September 2010 to 15 September 2012	240,000	–	(240,000)	–
	16 September 2011 to 15 September 2013	240,000	–	–	240,000
	16 September 2012 to 15 September 2014	240,000	–	–	240,000
	16 September 2013 to 15 September 2015	240,000	–	–	240,000
	16 September 2014 to 15 September 2016	240,000	–	–	240,000
	Total	1,200,000	–	(240,000)	960,000
Directors	Total	13,400,000	–	(2,680,000)	10,720,000

Category	Exercise Period	Number of share options As at 1 January 2012	Granted during the year	Exercised/ Lapsed/ Cancelled during the year	As at 31 December 2012
Employees	16 September 2010 to 15 September 2012	3,652,000	–	(3,652,000)	–
	16 September 2011 to 15 September 2013	3,652,000	–	(788,000)	2,864,000
	16 September 2012 to 15 September 2014	3,652,000	–	(788,000)	2,864,000
	16 September 2013 to 15 September 2015	3,652,000	–	(788,000)	2,864,000
	16 September 2014 to 15 September 2016	3,652,000	–	(788,000)	2,864,000
Employees	Total	18,260,000	–	(6,804,000)	11,456,000
	Total	31,660,000	–	(9,484,000)	22,176,000

SHARE AWARD SCHEME

A share award scheme was adopted on 2 December 2010 to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain them for the continuous operation and development of the Group. As at 31 December 2012, no share had been awarded under the scheme. Details of the rules of the share award scheme are set out in the announcement of the Company dated 2 December 2010.

The scheme shall be valid and effective for a term of 6 years commencing on the date of adoption. Pursuant to the scheme, shares will be acquired by the independent trustee at the cost of the Company and be held in trust for selected employees until the end of each vesting period. Vested shares will be transferred to the selected employees at nil consideration. The total number of shares to be awarded under the scheme shall not in aggregate more than 2% of the issued share capital of the Company as at the date of adoption.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors' interests in the shares and underlying shares of the Company

As at 31 December 2012, the interests of each Director and chief executive of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Interests in shares of the Company

Name of Director	Long/Short position	Capacity	Number of ordinary shares in the Company	Approximate percentage of the Company's issued shares*
Mr. Hoi Kin Hong	Long Position	Interest of a controlled corporation (Note 1)	1,805,637,000	44.61%
	Long Position	Beneficial owner	27,479,000	0.68%
	Long Position	Interest of spouse	1,729,000	0.04%
Mr. Hoi Wa Fong	Long Position	Interest of a controlled corporation (Note 2)	605,400,000	14.96%
Ms. Hoi Wa Fan	Long Position	Interest of a controlled corporation (Note 3)	300,000,000	7.41%

Notes:

1. The 1,805,637,000 shares are being held by Skylong Holdings Limited and Skylong Holdings Limited is wholly and beneficially owned by Hoi Kin Hong.

2. The 605,400,000 shares are being held by Sky Infinity Holdings Limited and Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.

3. The 300,000,000 shares are being held by Walong Holdings Limited and Walong Holdings Limited is wholly and beneficially owned by Hoi Wa Fan.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2012.

(2) Interests in underlying shares of the Company – equity derivatives of the Company

Name of Director	Long/Short position	Capacity	Number of underlying shares in respect of the share options granted	Approximate percentage of the underlying shares over the Company's issued shares* (Upon fully exercise of share options)
Mr. Hoi Kin Hong	Long Position	Beneficial owner	5,600,000	0.1383%
Mr. Hoi Wa Fong	Long Position	Beneficial owner	1,760,000	0.0435%
Mr. Xiao Qing Ping	Long Position	Beneficial owner	1,440,000	0.0356%
Ms. Shih Sze Ni	Long Position	Beneficial owner	960,000	0.0237%
Ms. Liu Xiao Lan	Long Position	Beneficial owner	960,000	0.0237%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the above section headed "Information on Share Option Scheme" and note 19 to the consolidated financial statements.

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2012.

(3) Long Position in the Senior Notes

Name of Director	Capacity	Amount of Debentures	Approximate percentage of the issued debentures (%)
Mr. Hoi Wa Fong	Interest of a controlled corporation (Note)	USD5,700,000	2.85%

Note: The USD5,700,000 senior notes are being held by Sky Infinity Holdings Limited and Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.

Saved as disclosed above, as at 31 December 2012, none of the Directors, chief executives of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Saved as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age 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 chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for shares or debt securities of the Company nor exercised any such right.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, the interests of substantial shareholders in shares 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	Capacity	Number of shares	Percentage of Shareholding*
Skylong Holdings Limited (Notes 1 and 2)	Beneficial owner	1,805,637,000 (L)	44.61%
Hoi Kin Hong (Notes 1)	Beneficial owner	27,479,000 (L)	0.68%
	Interest of spouse	1,729,000 (L)	0.04%
Sky Infinity Holdings Limited (Notes 1 and 3)	Beneficial owner	605,400,000 (L)	14.96%
Walong Holdings Limited (Notes 1 and 4)	Beneficial owner	300,000,000 (L)	7.41%
Wason Holdings Limited (Notes 1 and 5)	Beneficial owner	300,000,000 (L)	7.41%

Notes:

1. The letter "L" denotes the person's long position in such securities.

2. Skylong Holdings Limited is wholly and beneficially owned by Hoi Kin Hong.

3. Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.

4. Walong Holdings Limited is wholly and beneficially owned by Hoi Wa Fan.

5. Wason Holdings Limited is beneficially owned as to 70% by Che Iok Teng, as to 10% by each of Hoi Wa Lam (許華琳), Hoi Wa Lam (許華嵐) and Hoi Wa Weng.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2012.

DISCLOSURES PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES

On 8 September 2011, the Company issued HK$1,000 million aggregate principal amount of senior notes due September 2014 pursuant to a subscription agreement dated 30 August 2011 entered into among the Company, the Subsidiary Guarantors (as defined therein), the Parent Guarantors (as defined therein), the Subscriber (as defined therein) and The Hongkong and Shanghai Banking Corporation Limited, as placement agent. Pursuant to which, Skylong Holdings Limited and Walong Holdings Limited, being two of the Parent Guarantors (as defined therein) have entered into share charge deeds, pursuant to which have charged in favor of The Hongkong and Shanghai Banking Corporation Limited, as agent for and on behalf of the holders of the senior notes, shares of the Company as security for such senior notes due and guaranteed the due and punctual payment of all amounts payable under the senior notes. For further details, please refer to the announcement of the Company dated 8 September 2011.

Save as disclosed above, as at 31 December 2012, the Company did not have other disclosure obligations under Rules 13.17 and 13.18 of the Listing Rules.

ENFORCEMENT OF THE NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company dated 25 September 2009 (the "Prospectus") and the announcements of the Company dated 4 January 2010, 30 June 2010, 31 December 2010, 30 June 2011, 3 January 2012 and 29 June 2012, in order to reduce competition with Xiamen Powerlong Group, the Company acquired from Xiamen Powerlong Group (the "Parent Group") an aggregate of 58,265 square meters of retail GFA at the Mingfa Centre (a project jointly developed by Xiamen Powerlong Group with an independent third party). The consideration for the acquisition was RMB600.0 million. On 31 December 2012, upon mutual agreement between the Company and the Parent Group, the parties entered into a supplemental agreement (the "Supplemental Agreement") to amend certain terms of the Acquisition, pursuant to which it has been agreed that out of 58,265 square meters, only 56,517 square meters of the relevant property will be transferred by the Parent Group to the Company. The 56,517 square meters of the relevant property were transferred by the Parent Group to the Company on 18 December 2012. A payment of RMB18,000,000, which was equivalent to the pre-payment amount to the Acquisition proportionate to the area of the remaining 1,748 square meters, was made by the Parent Group to the Company on 31 December 2012 as compensation in lieu of the transfer of the remaining 1,748 square meters of the relevant property which were not transferred by the Parent Company to the Company. The acquisition was duly completed. For further details, please refer to the announcement of the Company dated 31 December 2012.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Hoi Kin Hong, Hoi Wa Fong and Hoi Wa Fan, being the Directors, are interested in certain companies engaged in the hotel operation business, which is ancillary to the Company's core business, namely, commercial property development and operation. The hotels operated by such companies are Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel. These two hotels are operated independently and in individual mode different from that of the Group, while the hotels included in the Group's development projects are developed as part of the large-scale and multifunctional commercial complexes. As such, there are no actual or potential competition between these two hotels and the hotels to be included in the Group's development project. Details of Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel are set out in the Prospectus.

Saved as disclosed above, as at 31 December 2012, none of the Directors or their respective associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

Each of Skylong Holdings Limited, Sky Infinity Limited, Walong Holdings Limited, Hoi Kin Hong, Hoi Wa Fong and Hoi Wa Fan has undertaken to the Company that, subject to the exceptions mentioned in the Prospectus, they will not engage in, and shall procure that their controlled affiliates (other than members of the Company) will not engage in any property development and hotel operation business in China. Details of the deed of non-competition ("Deed of Non-competition") in favour of the Company are set out in the Prospectus.

The Company has received from Skylong Holdings Limited, Sky Infinity Limited, Walong Holdings Limited, Hoi Kin Hong, Hoi Wa Fong and Hoi Wa Fan an annual confirmation that it/he/she has fully complied with its/his/her obligations under the Deed of Non-competition.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2012, certain directors and their closely related family members, as well as the companies controlled by certain directors and/or their respective closely related family members entered into transactions with the Group, details of which are disclosed in "Related Party Transactions" set out in note 36 to the consolidated financial statements of the Group.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2012, the Group entered into the following connected transactions, which were granted exemption by the Stock Exchange or waiver from compliance with the requirement of independent shareholders' approval, subject to compliance with the disclosure requirements as set out under Chapter 14A of the Listing Rules in relation to annual reports. Details of these transactions are set out below:

CONTINUING CONNECTED TRANSACTIONS WHICH ARE EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT BUT ARE SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS

(1) Hotel accommodation services agreement with Macau Powerlong Group

On 4 September 2009, the Company and Pou Long Construction and Land Investment Company Limited ("Macau Powerlong Group") entered into the hotel accommodation services agreement (the "Hotel Services Agreement"), pursuant to which Macau Powerlong Group agreed to provide hotel accommodation services to the Group's employees and guests, who are primarily independent suppliers or service providers to the Company at two hotels namely Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel for a term of 3 years from 1 January 2009 to 31 December 2011. Upon expiry of the Hotel Services Agreement on 31 December 2011, the Company and Macau Powerlong Group entered into a renewal agreement to renew the Hotel Services Agreement for a fixed term of three years commencing from 1 January 2012 to 31 December 2014. Under such renewal agreement, Macau Powerlong Group provides such hotel accommodation services during the ordinary course of business, charges a discount of 50% to the normal room service charges and offers terms no less favorable than those offered by independent third parties for comparable services to the Group. For further details, please also refer to the announcement of the Company dated 3 January 2012.

Macau Powerlong Group is owned as to 88.9% by Hoi Kin Hong and is therefore a connected person of the Company under the Listing Rules. During the year under review, the total amount charged for the provision of hotel accommodation services by the two hotels of Macau Powerlong Group to the Company under the Hotel Services Agreement was RMB684,000 and the amount of exemption granted by the Stock Exchange was RMB4,600,000.

(2) Property management services agreements with the associates of Macau Powerlong Group and the Directors of the Company

On 4 September 2009, the Company and Fuzhou Powerlong Amusement Management Company Limited ("Fuzhou Amusement"), Qingdao Powerlong Amusement Development Company Limited ("Qingdao Amusement"), Zhengzhou Powerlong Food & Beverage Company Limited, Zhengzhou Cannes Outlets Commercial Company Limited ("Zhengzhou Outlets"), Hoi Kin Mei and Hoi Wa Fong entered into the property management services agreements (the "Property Management Services Agreements") for a term of three years from 1 January 2009 to 31 December 2011. Upon expiry of the Property Management Services Agreements on 31 December 2011, the Company, Fuzhou Amusement, Qingdao Amusement, Zhengzhou Outlets, Hoi Kin Mei and Hoi Wa Fong entered into a renewal agreement to renew the Property Management Services Agreements for a fixed term of 3 years commencing from 1 January 2012 to 31 December 2014. Under such renewal agreement, the Group has agreed to provide property management services including security, cleaning and maintenance services, to the amusement park, retail stores and offices operated and occupied by Qindao Amusement, Zhengzhou Outlets, and the commercial units owned by Hoi Kin Mei and Hoi Wa Fong. For further details, please also refer to the announcement of the Company dated 3 January 2012.

The Group charged property management services fees at prevailing market rates and on terms no more favorable than those offered by independent third parties for comparable services to those companies and persons. The Directors are of the view that such transactions are conducted on normal commercial terms and in the ordinary course of business.

Each of Fuzhou Amusement, Qingdao Amusement and Zhengzhou Outlets is wholly owned by Xiamen Powerlong Group and is therefore a connected person of the Company under the Listing Rules.

During the year under review, the total amount of service fees charged by the Group under the Property Management Services Agreements was RMB1,749,000 and the amount of exemption granted by the Stock Exchange was RMB3,500,000.

(3) Security service agreement with Fujian Ping An

On 1 July 2010, the Group and Fujian Ping An Security Devices and Network Co., Ltd. (the "Fujian Ping An") entered into a security service agreement (the "Security Service Agreement") pursuant to which Fujian Ping An agreed to provide certain security intelligentization system services to the Group for a term from 1 July 2010 to 31 December 2012. Details of the Security Service Agreement are set out in the announcement of the Company dated 1 July 2010. On 28 December 2012, both parties renewed the existing security service agreement with a term of 3 years commencing from 1 January 2013 to 31 December 2015 (both days inclusive). Details of the renewed security service agreement are set out in an announcement of the Company dated 28 December 2012.

Fujian Ping An is a wholly-owned subsidiary of Xiamen Powerlong Information, a company which is owned as to 51% by Xiamen Powerlong Group and 49% by Jui Yau International Investments Company Limited ("Jui Yau International"). Xiamen Powerlong Group is indirectly owned as to 88.9% by Mr. Hoi Kin Hong and Jui Yau International is owned as to 24.8% by Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, the respective son and daughter of Mr. Hoi Kin Hong, a substantial shareholder of the Company. By virtue of Mr. Hoi Kin Hong's interest in Fujian Ping An, Fujian Ping An is therefore an associate of Mr. Hoi Kin Hong and hence a connected person of the Company under the Listing Rules.

During the year under review, the total transaction amount under the Security Service Agreement was RMB36,539,000 and the annual cap amount waived by the Stock Exchange was RMB120,000,000.

(4) Purchase of office equipment from Xiamen Powerlong Information

On 4 September 2008, Fuzhou Powerlong Real Estate Development Co., Ltd. ("**Fuzhou Powerlong**"), an indirectly wholly-owned subsidiary of the Company, entered into an office equipment purchase agreement with Xiamen Powerlong Information (the "**Equipment Purchase Agreement**"), for a term of 3 years from 1 January 2009 to 31 December 2011. Upon expiry of the Equipment Purchase Agreement, on 31 December 2011, Fuzhou Powerlong and Xiamen Powerlong Information entered into a renewal agreement to renew the Equipment Purchase Agreement for a fixed term of 3 years commencing from 1 January 2012 to 31 December 2014. Under such renewal agreement, Xiamen Powerlong Information will supply office equipment such as printers, photocopiers, computers and fax machines to Fuzhou Powerlong. For further details, please refer to the announcement of the Company dated 3 January 2012.

During the year under review, the total transaction amount under the Equipment Purchase Agreement was RMB437,000 and the annual cap amount waived by the Stock Exchange was RMB7,000,000.

(5) Long-term lease agreements

The Group as landlords has entered into the following long-term lease agreements ("Long-term Lease Agreements") with Fuzhou Amusement and Qingdao Amusement:

Tenant	Location of property	Area of property (square meters)	Term (Year)	Annual rent payable (RMB)	Use of property
Fuzhou Amusement	Fuzhou Powerlong City Plaza	5,171	5	2.43 million	Amusement park
Qingdao Amusement	Chengyang District, Qingdao	18,564	10	13.50 million	Amusement park

Each of Fuzhou Amusement and Qingdao Amusement is wholly owned by Xiamen Powerlong Group and is therefore a connected person of the Company under the Listing Rules.

During the year under review, the total amount of rent received by the Group under the Long-term Lease Agreements was RMB15,809,000 and the waiver granted by the Stock Exchange was RMB23,100,000.

The annual caps under the Long-term Lease Agreements is subject to review upon its expiry of every 3 years in accordance with the relevant requirements under Chapter 14A of the Listing Rules. Upon expiry of the annual caps on 31 December 2011, revised annual caps were proposed for the three years commencing from 1 January 2012 to 31 December 2014. For further details, please refer to the announcement of the Company dated 3 January 2012.

The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and to the interests of the shareholders of the Company as a whole; (d) have not exceeded the relevant maximum annual cap amount in accordance to the waiver previously granted by the Stock Exchange.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the group in page 56 to page 58 of this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIVIDEND

The Board has recommended the payment of a final dividend of RMB8 cents per ordinary share of the Company for the year ended 31 December 2012. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid to the shareholders on the register of members of the Company around July 2013.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Since its listing on 14 October 2009, the Company has complied with the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2012. Information on the Company's corporate governance practices is set out in the Corporate Governance Report on page 34 to page 43 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 May 2013 to Monday, 20 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are eligible to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 20 May 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 May 2013. In order to be qualified for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 May 2013. The register of members of the Company will be closed from 24 May 2013 to 29 May 2013, both days inclusive, during which period no transfer of Shares will be registered. Subject to shareholders' approval of the proposed final dividend of shares at the annual general meeting to be held on Monday, 20 May 2013, the final dividend will be paid to shareholders whose names appear on the register of members of the Company at the close of business of Wednesday, 29 May 2013.

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

During the year ended 31 December 2012, the Company had repurchased from the market a total of 3,066,000 shares of the Company at price per share ranging from HK$0.98 to HK$1.01 for an aggregate consideration of HK$3.06 million. All the repurchased shares were subsequently cancelled on 17 February 2012. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its net assets and/or its earnings per share. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

Details of the repurchases of shares were as follows:

Month of repurchase	Number of shares repurchased	Highest price per share HK$	Lowest price per share HK$	Aggregate purchase price HK$
January 2012	3,066,000	1.01	0.98	3,055,330

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rule 3.21 of Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises 3 independent non-executive Directors.

The Audit Committee has reviewed the annual results for the year ended 31 December 2012 with the Company's management.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2012 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who shall retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Hoi Kin Hong
Chairman

Hong Kong, 18 March 2013

Independent Auditor's Report

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF POWERLONG REAL ESTATE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Powerlong Real Estate Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 62 to 142, which comprise the consolidated and company balance sheets as at 31 December 2012, and 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2013

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Consolidated Balance Sheet

	Note	31 December 2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	**1,578,966**	1,676,394
Land use rights	7	**543,527**	648,722
Investment properties	8	**18,147,844**	15,025,359
Interests in a jointly controlled entity	15	**1,012,423**	887,131
Deferred income tax assets	21	**167,094**	146,446
Loans and receivables	11	**270,000**	–
		21,719,854	18,384,052
Current assets			
Properties under development	9	**10,789,478**	6,407,247
Completed properties held for sale	10	**2,649,985**	2,228,846
Trade and other receivables and loans	11	**1,452,635**	1,357,441
Prepayments	12	**1,371,281**	3,682,762
Prepaid taxes		**195,964**	122,910
Available-for-sale financial assets	13	**16,462**	–
Financial assets at fair value through profit or loss		**1,750**	2,524
Restricted cash	16	**557,979**	407,428
Cash and cash equivalents	17	**1,452,217**	1,411,182
		18,487,751	15,620,340
Total assets		**40,207,605**	34,004,392
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	**3,035,471**	3,037,979
Other reserves	19	**488,132**	400,150
Retained earnings			
– Proposed final dividends	32	**323,841**	243,065
– Unappropriated retained earnings		**12,191,620**	10,319,245
		16,039,064	14,000,439
Non-controlling interests		**460,376**	404,891
Total equity		**16,499,440**	14,405,330

		31 December	
		2012	2011
	Note	**RMB'000**	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**7,731,776**	6,919,854
Deferred income tax liabilities	21	**3,009,963**	2,420,330
		10,741,739	9,340,184
Current liabilities			
Trade and other payables	22	**3,910,015**	3,109,877
Advances from customers		**3,633,826**	2,786,218
Current income tax liabilities	23	**2,100,335**	1,926,782
Borrowings	20	**3,322,250**	2,436,001
		12,966,426	10,258,878
Total liabilities		**23,708,165**	19,599,062
Total equity and liabilities		**40,207,605**	34,004,392
Net current assets		**5,521,325**	5,361,462
Total assets less current liabilities		**27,241,179**	23,745,514

The notes on pages 68 to 142 are an integral part of these consolidated financial statements.

Hoi Kin Hong
Director

Hoi Wa Fong
Director

Balance Sheet

	Note	31 December 2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	14	**6,221,324**	6,211,744
Current assets			
Amounts due from subsidiaries	14	**1,079,521**	389,964
Cash and cash equivalents	17	**145,768**	245,731
		1,225,289	635,695
Total assets		**7,446,613**	6,847,439
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	**3,035,471**	3,037,979
Other reserves	19	**63,237**	53,657
Retained earnings	30		
– Proposed final dividend	32	**323,841**	243,065
– Unappropriated retained earnings		**15,405**	9,694
Total equity		**3,437,954**	3,344,395
LIABILITIES			
Non-current liabilities			
Borrowings	20	**2,896,838**	3,007,203
Current liabilities			
Other payables and accruals	22	**36,135**	185,193
Amounts due to subsidiaries	14	**832,365**	163,749
Borrowings	20	**243,321**	146,899
		1,111,821	495,841
Total liabilities		**4,008,659**	3,503,044
Total equity and liabilities		**7,446,613**	6,847,439
Net current assets		**113,468**	139,854
Total assets less current liabilities		**6,334,792**	6,351,598

The notes on pages 68 to 142 are an integral part of these consolidated financial statements.

Hoi Kin Hong
Director

Hoi Wa Fong
Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Revenue	5	**5,871,763**	5,254,027
Cost of sales	24	**(3,540,058)**	(2,951,046)
Gross profit		**2,331,705**	2,302,981
Fair value gains on investment properties – net	8	**1,743,684**	3,559,072
Selling and marketing costs	24	**(208,258)**	(207,902)
Administrative expenses	24	**(505,331)**	(503,620)
Other (losses)/gains – net	25	**(56,440)**	60,242
Exchange gains/(losses) – net	26	**248**	(10,454)
Operating profit		**3,305,608**	5,200,319
Finance (costs)/income – net	28	**(29,389)**	86,562
Share of post-tax profit of a jointly controlled entity	15	**134,079**	–
Profit before income tax		**3,410,298**	5,286,881
Income tax expense	29	**(1,197,312)**	(1,736,424)
Profit for the year		**2,212,986**	3,550,457
Other comprehensive income			
Revaluation gains on property and equipment and land use rights transferred to investment properties	19	**83,129**	–
Change in value of available-for-sale financial assets	19	**132**	–
Other comprehensive income for the year, net of tax		**83,261**	–
Total comprehensive income for the year		**2,296,247**	3,550,457
Profit attributable to:			
Owners of the Company		**2,193,852**	3,415,230
Non-controlling interests		**19,134**	135,227
		2,212,986	3,550,457
Total comprehensive income attributable to:			
Owners of the Company		**2,272,133**	3,415,230
Non-controlling interests		**24,114**	135,227
		2,296,247	3,550,457
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)	31		
– Basic		**54.71**	84.73
– Diluted		**54.71**	84.73

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Dividends	32	**323,841**	243,065

The notes on pages 68 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share capital and premium RMB'000 (note 18)	Other reserves RMB'000 (note 19)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2011						
Balance at 1 January 2011	3,107,456	378,062	7,393,396	10,878,914	267,664	11,146,578
Comprehensive income						
– Profit for the year	–	–	3,415,230	3,415,230	135,227	3,550,457
– Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	3,415,230	3,415,230	135,227	3,550,457
Transactions with owners						
– Purchase of shares held for share award scheme (note 18 (b))	(55,255)	–	–	(55,255)	–	(55,255)
– Dividends (note 32)	–	–	(241,806)	(241,806)	–	(241,806)
– Capital contribution from non-controlling interests	–	–	–	–	2,000	2,000
– Repurchase of shares of the Company (note 18 (a))	(14,222)	–	–	(14,222)	–	(14,222)
– Employees share option scheme (note 19)	–	17,578	–	17,578	–	17,578
Total transactions with owners	(69,477)	17,578	(241,806)	(293,705)	2,000	(291,705)
Appropriation to statutory reserves (note 19)	–	4,510	(4,510)	–	–	–
Balance at 31 December 2011	3,037,979	400,150	10,562,310	14,000,439	404,891	14,405,330
Year ended 31 December 2012						
Balance at 1 January 2012	**3,037,979**	**400,150**	**10,562,310**	**14,000,439**	**404,891**	**14,405,330**
Comprehensive income						
– Profit for the year	**–**	**–**	**2,193,852**	**2,193,852**	**19,134**	**2,212,986**
– Other comprehensive income for the year	**–**	**78,281**	**–**	**78,281**	**4,980**	**83,261**
Total comprehensive income for the year	**–**	**78,281**	**2,193,852**	**2,272,133**	**24,114**	**2,296,247**
Transactions with owners						
– Dividends (note 32)	**–**	**–**	**(240,580)**	**(240,580)**	**–**	**(240,580)**
– Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**31,371**	**31,371**
– Repurchase of shares of the Company (note 18 (a))	**(2,508)**	**–**	**–**	**(2,508)**	**–**	**(2,508)**
– Employees share option scheme (note 19)	**–**	**9,580**	**–**	**9,580**	**–**	**9,580**
Total transactions with owners	**(2,508)**	**9,580**	**(240,580)**	**(233,508)**	**31,371**	**(202,137)**
Appropriation to statutory reserves (note 19)	**–**	**121**	**(121)**	**–**	**–**	**–**
Balance at 31 December 2012	**3,035,471**	**488,132**	**12,515,461**	**16,039,064**	**460,376**	**16,499,440**

The notes on pages 68 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	33	**746,183**	(1,624,867)
PRC corporate income tax paid		**(258,552)**	(265,430)
PRC land appreciation tax paid		**(249,483)**	(264,291)
Interest paid		**(1,111,462)**	(605,606)
Cash used in operating activities – net		**(873,314)**	(2,760,194)
Cash flows from investing activities			
Purchase of property and equipment		**(96,335)**	(404,106)
Payments of construction fee of investment properties		**(664,312)**	(1,986,112)
Purchase of land use rights		**(41,655)**	(226,955)
Net proceeds from disposals of property and equipment		**9,117**	2,288
Collection of entrusted loans	11(b)	**270,000**	170,000
Entrusted loans to third parties	11(b)	**(270,000)**	(270,000)
Interest income from entrusted loans		**19,894**	8,668
Purchase of available-for-sale financial assets		**(16,304)**	–
Cash advances made to related parties		**–**	(21,933)
Collection of cash advances by related parties		**40,317**	6,508
Disposal of subsidiaries – net of cash disposed		**61,494**	(80,763)
Cash used in investing activities – net		**(687,784)**	(2,802,405)
Cash flows from financing activities			
Repurchase of shares of the Company	18(a)	**(2,508)**	(14,222)
Purchase of shares held for share award scheme		**–**	(55,255)
Capital contributions from non-controlling interests		**31,371**	2,000
Proceeds from borrowings		**5,622,524**	6,756,815
Repayments of borrowings		**(3,946,414)**	(2,869,969)
(Increase)/decrease in guarantee deposits		**(91,227)**	448,172
Distribution of dividends		**(240,580)**	(241,806)
Cash advances from related parties		**351,175**	269,806
Repayments of cash advances to related parties		**(122,456)**	(49,900)
Cash generated from financing activities – net		**1,601,885**	4,245,641
Net increase/(decrease) in cash and cash equivalents		**40,787**	(1,316,958)
Cash and cash equivalents at beginning of the year	17	**1,411,182**	2,739,908
Effect of foreign exchange rate changes		**248**	(11,768)
Cash and cash equivalents at end of the year	17	**1,452,217**	1,411,182

The notes on pages 68 to 142 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Powerlong Real Estate Holdings Limited (the "Company") was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") is principally engaged in property development, property investment, property management, and other property development related services in the People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009.

These financial statements have been approved for issue by the Board of Directors (the "Board") of the Company on 18 March 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss which are carried at fair values.

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

(i) Amended standards adopted by the Group

HKFRS 7 (Amendment)	Financial instruments: Disclosures – Transfers of financial assets
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKAS 12 (Amendment) (note (1))	Deferred tax: Recovery of underlying assets

1. In December 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") amended HKAS 12 "Income taxes", to introduce an exception to the principle for the measurement of deferred income tax assets or liabilities arising on investment properties measured at fair value. HKAS 12 requires an entity to measure the deferred income tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) Amended standards adopted by the Group (continued)

Investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred income tax is not remeasured.

The adoption of the above amended standards did not have any material impact on the consolidated financial statements except for disclosure.

(ii) New and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Financial statements presentation regarding other comprehensive income	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (Revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009–2011 Cycle	1 January 2013
HKFRS 1 (Amendment)	First time adoption on government loans	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

(i) Business combinations

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

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

Accounting for business combinations under HKFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(i) Business combinations (continued)

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

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

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

(iii) Disposal of subsidiaries

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

(iv) Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in jointly controlled entities are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(iv) Jointly controlled entities (continued)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

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

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Renminbi ("RMB"), which is the Company functional and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flows hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance (costs)/income – net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'exchange gains/(losses) – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group entities

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

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses for each consolidated statement of comprehensive income of the group entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20-40 years
Motor vehicles	4-5 years
Furniture, fitting and equipment	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains – net' in the consolidated statement of comprehensive income.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

(g) Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

After initial recognition, investment property is carried at fair value, representing open market value determined at each balance sheet date by external valuers. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

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

Changes in fair values of investment property are recognised as 'fair value gains on investment properties – net' in the consolidated statement of comprehensive income.

Completed properties held for sale are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation reserves, with any remaining decrease charged to the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of non-financial assets

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

(i) 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. Development cost of property comprises cost of land use rights, construction costs, borrowing costs on qualifying assets, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

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

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

(j) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The loans and receivables comprise 'trade and other receivables and loans', 'amounts due from subsidiaries', 'restricted cash' and 'cash and cash equivalents' in the balance sheets (notes (m) and (n)).

(iii) Available-for-sale financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income within 'other (losses)/gains – net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of other income when the group's right to receive payments is established.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(l) Impairment of financial assets

(i) Assets carried at amortised cost

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(ii) Assets classified as available for sale

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

(m) Trade and other receivables and loans and amounts due from subsidiaries

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables and loans and amounts due from subsidiaries is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and loans and amounts due from subsidiaries are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Cash and cash equivalents and restricted cash

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in 'restricted cash'. Restricted cash are excluded from cash and cash equivalents included in the consolidated statement of cash flows.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(q) Borrowings and borrowing costs

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Borrowings and borrowing costs (continued)

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

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

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

(r) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Outside basis differences

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Current and deferred income tax (continued)

(iii) Offsetting

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

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payments

(i) *Equity-settled share-based payment transactions*

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(ii) *Share-based payment transactions among group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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

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

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services, stated net of discounts returns and after eliminating sales within the Group.

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

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as "advances from customers" under current liabilities.

(ii) Rental income

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(iii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(iv) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered and services are rendered.

(v) Retail sales

Sales of goods by department stores are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title has passed.

(vi) Revenue from amusement businesses

Revenue from amusement arcades and other amusement businesses is recognised when relevant services have been rendered and is measured at the entitlement of economic inflows of the Group from the business.

(vii) Construction and decoration services

Revenue arising from construction and decoration service is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(viii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(ix) Dividend income

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

(w) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor), are charged to the profit or loss on a straight-line basis over the period of the lease.

The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the consolidated balance sheet based on the nature of the assets. Lease income is recognised in the profit or loss on a straight line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the owners of the Company.

(y) Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 Financial Instrument: Recognition and Measurement are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk factor

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain cash advance from related parties and borrowings are denominated in foreign currencies. As at 31 December 2012, major non-RMB assets and liabilities are cash and cash equivalents, restricted cash, other payables and borrowings dominated in Hong Kong dollar ("HK$") or US dollar ("US$"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group		Company	
	31 December		31 December	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Monetary assets				
– HK$	**150,776**	256,107	**145,708**	243,320
– US$	**5,740**	4,002	**60**	2,411
	156,516	260,109	**145,768**	245,731
Monetary liabilities				
– HK$	**1,290,701**	1,091,548	**832,681**	973,186
– US$	**1,544,654**	1,574,580	**1,544,654**	1,574,580
	2,835,355	2,666,128	**2,377,335**	2,547,766

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factor (continued)

(i) *Foreign exchange risk (continued)*

The following table shows the sensitivity analysis of a 0.5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year end for a 0.5% change in foreign currency rates. If there is a 0.5% increase/decrease in RMB against the relevant currencies, the effect in the profit for the year is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Increase/(decrease) in profit for the year:				
0.5% increase in RMB against the relevant currencies				
– HK$	**5,700**	4,177	**3,435**	3,649
– US$	**7,695**	7,853	**7,723**	7,861
	13,395	12,030	**11,158**	11,510
0.5% decrease in RMB against the relevant currencies				
– HK$	**(5,700)**	(4,177)	**(3,435)**	(3,649)
– US$	**(7,695)**	(7,853)	**(7,723)**	(7,861)
	(13,395)	(12,030)	**(11,158)**	(11,510)

(ii) *Interest rate risk*

Other than deposit held in banks and entrusted loans to third parties, the Group does not have other significant interest bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flows interest rate risk. At 31 December 2012, if interest rates on bank borrowings had been 0.5% higher/lower with all other variables held constant, interest charges for the year would increase/decrease by RMB52,801,000 (2011: RMB31,039,000), mainly as a result of larger/smaller interest expenses on borrowings at variable rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factor (continued)

(iii) Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, restricted cash, trade and other receivables and loans.

For banks and financial institutions, deposits are only placed with a number of international/national/provincial/municipal financial institutions with sound credit ratings. The receivables from related parties are companies owned by the same ultimate shareholder of the Group of which the possibility of bad debt is low. For the trade receivables arisen from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group also regularly reviews the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in note 34.

For the trade receivables arisen from lease of properties, the Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance, and guarantees provided to third parties. The Group's exposure to credit risk arising from trade receivable is set out in note 11.

(iv) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The directors have prepared cash flows projections for the year ending 31 December 2013. Key assumptions used in the preparation of the cash flows projections include:

(1) Unit selling price in 2013 is not expected to fluctuate significantly from that of 2012. The contracted sales in 2013 are expected to be derived from 20 projects over 16 cities within the PRC.

(2) The Group could continue to obtain new bank borrowings by way of pledging its land use rights and properties to finance the constructions of properties according to the Group's business development plan. As of 31 December 2012, the Group has undrawn borrowing facilities of RMB379,224,000 (note 20).

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factor (continued)

(iv) Liquidity risk (continued)

(3) The Group will closely monitor the cash flows and would adjust the timing of acquiring of new land bank to maintain flexibility towards the uncertainty in the PRC real estate market.

Management seek to effectively manage future cash flows and reduce exposure to unexpected adverse changes in economic conditions through a number of alternative plans, including adjusting development time table to ensure that the Group has available resources to finance projects of the Group, implementing cost control measures, adopting more flexible approach to pricing for property sales, seeking co-developers to jointly develop certain projects, generating additional cash inflows through disposal of certain investment properties at commercially acceptable prices, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements. The Group, will base on its assessment of the relevant future costs and benefits, pursue such plans as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Group					
At 31 December 2012					
Borrowings	**4,200,071**	**4,483,763**	**3,751,233**	**632,909**	**13,067,976**
Trade and other payables	**3,910,015**	**–**	**–**	**–**	**3,910,015**
At 31 December 2011					
Borrowings	3,068,862	2,894,336	4,766,980	941,767	11,671,945
Trade and other payables	3,109,877	–	–	–	3,109,877
The Company					
At 31 December 2012					
Borrowings	**530,834**	**2,045,023**	**1,528,163**	**–**	**4,104,020**
Other payables and accruals	**36,135**	**–**	**–**	**–**	**36,135**
Amounts due to subsidiaries	**490,488**	**–**	**–**	**–**	**490,488**
At 31 December 2011					
Borrowings	433,750	523,769	3,563,387	–	4,520,906
Other payables and accruals	185,193	–	–	–	185,193
Amounts due to subsidiaries	163,749	–	–	–	163,749

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (note 17) and guarantee deposits for issuance of letter of credit for security of bank borrowings included in restricted cash (note 16(c)). Total borrowings comprise senior notes (note 20), bank borrowings (note 20), other borrowings (note 20) and finance lease liabilities (note 20). Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

During the year, the Group's strategy was to maintain a gearing ratio within 40%. The gearing ratios at 31 December 2012 and 2011 were as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Total borrowings (note 20)	**11,054,026**	9,355,855
Less: cash and cash equivalents (note 17)	**(1,452,217)**	(1,411,182)
Less: guarantee deposits for issuance of letter of credit for security of bank borrowings (note 16(c))	**(224,587)**	(126,165)
Net debt	**9,377,222**	7,818,508
Total equity	**16,499,440**	14,405,330
Total capital	**25,876,662**	22,223,838
Gearing ratio	**36.2%**	35.2%

The increase in the gearing ratio during 2012 resulted primarily from the additional bank and other borrowings.

(c) Fair value estimation

The Group has adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2012				
Available-for-sale financial assets	–	–	**16,462**	**16,462**
Financial assets at fair value through profit or loss	**1,750**	–	–	**1,750**
	1,750	–	**16,462**	**18,212**
At 31 December 2011				
Financial assets at fair value through profit or loss	2,524	–	–	2,524

The fair value of the Group's financial assets at fair value through profit or loss as at 31 December 2012 and 2011 is based on quoted market prices at the balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These financial assets at fair value through profit or loss are included in level 1.

The fair value of available-for-sale financial assets is determined by using valuation techniques. These valuation techniques maximise the use-of observable market data where it is available and rely as little as possible on entity-specific estimates. As not all of the significant inputs are based on observable market data, these available-for-sale financial assets are included in level 3.

No transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments for the year ended 31 December 2012.

For the year ended 31 December 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the year ended 31 December 2012, there were no significant reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing these consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Income taxes and deferred taxation (continued)

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

(c) Provisions for properties under development and completed properties held for sale

For the purpose of assessing provision, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of properties under development and completed properties held for sale was assessed according to their recoverable amount based on HKAS 36, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assessment requires the use of judgement and estimates.

As at 31 December 2012, no impairment was provided for properties under development or completed properties held for sale.

(d) Provision for property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property and equipment have been determined based on value-in-use calculations, taking into account latest market information and past experience. These calculation and valuations require the use of judgements and estimates.

(e) Fair value of investment properties

The Group assesses the fair value of its completed investment properties and investment properties under construction based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Fair value of investment properties (continued)

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

(iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from 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.

Investment properties under construction are carried at fair value when is considered to be reliably measurable. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers the factors, mainly but not limited to those set out below:

(i) The provisions of the construction contract
(ii) The stage of completion
(iii) Whether the project/property is standard (typical for the market) or non-standard
(iv) The level of reliability of cash inflows after completion
(v) The development risk specific to the property
(vi) Past experience with similar constructions
(vii) Status of construction permits

Management, after consulting independent qualified valuer, considers that the fair value of certain investment properties under construction as at 31 December 2012 can be measured at a reasonable accurate level. Therefore, these investment properties under construction as at 31 December 2012 were measured at fair value.

The fair value gains from completed investment properties and certain investment properties under construction is disclosed in note 8.

5. SEGMENT INFORMATION

The Board, which is the chief operating decision-maker of the Group, reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management services and other property development related services. As the Board considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

5. SEGMENT INFORMATION (continued)

Revenue consists of sales of properties, rental income of investment properties, income of property management services and other property development related services. Revenue of the year consists of the following:

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Sales of properties	**4,975,660**	4,749,014
Rental income of investment properties	**320,760**	194,879
Income of property management services	**187,620**	89,394
Income of other property development related services	**387,723**	220,740
	5,871,763	5,254,027

The segment results and other segment items included in the profit for the year ended 31 December 2012 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	4,975,660	320,760	254,624	387,723	–	5,938,767
Inter-segment revenue	–	–	(67,004)	–	–	(67,004)
Revenue	4,975,660	320,760	187,620	387,723	–	5,871,763
Segment results	1,603,003	1,924,737	(16,653)	(55,529)	(3,290)	3,452,268
Interest income on entrusted loans (note 25)						19,894
Losses from disposal of subsidiaries (note 25)						(38,451)
Share of post-tax profit of a jointly controlled entity (note 15)						134,079
Unallocated operating costs						(128,103)
Finance costs – net						(29,389)
Profit before income tax						3,410,298
Income tax expense						(1,197,312)
Profit for the year						2,212,986
Depreciation (note 6)	17,861	–	2,622	92,939	–	113,422
Amortisation of land use rights recognised as expenses (note 7)	–	–	–	17,160	–	17,160
Fair value gains on investment properties – net (note 8)	–	1,743,684	–	–	–	1,743,684

5. SEGMENT INFORMATION (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	4,749,014	194,879	156,021	220,740	–	5,320,654
Inter-segment revenue	–	–	(66,627)	–	–	(66,627)
Revenue	4,749,014	194,879	89,394	220,740	–	5,254,027
Segment results	1,728,928	3,681,347	(20,949)	(120,211)	–	5,269,115
Interest income on entrusted loans (note 25)						28,876
Gain from disposal of a subsidiary (note 25)						31,251
Unallocated operating costs						(128,923)
Finance income – net						86,562
Profit before income tax						5,286,881
Income tax expense						(1,736,424)
Profit for the year						3,550,457
Depreciation (note 6)	11,044	–	2,114	60,601	–	73,759
Amortisation of land use rights recognised as expenses (note 7)	–	–	–	8,966	–	8,966
Fair value gains on investment properties – net (note 8)	–	3,559,072	–	–	–	3,559,072

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	**21,534,492**	**18,087,065**	**232,470**	**2,325,537**	**(2,684,709)**	**39,494,855**
Other assets						**712,750**
Total assets						**40,207,605**
Segment liabilities	**5,676,278**	**1,424,920**	**217,595**	**2,307,631**	**(2,684,709)**	**6,941,715**
Other liabilities						**16,766,450**
Total liabilities						**23,708,165**
Capital expenditure	**4,118**	**1,166,402**	**2,027**	**195,795**	**–**	**1,368,342**

Segment assets and liabilities as at 31 December 2011 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	15,829,030	16,409,224	159,219	2,854,117	(2,119,985)	33,131,605
Other assets						872,787
Total assets						34,004,392
Segment liabilities	4,996,214	603,642	184,230	1,858,444	(2,119,985)	5,522,545
Other liabilities						14,076,517
Total liabilities						19,599,062
Capital expenditure	14,837	2,913,385	6,088	736,679	–	3,670,989

5. SEGMENT INFORMATION (continued)

Segment assets are reconciled to total assets as follows:

	31 December 2012 RMB'000	2011 RMB'000
Segment assets	**39,494,855**	33,131,605
Other assets		
Prepaid taxes	**195,964**	122,910
Deferred income tax assets	**167,094**	146,446
Unallocated cash and cash equivalents and restricted cash	**297,944**	519,235
Amounts due from related parties (note 36(d))	**25,369**	65,686
Unallocated property and equipment	**9,232**	8,287
Other corporate assets	**17,147**	10,223
Total assets	**40,207,605**	34,004,392

Segment liabilities are reconciled to total liabilities as follows:

	31 December 2012 RMB'000	2011 RMB'000
Segment liabilities	**6,941,715**	5,522,545
Other liabilities		
Current income tax liabilities	**2,100,335**	1,926,782
Deferred income tax liabilities	**3,009,963**	2,420,330
Current borrowings	**3,322,250**	2,436,001
Non-current borrowings	**7,731,776**	6,919,854
Amounts due to related parties (note 36(d))	**531,425**	302,706
Other corporate liabilities	**70,701**	70,844
Total liabilities	**23,708,165**	19,599,062

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The amounts provided to the Board with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables and cash and cash equivalents.

5. SEGMENT INFORMATION (continued)

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment (note 6), land use rights (note 7) and investment properties (note 8).

6. PROPERTY AND EQUIPMENT – GROUP

	Assets under construction RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2011					
Opening net book amount	398,073	445,568	20,192	40,343	904,176
Additions	307,806	–	28,148	161,496	497,450
Transfer from investment properties (note 8)	297,472	55,640	–	–	353,112
Transfer	(917,075)	917,075	–	–	–
Disposals	–	–	(1,229)	(1,059)	(2,288)
Depreciation	–	(28,645)	(9,802)	(35,312)	(73,759)
Disposal of a subsidiary	–	–	(1,767)	(530)	(2,297)
Closing net book amount	86,276	1,389,638	35,542	164,938	1,676,394
At 31 December 2011					
Cost	86,276	1,427,989	59,842	209,670	1,783,777
Accumulated depreciation	–	(38,351)	(24,300)	(44,732)	(107,383)
Net book amount	86,276	1,389,638	35,542	164,938	1,676,394
Year ended 31 December 2012					
Opening net book amount	**86,276**	**1,389,638**	**35,542**	**164,938**	**1,676,394**
Additions	**121,833**	**–**	**2,747**	**4,073**	**128,653**
Transfer from investment properties (note 8)	**–**	**84,741**	**–**	**–**	**84,741**
Revaluation reserves recognised in other comprehensive income (note (a))	**–**	**14,055**	**–**	**–**	**14,055**
Revaluation losses recognised in other losses (note (a))	**–**	**(221)**	**–**	**–**	**(221)**
Transfers to investment properties (note (a) and note 8)	**–**	**(175,465)**	**–**	**–**	**(175,465)**
Transfer	**(59,692)**	**59,692**	**–**	**–**	**–**
Disposals	**–**	**(2,322)**	**(4,904)**	**(1,891)**	**(9,117)**
Depreciation	**–**	**(70,543)**	**(8,915)**	**(33,964)**	**(113,422)**
Disposal of subsidiaries (note 25(a))	**(9,915)**	**–**	**–**	**(16,737)**	**(26,652)**
Closing net book amount	**138,502**	**1,299,575**	**24,470**	**116,419**	**1,578,966**
At 31 December 2012					
Cost	**138,502**	**1,406,862**	**55,385**	**191,887**	**1,792,636**
Accumulated depreciation	**–**	**(107,287)**	**(30,915)**	**(75,468)**	**(213,670)**
Net book amount	**138,502**	**1,299,575**	**24,470**	**116,419**	**1,578,966**

6. PROPERTY AND EQUIPMENT – GROUP (continued)

(a) During the year ended 31 December 2012, certain owner-occupied properties and related land use rights were transferred to investment properties due to change in use. The difference between fair value and carrying amounts of these properties and land use rights at the date of change in use is recognised on other comprehensive income or other losses, where applicable. The revaluation increase recognised in other comprehensive income and revaluation decrease recognised in other losses are as follows:

	Property and equipment RMB'000	Land use rights RMB'000 (note 7)	Total RMB'000
Revaluation reserves recognised in other comprehensive income	14,055	96,784	110,839
Revaluation losses recognised in other losses (note 25)	(221)	(37,778)	(37,999)

Depreciation charges were included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Cost of sales	**88,320**	55,925
Selling and marketing costs	**1,792**	1,356
Administrative expenses	**23,310**	16,478
	113,422	73,759

As at 31 December 2012, properties and equipment with net book amounts totaling RMB1,075,211,000 (2011: RMB593,793,000), were pledged as collateral for the Group's borrowings (note 20).

Certain equipments of the Group with the net book amount of RMB86,537,000 where the Group was a lessee were held under non-cancellable finance lease agreement. The lease terms are 3 years (note 20).

Borrowing costs of RMB33,570,000 have been capitalised in assets under construction for the year ended 31 December 2012 (2011: RMB30,351,000).

The capitalisation rate of borrowings for the year ended 31 December 2012 is 10.22% (2011: 9.09%).

7. LAND USE RIGHTS – GROUP

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Opening net book amount	**648,722**	108,490
Additions	**73,287**	260,154
Transfer from investment properties (note 8)	**140,452**	289,044
Revaluation reserves recognised in other comprehensive income (note 6(a))	**96,784**	–
Revaluation losses recognised in other losses (note 6(a))	**(37,778)**	–
Transfer to investment properties (note 6(a) and note 8)	**(157,890)**	–
Disposal of subsidiaries (note 25 (a))	**(202,890)**	–
Amortisation charges	**(17,160)**	(8,966)
Ending net book amount	**543,527**	648,722

	31 December	
	2012	2011
	RMB'000	RMB'000
Land use rights are outside Hong Kong, held on leases of:		
Between 10 to 50 years	**543,527**	648,722

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for hotel buildings and other self-use buildings over fixed periods.

As at 31 December 2012, land use rights of RMB104,426,000 (2011: RMB61,963,000) were pledged as collateral for the Group's borrowings (note 20).

8. INVESTMENT PROPERTIES – GROUP

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Year ended 31 December 2011			
At 1 January 2011	8,984,000	1,104,058	10,088,058
Subsequent expenditure on investment properties	294,719	2,618,666	2,913,385
Transfers to property and equipment and land use rights (notes (a), 6, 7)	(183,958)	(458,198)	(642,156)
Fair value gains – net	11,860	3,547,212	3,559,072
Transfers	4,911,074	(4,911,074)	–
Disposal of a subsidiary	–	(893,000)	(893,000)
At 31 December 2011	14,017,695	1,007,664	15,025,359

8. INVESTMENT PROPERTIES – GROUP (continued)

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Year ended 31 December 2012			
At 1 January 2012	14,017,695	1,007,664	15,025,359
Additions through the settlement of prepayments for acquisition of properties (note 36 (b)(iii))	582,000	–	582,000
Subsequent expenditure on investment properties	125,160	459,242	584,402
Transfers from property held for sale	104,237	–	104,237
Transfers from property and equipment and land use rights (note 6, 7)	333,355	–	333,355
Transfers to property and equipment and land use rights (notes (a), 6, 7)	(225,193)	–	(225,193)
Fair value gains – net	669,285	1,074,399	1,743,684
Transfers	589,779	(589,779)	–
At 31 December 2012	16,196,318	1,951,526	18,147,844

(a) During the year, certain properties, previously held for long-term rental yields, have been used for the Group's operations of department stores and amusement businesses, and therefore have been reclassified from investment properties to property and equipment and land use rights.

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 31 December 2012, which have been assessed by Savills Valuation and Professional Services Limited, an independent and professionally qualified valuer.

In respect of the completed investment properties, the valuations are based on capitalisation of the net rental incomes of the property derived from the existing tenancies with due allowance for the reversionary income potential of the property.

In respect of the investment properties under construction measured at fair value, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. The Group has adopted the "Direct Comparison Approach" by making reference to the sales transactions or asking price evidences of comparable properties as available in the market with adjustments made to account for any differences and where appropriate, the basis of capitalisation of estimated net incomes derived from the properties with consideration of the prevailing market yield. The Group has also taken into account various costs, such as construction cost, contingency cost, finance cost and professional fees that will be expended to complete the development as well as the developer's profit to reflect the risks associated with the development of the properties and the quality of the completed developments.

8. INVESTMENT PROPERTIES – GROUP (continued)

The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Rental income (note 5)	**320,760**	194,879
Direct operating expenses arising from investment properties that generate rental income	**(89,525)**	(58,300)
Direct operating expenses that did not generate rental income	**(67,074)**	(25,785)

Investment properties as at 31 December 2012 are held in the PRC on leases between 10 to 50 years (2011: same).

Borrowing costs of RMB80,290,000 have been capitalised in certain investment properties for the year ended 31 December 2012 (2011: RMB101,866,000).

The capitalisation rate of borrowings for the year ended 31 December 2012 is 10.22% (2011: 9.09%).

As at 31 December 2012, investment properties of RMB10,532,320,000 (2011: RMB9,867,943,000) were pledged as collateral for the Group's borrowings (note 20).

Certain equipments affiliated with the investment properties of the Group of RMB132,538,000 where the Group was a lessee were held under non-cancellable finance lease agreement. The lease terms are 3 years (note 20).

The future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Not later than one year	**2,007**	2,007
Later than one year and not later than five years	**6,523**	8,028
Later than five years	**–**	502
	8,530	10,537

9. PROPERTIES UNDER DEVELOPMENT – GROUP

	31 December 2012 RMB'000	2011 RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	**2,162,668**	1,971,783
– Interests capitalised	**1,478,520**	722,351
– Land use rights	**7,148,290**	3,713,113
	10,789,478	6,407,247
Land use rights:		
Outside Hong Kong, held on leases of:		
– Over 50 years	**4,263,070**	2,578,030
– Between 10 to 50 years	**2,885,220**	1,135,083
	7,148,290	3,713,113

The properties under development are all located in the PRC and expected to be completed within an operating cycle.

As at 31 December 2012, properties under development of approximately RMB5,507,786,000 (2011: RMB2,776,827,000) were pledged as collateral for the Group's borrowings (note 20).

The capitalisation rate of borrowings for the year ended 31 December 2012 is 10.22% (2011: 9.09%).

10. COMPLETED PROPERTIES HELD FOR SALE – GROUP

The completed properties held for sale are all located in the PRC.

As at 31 December 2012, completed properties held for sale of approximately RMB1,458,928,000 (2011: RMB818,833,000) were pledged as collateral for the Group's borrowings (note 20).

11. TRADE AND OTHER RECEIVABLES AND LOANS – GROUP

	31 December 2012 RMB'000	2011 RMB'000
Non-current assets:		
Loans and receivables – entrusted loans to third parties (note (b))	**270,000**	–
Current assets:		
Trade receivables (note (a))	**987,888**	733,349
– Related parties (note 36(d))	**78,082**	57,348
– Third parties	**909,806**	676,001
Less: provision for impairment of trade receivables (note (a))	**(19,192)**	–
Trade receivables – net	**968,696**	733,349
Entrusted loans to third parties (note (b))	**–**	270,000
Deposits for acquisition of land use rights	**15,000**	100,000
Other receivables from:	**468,939**	254,092
– Related parties (note 36(d))	**25,369**	65,686
– Third parties	**443,570**	188,406
	1,452,635	1,357,441

(a) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. As at 31 December 2012 and 2011, the ageing analysis of the trade receivables based on invoice date is as follows:

	31 December 2012 RMB'000	2011 RMB'000
Within 90 days	**744,959**	574,285
Over 90 days and within 365 days	**242,929**	159,064
	987,888	733,349

As at 31 December 2012, trade receivables of RMB73,904,000 (2011: RMB55,019,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty. The overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales. The ageing analysis of these trade receivables based on invoice date is as follows:

	31 December 2012 RMB'000	2011 RMB'000
Over 90 days and within 365 days	**73,904**	55,019

11. TRADE AND OTHER RECEIVABLES AND LOANS – GROUP (continued)

(a) (continued)

As of 31 December 2012, trade receivables of RMB55,190,000 were impaired (2011:nill) and provision of RMB19,192,000 were provided. The individually impaired receivables mainly relate to certain lessees of the Group's investment properties, which are in unexpectedly difficult economic situations.

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At 1 January	**–**	–
Provision for receivables impairment	**19,192**	–
At 31 December	**19,192**	–

(b) The entrusted loans are lent to third parties through a finance institution. The effective interest rate as at 31 December 2012 is 7.93% (2011: 8.14%). The loans of RMB200,000,000 and RMB70,000,000 as of 31 December 2012 will mature in February 2014 and May 2014, respectively.

Movements of the entrusted loans are as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At 1 January	**270,000**	170,000
Collection of entrusted loans	**(270,000)**	(170,000)
Addition of entrusted loans	**270,000**	270,000
At 31 December	**270,000**	270,000

(c) As at 31 December 2012 and 2011, the fair value of trade and other receivables and loans approximated their carrying amounts.

(d) Trade and other receivables are interest free. The Group's trade and other receivables and loans are denominated in RMB. Except for those disclosed in note 11(a), no material trade and other receivables and loans were impaired or past due as at 31 December 2012 and 2011.

(e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

12. PREPAYMENTS – GROUP

	31 December 2012 RMB'000	2011 RMB'000
Acquisition of land use rights (note (a))	**1,352,736**	2,974,313
Construction materials – third parties	**18,545**	108,449
Acquisition of properties – a related party (note36(b)(iii))	**–**	600,000
	1,371,281	3,682,762

(a) Payments on land acquisitions will be made in accordance with the payment terms as stipulated in the land acquisition contracts. The relevant land use rights certificates have not been obtained as at 31 December 2012. The land acquisition costs which are contracted but not provided for are included in commitments (note 35(a)).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Year ended 31 December 2012 RMB'000
Unlisted private trust fund:	
Opening amount as at 1 January 2012	–
Additions	**16,304**
Revaluation gain	**158**
Closing amount as at 31 December 2012	**16,462**

14. INTERESTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

	31 December 2012 RMB'000	2011 RMB'000
Non-current portions		
Investments at cost – unlisted shares	**410,005**	410,005
Deemed capital contributions arising from share-based compensation	**63,237**	53,657
Amounts due from subsidiaries	**5,748,082**	5,748,082
	6,221,324	6,211,744
Current portions		
Amounts due from subsidiaries	**1,079,521**	389,964
Amounts due to subsidiaries	**(832,365)**	(163,749)
	247,156	226,215

The amounts due from subsidiaries included in non-current portions are unsecured, interest-free and the Company does not expect repayment in the foreseeable future.

The amounts due from/(to) subsidiaries included under current portions are unsecured, interest-free and repayable on demand.

15. INTERESTS IN AND AMOUNTS DUE TO A JOINTLY CONTROLLED ENTITY

	31 December 2012	2011
Non-current portions		
Interests in a jointly controlled entity (note (a))	**1,012,423**	887,131
Current portions		
Amounts due to a jointly controlled entity (note 36(d))	**239,755**	–

Amounts due to a jointly controlled entity are unsecured, interest-free and repayable on demand.

(a) Interests in a jointly controlled entity

	Year ended 31 December 2012 RMB'000
Share of net assets:	
Opening amount as at 1 January 2012	**887,131**
Share of post-tax profit	**134,079**
Elimination of unrealised profits	**(8,787)**
Closing amount as at 31 December 2012	**1,012,423**

15. INTERESTS IN AND AMOUNTS DUE TO A JOINTLY CONTROLLED ENTITY (continued)

(a) Interest in a jointly controlled entity (continued)

The summarised financial information in respect of the Group's interests in a jointly controlled entity which are accounted for using the equity method is set out below:

	31 December 2012 RMB'000	2011 RMB'000
Assets:		
Non-current assets	**949,037**	895,297
Current assets	**1,729,902**	1,054,203
	2,678,939	1,949,500
Liabilities:		
Non-current liabilities	**737,554**	208,607
Current liabilities	**385,309**	164,270
	1,122,863	372,877
Net assets	**1,556,076**	1,576,623
Less: funds contributed by the joint venture partner of the Group	**(543,653)**	(689,492)
Net assets attributable to the Group	**1,012,423**	887,131

The Group's share of aggregated results of the jointly controlled entity is as follows:

	Year ended 31 December 2012 RMB'000
Fair value gains from investment properties, net of tax	**139,439**
Profit after income tax	**134,079**

The Group's proportionate interest in the jointly controlled entity's commitments and financial guarantee contracts are as follows:

	31 December 2012 RMB'000	2011 RMB'000
Proportionate interest of commitments	**336,536**	371,224
Proportionate interest of financial guarantee contracts	**13,273**	–

There are no other contingent liabilities relating to the Group's interest in the jointly controlled entity, and no other contingent liabilities of the jointly controlled entity itself.

16. RESTRICTED CASH – GROUP

	31 December 2012 RMB'000	2011 RMB'000
Guarantee deposit for construction projects (note (a))	**85,934**	74,710
Guarantee deposit for bank acceptance notes (note (b))	**227,827**	152,323
Guarantee deposits for issuance of letter of credit for security of bank borrowings (note (c))	**224,587**	126,165
Others	**19,631**	54,230
	557,979	407,428
Denominated in:		
– RMB	**553,588**	405,127
– HK$	**4,391**	2,301
	557,979	407,428

(a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

(b) As at 31 December 2012, the Group placed cash deposits of approximately RMB227,827,000 (2011: RMB152,323,000) with designated banks as guarantee for the issuance of bank acceptance notes.

(c) As at 31 December 2012, the Group has placed cash deposits of approximately RMB224,587,000 (31 December 2011: RMB126,165,000) with designated banks as guarantee for the issuance of letter of credit as a security for bank borrowings.

(d) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17. CASH AND CASH EQUIVALENTS

	Group 31 December 2012 RMB'000	Group 31 December 2011 RMB'000	Company 31 December 2012 RMB'000	Company 31 December 2011 RMB'000
Cash at bank and in hand:				
– Denominated in RMB	**1,300,092**	1,153,374	**–**	–
– Denominated in HK$	**146,385**	253,806	**145,708**	243,320
– Denominated in US$	**5,740**	4,002	**60**	2,411
	1,452,217	1,411,182	**145,768**	245,731

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18. SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Total RMB'000
Authorised:							
As at 1 January 2011, 31December 2011 and 31 December 2012		30,000,000,000	300,000,000				
Issued and fully paid:							
As at 1 January 2011		4,068,448,000	40,684,480	36,102	3,100,820	(29,466)	3,107,456
Repurchase of shares of the Company	(a)	(17,369,000)	(173,690)	(141)	(14,081)	–	(14,222)
Purchased shares held for share award scheme	(b)	–	–	–	–	(55,255)	(55,255)
As at 31 December 2011		4,051,079,000	40,510,790	35,961	3,086,739	(84,721)	3,037,979
Repurchase of shares of the Company	(a)	(3,066,000)	(30,660)	(25)	(2,483)	–	(2,508)
As at 31 December 2012		4,048,013,000	40,480,130	35,936	3,084,256	(84,721)	3,035,471

18. SHARE CAPITAL AND PREMIUM (continued)

(a) During the year ended 31 December 2012, the Company repurchased 3,066,000 (2011: 17,369,000) of its own ordinary shares through the Stock Exchange at a consideration of approximately HK$3,055,000 (2011: HK$17,543,000), equivalent to RMB2,508,000 (2011: RMB14,222,000). The shares were cancelled after the repurchase.

(b) Shares held for share award scheme

On 2 December 2010 (the "Adoption Date"), the Board approved and adopted a share award scheme in which a number of selected employees of the Group are entitled to participate (the "Share Award Scheme"). The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administrating the Share Award Scheme. Under the sole discretion of the Board, the Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of six years commencing on the Adoption Date.

As at 31 December 2012, the Share Award Scheme Trust holds 38,353,000 (2011: 38,353,000) shares of the Company.

No expenses or reserves were recognised for the Share Award Scheme as no share of the Company were granted to the employees during the year ended 31 December 2012 (2011: same).

During the year ended 31 December 2012, the Share Award Scheme Trust received cash dividend amounting to RMB2,301,000 (2011: RMB2,301,000) which will be used to pay for the fees of the trust or acquire the Company's own ordinary shares (note 32).

19. OTHER RESERVES

	Group					Company
	Merger reserve RMB'000 (note (a))	Statutory reserves RMB'000 (note (b))	Share option reserve RMB'000 (note (c))	Revaluation reserves RMB'000 (note (d))	Total RMB'000	Share option reserve RMB'000 (note (c))
Balance at 1 January 2011	337,203	4,780	36,079	–	378,062	36,079
Employees share option scheme	–	–	17,578	–	17,578	17,578
Appropriation to statutory reserves	–	4,510	–	–	4,510	–
Balance at 31 December 2011	337,203	9,290	53,657	–	400,150	53,657
Balance at 1 January 2012	**337,203**	**9,290**	**53,657**	**–**	**400,150**	**53,657**
Appropriation to statutory reserves	**–**	**121**	**–**	**–**	**121**	**–**
Employees share option scheme	**–**	**–**	**9,580**	**–**	**9,580**	**9,580**
Revaluation	**–**	**–**	**–**	**104,357**	**104,357**	**–**
Revaluation-tax	**–**	**–**	**–**	**(26,076)**	**(26,076)**	**–**
Balance at 31 December 2012	**337,203**	**9,411**	**63,237**	**78,281**	**488,132**	**63,237**

19. OTHER RESERVES (continued)

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

(b) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

(c) Share option reserve

On 16 September 2009, the Company granted share options to the certain employees of the Group under a share option scheme (the "Pre-IPO Share Option Scheme"), under which the option holders are entitled to acquire aggregate of 40,000,000 shares of the Company at 10% discount to the offer price of HK$2.75 per share upon the listing date.

Particulars of share options as at 31 December 2012 and 2011 are as follows:

Vesting period	Expiry dates	Exercise price	Number of outstanding shares as at 31 December 2012	2011
1 year from 16 September 2009	15 September 2012	HK$2.475	–	6,332,000
2 years from 16 September 2009	15 September 2013	HK$2.475	**5,544,000**	6,332,000
3 years from 16 September 2009	15 September 2014	HK$2.475	**5,544,000**	6,332,000
4 years from 16 September 2009	15 September 2015	HK$2.475	**5,544,000**	6,332,000
5 years from 16 September 2009	15 September 2016	HK$2.475	**5,544,000**	6,332,000
			22,176,000	31,660,000

Movement in the number of share options outstanding is as follows:

	Year ended 31 December 2012	2011
At 1 January	**31,660,000**	35,560,000
Forfeited	**(3,940,000)**	(3,900,000)
Expired	**(5,544,000)**	–
At 31 December	**22,176,000**	31,660,000

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted is HK$2.16 per option, which was determined using the Binomial Model by an independent valuer.

19. OTHER RESERVES (continued)

(d) Other comprehensive income

	Year ended 31 December 2012		
	Revaluation reserves RMB'000	Non-controlling interests RMB'000	Total other comprehensive income RMB'000
Revaluation reserves of property and equipment and land use rights transferred to investment properties – gross (note 6, note 7 and note 8)	104,199	6,640	110,839
Tax charge	(26,050)	(1,660)	(27,710)
	78,149	4,980	83,129
Fair value gains on available-for-sale financial assets – gross (note 13)	158	–	158
Tax charge	(26)	–	(26)
	132	–	132
Total other comprehensive income – net of tax	78,281	4,980	83,261
Total tax charge – deferred income tax			(27,736)

20. BORROWINGS

	Group 31 December 2012 RMB'000	Group 31 December 2011 RMB'000	Company 31 December 2012 RMB'000	Company 31 December 2011 RMB'000
Borrowings included in non-current liabilities:				
Senior notes	**2,882,764**	2,863,823	**2,882,764**	2,863,823
– Senior notes due September 2015 ("2015 Notes") (note (a)(i))	**1,287,259**	1,284,301	**1,287,259**	1,284,301
– Senior notes due March 2014 ("2014 Notes (I)") (note (a)(ii))	**762,824**	753,686	**762,824**	753,686
– Senior notes due September 2014 ("2014 Notes (II)") (note (a)(iii))	**832,681**	825,836	**832,681**	825,836
Bank borrowings	**5,025,145**	4,280,679	**257,395**	290,279
– secured (note (b))	**4,767,750**	3,990,400	**–**	–
– unsecured	**257,395**	290,279	**257,395**	290,279
Other borrowings-secured (note (c))	**1,580,000**	893,057	**–**	–
Finance lease liabilities – secured (note (d))	**169,743**	–	**–**	–
Less: amounts due within one year	**(1,925,876)**	(1,117,705)	**(243,321)**	(146,899)
	7,731,776	6,919,854	**2,896,838**	3,007,203
Borrowings included in current liabilities:				
Bank borrowings	**1,155,580**	1,083,934	**–**	–
– secured (note (b))	**970,580**	898,934	**–**	–
– unsecured	**185,000**	185,000	**–**	–
Other borrowings	**240,794**	234,362	**–**	–
– secured (note (c))	**185,127**	214,362	**–**	–
– unsecured	**55,667**	20,000	**–**	–
Current portion of long-term borrowings	**1,925,876**	1,117,705	**243,321**	146,899
	3,322,250	2,436,001	**243,321**	146,899
Total borrowings	**11,054,026**	9,355,855	**3,140,159**	3,154,102

20. BORROWINGS (continued)

(a) Senior notes

(i) *2015 Notes*

On 16 September 2010, the Company issued 13.75%, 5 years senior notes, with an aggregated nominal value of US$200,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to US$194,800,000 (equivalent to approximately RMB1,308,511,000). The 2015 Notes is denominated in US$.

The 2015 Notes recognised in the balance sheet are calculated as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At 1 January	**1,284,301**	1,344,658
Interest expenses and amortisation of issuance costs	**191,238**	190,033
Repayment of interest	**(184,723)**	(184,723)
Foreign exchange gain	**(3,557)**	(65,667)
At 31 December	**1,287,259**	1,284,301

(ii) *2014 Notes (I)*

On 17 March 2011, the Company issued 11.5%, 3 years senior notes, with an aggregated nominal value of RMB750,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to US$110,763,000 (equivalent to approximately RMB722,193,000). The 2014 Notes (I) is denominated in RMB.

The 2014 Notes (I) recognised in the balance sheet are calculated as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At 1 January	**753,686**	–
Fair value at the date of issuance	**–**	722,193
Interest expenses and amortisation of issuance costs	**95,388**	74,618
Repayment of interest	**(86,250)**	(43,125)
At 31 December	**762,824**	753,686

20. BORROWINGS (continued)

(a) Senior notes (continued)

(iii) 2014 Notes (II)

On 8 September 2011, the Company issued 13.8%, 3 years senior notes, with an aggregated nominal value of HK$1,000,000,000 at face value to a financial institution. The net proceeds, after deducting the issuance costs, amounted to HK$973,124,000 (equivalent to approximately RMB797,680,000). The 2014 Notes (II) is denominated in HK$.

The 2014 Notes (II) recognised in the balance sheet are calculated as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At 1 January	**825,836**	–
Fair value at the date of issuance	**–**	797,680
Interest expenses and amortisation of issuance costs	**119,937**	37,334
Foreign exchange loss/(gain)	**28**	(9,178)
Repayment of interest	**(113,120)**	–
At 31 December	**832,681**	825,836

The 2014 Notes (II) are secured by pledges of the shares of the Company held by certain shareholders of the Company (note 36(b)(ii)).

(b) Bank borrowings – secured

As at 31 December 2012, the borrowings of RMB5,738,330,000 (2011: RMB4,889,334,000) were secured by property and equipment (note 6), land use rights (note 7), investment properties (note 8), properties under development (note 9), completed properties held for sale (note 10) and restricted cash (note 16); the secured borrowings of RMB679,800,000 (2011: RMB499,500,000) were additionally guaranteed by certain related parties (note 36).

(c) Other borrowings – secured

As at 31 December 2012, borrowings from other financial institutions of RMB1,765,127,000 (2011: RMB1,107,419,000) were secured by land use rights (note 7), investment properties (note 8), properties under development (note 9) and completed properties held for sale (note 10).

(d) Finance lease liabilities – secured

During the year ended 31 December 2012, the Group has entered into a sale and lease back agreement with an independent third party for certain machinery and equipment installed in the Group's property and equipment (note 6) and investment properties (note 8). The lease period is three years and the Group has an option to take up the machinery and equipment at the end of the lease period at nil consideration. This transaction was treated as a finance lease and thus, the machinery and equipment has not been derecognised, the present value of total lease payments was recognised as borrowings – finance lease liabilities of the Group and the finance charges of the finance lease are calculated under the effective interest method and recognised as finance costs of the Group.

20. BORROWINGS (continued)

(d) Finance lease liabilities – secured (continued)

The present value of finance lease liabilities is as follows:

	31 December 2012 RMB'000
No later than 1 year	**64,065**
Later than 1 year and not later than 3 years	**105,678**
	169,743

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier at the end of the year are as follows:

The Group

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
At 31 December 2012	**680,712**	**3,118,729**	**3,932,335**	**–**	**7,731,776**
At 31 December 2011	1,423,401	2,204,250	3,292,203	–	6,919,854
Borrowings included in current liabilities:					
At 31 December 2012	**1,691,616**	**1,630,634**	**–**	**–**	**3,322,250**
At 31 December 2011	1,159,895	1,276,106	–	–	2,436,001

The Company

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
At 31 December 2012	**–**	**125,180**	**2,771,658**	**–**	**2,896,838**
At 31 December 2011	–	–	3,007,203	–	3,007,203
Borrowings included in current liabilities:					
At 31 December 2012	**111,106**	**132,215**	**–**	**–**	**243,321**
At 31 December 2011	110,614	36,285	–	–	146,899

20. BORROWINGS (continued)

The carrying amounts and fair value of the non-current borrowings are as follows:

The Group

	31 December 2012 Carrying amount RMB'000	31 December 2012 Fair Value RMB'000	31 December 2011 Carrying amount RMB'000	31 December 2011 Fair Value RMB'000
2015 Notes (note (i))	**1,236,645**	**1,320,860**	1,233,842	841,221
2014 Notes (I) (note (i))	**737,569**	**730,907**	728,569	503,474
2014 Notes (II) (note (ii))	**797,444**	**797,444**	790,798	790,798
Bank borrowings (note (ii))	**3,799,440**	**3,799,440**	3,786,645	3,786,215
Other borrowings (note (ii))	**1,055,000**	**1,092,652**	380,000	380,000
Finance lease liabilities (note (ii))	**105,678**	**105,678**	–	–
	7,731,776	**7,846,981**	6,919,854	6,301,708

The Company

	31 December 2012 Carrying amount RMB'000	31 December 2012 Fair Value RMB'000	31 December 2011 Carrying amount RMB'000	31 December 2011 Fair Value RMB'000
2015 Notes (note (i))	**1,236,645**	**1,320,860**	1,233,842	841,221
2014 Notes(I) (note (i))	**737,569**	**730,907**	728,569	503,474
2014 Notes(II) (note (ii))	**797,444**	**797,444**	790,798	790,798
Bank Borrowings (note (ii))	**125,180**	**125,180**	253,994	253,994
	2,896,838	**2,974,391**	3,007,203	2,389,487

(i) The fair values are determined directly by references to the price quotations published by Singapore Exchange Limited on 31 December 2012, the last dealing date of 2012.

(ii) The fair values are estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the balance sheet date.

20. BORROWINGS (continued)

The maturity of the borrowings included in non-current liabilities is as follows:

	Senior notes RMB'000	Bank borrowings RMB'000	Other borrowings RMB'000	Finance lease liabilities RMB'000	Total RMB'000
The Group					
As at 31 December 2012					
1–2 years	**1,535,013**	**1,159,443**	**1,055,000**	**69,109**	**3,818,565**
2–5 years	**1,236,645**	**2,031,717**	**–**	**36,569**	**3,304,931**
Over 5 years	**–**	**608,280**	**–**	**–**	**608,280**
	2,771,658	**3,799,440**	**1,055,000**	**105,678**	**7,731,776**
As at 31 December 2011					
1–2 years	–	1,909,737	380,000	–	2,289,737
2–5 years	2,753,209	1,097,608	–	–	3,850,817
Over 5 years	–	779,300	–	–	779,300
	2,753,209	3,786,645	380,000	–	6,919,854
The Company					
As at 31 December 2012					
1–2 years	**1,535,013**	**125,180**	**–**	**–**	**1,660,193**
2–5 years	**1,236,645**	**–**	**–**	**–**	**1,236,645**
	2,771,658	**125,180**	**–**	**–**	**2,896,838**
As at 31 December 2011					
1–2 years	–	130,626	–	–	130,626
2–5 years	2,753,209	123,368	–	–	2,876,577
	2,753,209	253,994	–	–	3,007,203

20. BORROWINGS (continued)

The effective interest rate of borrowings as at 31 December 2012 is as follows:

	Group 31 December		Company 31 December	
	2012	2011	**2012**	2011
2015 Notes	**15.02%**	15.02%	**15.02%**	15.02%
2014 Notes (I)	**13.46%**	13.46%	**13.46%**	13.46%
2014 Notes (II)	**15.50%**	15.50%	**15.50%**	15.50%
Bank and other borrowings	**8.59%**	7.76%	**4.71%**	4.77%
Finance lease liabilities	**7.90%**	–	**–**	–

The carrying amounts of borrowings are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
RMB	**8,477,441**	6,837,077	**762,824**	753,686
HK$	**1,031,931**	944,198	**832,681**	825,836
US$	**1,544,654**	1,574,580	**1,544,654**	1,574,580
	11,054,026	9,355,855	**3,140,159**	3,154,102

As at 31 December 2012, the Group has the following undrawn borrowing facilities:

	Group 31 December	
	2012 RMB'000	2011 RMB'000
Floating rate:		
– expiring within 1 year	**265,940**	288,900
– expiring beyond 1 year	**80,572**	700,750
Fixed rate:		
– expiring within 1 year	**32,712**	85,638
	379,224	1,075,288

21. DEFERRED INCOME TAX – GROUP

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 December 2012 RMB'000	2011 RMB'000
Deferred income tax assets		
– to be realised after more than 12 months	**87,831**	58,449
– to be realised within 12 months	**79,263**	87,997
	167,094	146,446
Deferred income tax liabilities to be settled after more than 12 months	**(3,009,963)**	(2,420,330)
Deferred income tax liabilities – net	**(2,842,869)**	(2,273,884)

The gross movement on the deferred income tax is as follows:

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Beginning of the year	**(2,273,884)**	(1,526,848)
Disposal of subsidiaries (note 25)	**(2,342)**	–
Tax charged in consolidated income statement (note 29)	**(538,907)**	(747,036)
Tax charge relating to components of other comprehensive income (note 19)	**(27,736)**	–
End of the year	**(2,842,869)**	(2,273,884)

21. DEFERRED INCOME TAX – GROUP (continued)

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

Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2011	41,335	34,179	75,514
Credited to consolidated statement of comprehensive income	8,283	63,079	71,362
At 31 December 2011	49,618	97,258	146,876
Disposal of subsidiaries (note 25)	**–**	**(2,342)**	**(2,342)**
Tax credited/(charged) to consolidated income statement	**75,470**	**(1,867)**	**73,603**
At 31 December 2012	**125,088**	**93,049**	**218,137**

Deferred income tax liabilities

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Temporary difference on revaluation gains of investment properties RMB'000	Temporary difference on revaluation reserves recognised in other comprehensive income RMB'000	Total RMB'000
At 1 January 2011	–	(1,602,362)	–	(1,602,362)
Tax charged to consolidated statement of comprehensive income	–	(818,398)	–	(818,398)
At 31 December 2011	–	(2,420,760)	–	(2,420,760)
Tax charged to consolidated income statement	**(2,317)**	**(610,193)**	**–**	**(612,510)**
Tax charge relating to components of other comprehensive income (note 19(d))	**–**	**–**	**(27,736)**	**(27,736)**
At 31 December 2012	**(2,317)**	**(3,030,953)**	**(27,736)**	**(3,061,006)**

Deferred income tax assets are recognised for tax losses carry forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB54,267,000 (2011: nil) in respect of losses amounting to RMB217,856,000 (2011: nil) that can be carried forward against future taxable income. The losses will expire in 2018.

22. TRADE AND OTHER PAYABLES

	Group 31 December 2012 RMB'000	Group 31 December 2011 RMB'000	Company 31 December 2012 RMB'000	Company 31 December 2011 RMB'000
Trade payables	**2,040,328**	2,125,387	**–**	–
– Related parties (note 36(d))	**19,097**	21,322	**–**	–
– Third parties	**1,631,871**	1,708,133	**–**	–
– Notes payables – third parties	**389,360**	395,932	**–**	–
Other payables and accruals:	**1,375,241**	667,327	**36,135**	185,193
– Related parties (note 36(d))	**531,425**	302,706	**32,900**	180,250
– Third parties	**843,816**	364,621	**3,235**	4,943
Payables for retention fee	**169,959**	159,173	**–**	–
Payables for acquisition of land use rights	**166,834**	53,834	**–**	–
Other taxes payables	**157,653**	104,156	**–**	–
	3,910,015	3,109,877	**36,135**	185,193

As at 31 December 2012, the ageing analysis of trade payables of the Group based on invoice date is as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	**827,822**	881,433
Over 90 days and within 180 days	**483,972**	474,347
Over 180 days and within 365 days	**226,616**	235,303
Over 365 days and within 3 years	**501,918**	534,304
	2,040,328	2,125,387

23. CURRENT INCOME TAX LIABILITIES – GROUP

The current income tax liabilities are analysed as follows:

	31 December 2012 RMB'000	2011 RMB'000
Current income tax liabilities		
– PRC corporate income tax payable	**965,850**	968,572
– Withholding income tax for the profits to be distributed from the group companies in the PRC	**107,711**	71,729
– PRC land appreciation tax payable	**1,026,774**	886,481
	2,100,335	1,926,782

24. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Cost of properties sold (excluding staff costs)	**2,595,218**	2,267,084
Staff costs (including directors' emoluments) (note 27)	**404,599**	370,867
Business taxes and other levies (note (a))	**343,697**	301,089
Cost of hotel operations	**169,533**	106,614
Advertising costs	**118,433**	117,127
Depreciation (note 6)	**113,422**	73,759
Cost of property management service	**58,776**	36,456
Amortisation of land use rights	**17,160**	8,966
Office lease payments	**13,227**	12,908
Donations to governmental charities	**7,806**	25,913
Auditors' remuneration	**4,800**	6,484

(a) Business taxes

The group entities established in the PRC are subject to business taxes on their revenue at the following rates:

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Rental income	5%
Property management	5%
Hotel service	5%

25. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Interest income on entrusted loans (note 11(b))	**19,894**	28,876
(Losses)/gains from disposal of subsidiaries (note (a))	**(38,451)**	31,251
Revaluation loss recognised on transfer of property and equipment and land use rights to investment properties (note 6(a))	**(37,999)**	–
Gains on financial assets at fair value through profit or loss	**116**	115
	(56,440)	60,242

Note (a)

(i) **Disposal of a property development company**

On 25 May 2012, the Group disposed of 100% equity interest in a wholly owned subsidiary in the PRC to a third party at a consideration of RMB64,482,000. Details of net assets disposed of and loss on the disposal are as follows:

	RMB'000
Net assets disposed of:	
Property and equipment (note 6)	9,915
Land use rights (note 7)	202,890
Deferred income tax assets (note 21)	1,706
Amounts due to the Group	(111,578)
Net assets	102,933
Consideration	64,482
Less: net assets disposed of	(102,933)
Loss on the disposal of a subsidiary	(38,451)

(ii) **Disposal of certain subsidiaries involving in amusement business**

On 31 July 2012, the Group disposed of 100% equity interest in certain wholly owned subsidiaries involving in amusement business in the PRC to certain third parties at aggregate considerations of RMB27,412,000. Details of aggregate net assets disposed of are as follows:

	RMB'000
Net assets disposed of:	
Property and equipment (note 6)	16,737
Deferred income tax assets (note 21)	636
Prepayments	316
Trade and other receivables and loans	11,801
Cash and cash equivalents	2,988
Trade and other payables	(4,372)
Advances from customers	(660)
Current income tax liabilities	(34)
Net assets	27,412
Considerations	27,412
Less: net assets disposed of	(27,412)
	–

26. EXCHANGE GAINS/(LOSSES) – NET

Amount mainly represents the gain or loss of translation of financial assets and liabilities, which are denominated in foreign currency, into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the finance (costs)/income – net (note 28).

27. STAFF COSTS

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Wages and salaries	**330,490**	304,973
Pension costs – statutory pension	**42,106**	35,485
Other staff welfare and benefits	**22,423**	12,831
Pre-IPO Share Option Scheme	**9,580**	17,578
	404,599	370,867

(a) Directors' emoluments

The directors' emoluments borne by the Group during the years are as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Wages and salaries	**999**	1,226
Retirement scheme contributions	**22**	52
Fee	**1,853**	2,100
Pre-IPO Share Option Scheme	**3,693**	5,897
	6,567	9,275

27. STAFF COSTS (continued)

(a) Directors' emoluments (continued)

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

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Pre-IPO Share Option Scheme RMB'000	Total RMB'000
Executive directors					
Mr. Hoi	**480**	**–**	**240**	**1,929**	**2,649**
Mr. Hoi Wa Fong	**240**	**–**	**240**	**606**	**1,086**
Mr. Xiao Qing Ping	**236**	**15**	**240**	**496**	**987**
Ms. Shih Sze Ni	**–**	**–**	**240**	**331**	**571**
Non-executive directors					
Ms. Liu Xiao Lan (note a)	**43**	**7**	**162**	**331**	**543**
Ms. Hoi Wa Fan	**–**	**–**	**146**	**–**	**146**
Independent non-executive directors					
Mr. Ngai Wai Fung	**–**	**–**	**195**	**–**	**195**
Mr. Mei Jian Ping	**–**	**–**	**195**	**–**	**195**
Ms. Nie Mei Sheng	**–**	**–**	**195**	**–**	**195**
	999	**22**	**1,853**	**3,693**	**6,567**

Note a: Ms. Liu Xiao Lan re-designated as an non-executive director from 1 April 2012.

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

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Pre-IPO Share Option Scheme RMB'000	Total RMB'000
Executive directors					
Mr. Hoi	480	–	240	3,081	3,801
Mr. Hoi Wa Fong	240	–	240	968	1,448
Mr. Xiao Qing Ping	236	12	240	792	1,280
Ms. Liu Xiao Lan	258	40	240	528	1,066
Ms. Shih Sze Ni	12	–	240	528	780
Non-executive director					
Ms. Hoi Wa Fan	–	–	180	–	180
Independent non-executive directors					
Mr. Ngai Wai Fung	–	–	240	–	240
Mr. Mei Jian Ping	–	–	240	–	240
Ms. Nie Mei Sheng	–	–	240	–	240
	1,226	52	2,100	5,897	9,275

During the year ended 31 December 2012, none of the directors of the Company waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2012 (2011: same).

27. STAFF COSTS (continued)

(b) Amount due from a director and entities ultimately controlled by the director

Particulars of amounts due from a director of the Company and entities ultimately controlled by the director disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	31 December		Maximum amount outstanding for the year ended 31 December	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Related entities ultimately controlled by Mr. Hoi (note 36(d))	**90,349**	690,111	**684,529**	690,111

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including three (2011: same) directors whose emoluments are reflected in the analysis presented above. The aggregate amounts of emoluments of the remaining two (2011: same) individuals for the years are set out below:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Wages and salaries	**1,504**	1,600
Retirement scheme contributions	**52**	51
Pre-IPO Share Option Scheme	**441**	1,056
	1,997	2,707

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands (in HK$)		
HK$1,000,000 – HK$1,500,000	**2**	1
HK$1,500,000 – HK$2,000,000	**–**	1

(d) During the year ended 31 December 2012, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2011: same).

27. STAFF COSTS (continued)

(e) Pensions – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

Details of the retirement scheme contributions for the employees, which have been dealt with in the consolidated statement of comprehensive income of the Group for the year, are as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Gross scheme contributions	**42,106**	35,485

28. FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Interest expenses:		
– Bank borrowings, other borrowings and finance lease liabilities	**(731,532)**	(481,677)
– Senior notes	**(406,563)**	(301,985)
Less: interest capitalised	**1,104,134**	764,699
	(33,961)	(18,963)
Net foreign exchange gains on financing activities	**4,572**	105,525
	(29,389)	86,562

29. INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Current tax:		
– PRC corporate income tax	**266,763**	450,809
– PRC land appreciation tax	**355,660**	524,273
– Withholding income tax for profits to be distributed from the group companies in the PRC	**35,982**	14,306
Deferred income tax:		
– PRC corporate income tax	**538,907**	747,036
	1,197,312	1,736,424

The tax charge on other comprehensive income has been disclosed in note19 (d).

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Profit before income tax	**3,410,298**	5,286,881
Calculated at applicable corporate income tax rate	**796,355**	1,304,681
Effect of expenses not deductible for income tax	**78,626**	50,613
Effect of income not subject to income tax	**(1,143)**	(26,381)
A jointly controlled entity's result reported net of tax	**(33,520)**	–
Tax losses for which no deferred income tax asset was recognised	**54,267**	–
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(88,915)**	(131,068)
	805,670	1,197,845
Withholding income tax for profits to be distributed by certain group companies in the PRC	**35,982**	14,306
PRC land appreciation tax	**355,660**	524,273
	1,197,312	1,736,424

29. INCOME TAX EXPENSE (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), which is effective from 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%. Under the CIT Law, the corporate income tax rate applicable to certain of the group entities established and operated in Xiamen Special Economic Zone is gradually increased from 15% to 25% in a transitional period of five years starting from 1 January 2008. The applicable tax rate for 2012 is 25% (2011: 24%).

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

30. RETAINED EARNINGS OF THE COMPANY

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
As at 1 January	**252,759**	262,150
Profit for the year	**329,368**	232,415
Dividends (note 32)	**(242,881)**	(241,806)
As at 31 December	**339,246**	252,759

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held for Share Award Scheme (note 18 (b)).

	Year ended 31 December	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	**2,193,852**	3,415,230
Weighted average number of ordinary shares in issue (thousand shares)	**4,009,786**	4,030,607
Basic earnings per share (RMB cents per share)	**54.71**	84.73

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: Pre-IPO Share Option Scheme and Share Award Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options under the two schemes. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the two schemes.

For the year ended 31 December 2012, as the average market share price of the ordinary shares during the year was lower than the subscription price, the diluted earnings per share was equal to the basic earnings per share (2011: same).

32. DIVIDENDS

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Proposed final dividend of RMB8.00 cents (2011: RMB6.00 cents) per ordinary share	**323,841**	243,065

2011 final cash dividend amounting to RMB242,881,000 (2010: RMB244,107,000) has been approved by Annual General Meeting on 18 May 2012 and subsequently paid in July 2012. The net dividends of RMB240,580,000, after deducting dividend of RMB2,301,000 paid to the Share Award Scheme Trust (note 18 (b)), is treated as transaction with owners in the consolidated statement of changes in equity for the year ended 31 December 2012.

The directors recommended the payment of a final dividend of RMB8.00 cents per ordinary share, totaling RMB323,841,000 based on the ordinary shares in issue as of 31 December 2012. Such dividend is subject to approval by the shareholders at the Annual General Meeting on 20 May 2013. These consolidated financial statements do not reflect this dividend payable.

33. CASH GENERATED FROM/(USED IN) OPERATIONS – GROUP

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Profit before taxation	**3,410,298**	5,286,881
Adjustments for:		
Depreciation (note 6)	**113,422**	73,759
Amortisation of land use rights recognised as expense (note 7)	**17,160**	8,966
Fair value gains on investment properties – net (note 8)	**(1,743,684)**	(3,559,072)
Share of post-tax profit of a jointly controlled entity (note 15)	**(134,079)**	–
Elimination of unrealised profits (note 15)	**8,787**	–
Revaluation loss recognised on transfer of property and equipment and land use rights to investment properties (note 25)	**37,999**	–
Pre-IPO Share Option Scheme (note 19)	**9,580**	17,578
Interest income on entrusted loan (note 25)	**(19,894)**	(28,876)
Losses/(gains) from disposal of subsidiaries (note 25 (a))	**38,451**	(31,251)
Finance costs/(income) – net (note 28)	**29,389**	(86,562)
Foreign exchange (gains)/losses on cash and cash equivalents	**(248)**	11,768
Changes in operating capital:		
– Properties under construction and completed properties held for sale	**(3,917,333)**	(4,770,559)
– Restricted cash	**(59,324)**	406,445
– Trade and other receivables and loans	**(278,322)**	(161,507)
– Prepayments	**1,796,543**	72,055
– Financial assets at fair value through profit or loss	**774**	19,074
– Trade and other payables	**588,396**	743,561
– Advances from customers	**848,268**	372,873
Cash generated from/(used in) operation	**746,183**	(1,624,867)

34. FINANCIAL GUARANTEE CONTRACTS – GROUP

The face value of the financial guarantees issued by the Group is analysed as below:

	31 December 2012 RMB'000	2011 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,723,131**	2,995,056

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan 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 accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors of the Company are of the view that the fair value of financial guarantees is not significant.

35. COMMITMENTS – GROUP

(a) Commitments for property development expenditures

	31 December 2012 RMB'000	2011 RMB'000
Contracted but not provided for		
– Property development activities	**2,291,304**	3,907,013
– Acquisition of land use rights	**407,211**	1,205,200
	2,698,515	5,112,213

(b) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	31 December 2012 RMB'000	2011 RMB'000
– Not later than one year	**11,227**	13,227
– Later than one year and not later than two years	**11,227**	727
– Later than two years and not later than three years	**10,719**	–
	33,173	13,954

36. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Skylong Holdings Limited	The ultimate holding company of the Group (incorporated in Cayman Islands)
The Controlling Shareholders, including Mr. Hoi, Ms. Wang Lai Jan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	Ultimate controlling shareholders of the Company and their close family member, Mr. Hoi, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and fully owned subsidiary of Mr. Hoi Wa Fong
Xiamen Powerlong Group 寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi
Macau Powerlong Group 澳門寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Ultimately controlled by Mr. Hoi
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Ultimately controlled by Mr. Hoi
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊發展有限公司	Ultimately controlled by Mr. Hoi
Qingdao BaoZhan New World Industry Co., Ltd. 青島寶展世新實業有限公司 (previously named as Qingdao Kingcity Outlets Business Company Limited 青島康城奧特萊斯購物中心有限公司)	Ultimately controlled by Mr. Hoi
Fuzhou Cannes Department Store Company Limited 福州康城百貨有限公司	Ultimately controlled by Mr. Hoi
Zhengzhou Powerlong Food & Beverage Company Limited 鄭州食全食美餐飲管理有限公司	Ultimately controlled by Mr. Hoi
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Ultimately controlled by Mr. Hoi
Zhengzhou Cannes Outlets Commercial Company Limited 鄭州康城奧特萊斯商業有限公司	Ultimately controlled by Mr. Hoi
Xiamen Powerlong Hotel 廈門寶龍大酒店有限公司	Ultimately controlled by Mr. Hoi
Great Merchant Limited 弘商有限責任公司	Ultimately controlled by Mr. Hoi
Tianjin Powerlong Jinjun Real Estate Co., Ltd. ("Tianjin Powerlong") 天津寶龍金駿房地產開發有限公司	Jointly controlled by the Group

36. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

(i) During the year ended 31 December 2012, the Group had the following significant transactions with related parties:

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Rental income		
– Qingdao Powerlong Amusement Management Company Limited	**13,501**	13,501
– Zhengzhou Cannes Outlets Commercial Company Limited	**–**	6,438
– Fuzhou Powerlong Amusement Management Company Limited	**2,308**	2,429
	15,809	22,368
Property management fee income		
– Related entities ultimately controlled by Mr. Hoi	**1,749**	2,806
Purchase of office equipment and security intelligentisation system services from related parties		
– Xiamen Powerlong Information Industry Co., Ltd.	**437**	922
– Fujian Ping An Security Devices and Network Limited	**36,539**	61,083
	36,976	62,005
Hotel accommodation service fee charged by a related party		
– Macau Powerlong Group	**684**	700
Office lease expense charged by a related party		
– Xiamen Powerlong Information Industry Co., Ltd.	**1,485**	1,485
Sales of construction materials to a related party		
– Tianjin Powerlong	**45,405**	–
Consultation services provided to a related party		
– Tianjin Powerlong	**14,586**	–

The above transactions were charged in accordance with the terms of the underlying agreements.

(ii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB679,800,000 and senior notes of RMB832,681,000 at 31 December 2012 (2011: bank borrowings of RMB499,500,000 and senior notes of RMB825,836,000) (note 20).

36. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

(iii) On 5 December 2008, the Group entered into an agreement with Powerlong Group Development Co., Ltd. to acquire certain properties with gross floor areas ("GFA") of 58,265 square meters in Mingfa Centre (the "Mingfa Properties") from Powerlong Group Development Co., Ltd. at a consideration of RMB600,000,000. The consideration paid by the Group was treated as prepayment for acquisition of properties (the "Prepayment"). On 31 December 2012, upon mutual agreement between the Group and Xiamen Powerlong Group, GFA of 56,517 square meters of the Mingfa Properties have been transferred to the Group. The remaining GFA of 1,748 square meters not transferred to the Group was compensated by Xiamen Powerlong Group at a consideration of RMB18,000,000 which was equivalent to the Prepayment proportionate to the GFA of 1,748 square meters. The Group holds the transferred properties as investment properties as of 31 December 2012.

(iv) In the opinion of the directors of the Company, the related party transactions were conducted in the ordinary course of business.

(c) Key management compensation

Key management compensation for the year ended 31 December 2012 is set out below.

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Key management compensation		
– Salaries and other employee benefits	**12,124**	14,982
– Pension costs	**427**	276
	12,551	15,258

36. RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

As at 31 December 2012, the Group had the following material balances with related parties:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Amounts due from related parties included in trade receivables (note (i))		
– Qingdao Powerlong Amusement Management Company Limited	**40,243**	32,679
– Zhengzhou Cannes Outlets Commercial Company Limited	**15,713**	15,713
– Fuzhou Powerlong Amusement Management Company Limited	**3,172**	3,104
– Qingdao BaoZhan New World Industry Co. Ltd.	**2,678**	2,678
– Tianjin Powerlong	**13,102**	–
– Other related entities ultimately controlled by Mr. Hoi	**3,174**	3,174
	78,082	57,348
Amounts due from related parties included in other receivables (note (ii))		
– Related entities ultimately controlled by Mr. Hoi	**25,369**	32,763
– Powerlong Group Development Co., Ltd.	**21,376**	21,376
– Zhengzhou Cannes Outlets Commercial Company Limited	**1,161**	3,680
– Qingdao Powerlong Amusement Management Company Limited	**1,461**	1,566
– Other related entities ultimately controlled by Mr. Hoi	**1,371**	6,141
– Tianjin Powerlong	**–**	32,923
	25,369	65,686

36. RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties (continued)

	31 December 2012 RMB'000	2011 RMB'000
Amounts due to related parties included in trade payables (note (i)):		
– Fujian Ping An Security Devices and Network Limited	**17,386**	19,614
– Other related entities ultimately controlled by Mr. Hoi	**1,711**	1,708
	19,097	21,322
Amounts due to related parties included in other payables (note (ii)):		
– Great Merchant Limited (note (iii))	**258,770**	147,350
– Tianjin Powerlong	**239,755**	–
– Mr. Hoi	**32,900**	32,900
– Powerlong Group Development Co., Ltd.	**–**	113,851
– Other related entities ultimately controlled by Mr. Hoi	**–**	8,605
	531,425	302,706
Senior notes held by a related party (note (iv)):		
– Sky Infinity Holdings Limited	**36,687**	30,181

(i) Amounts due from/to related parties included in trade receivables/payables are mainly derived from rental income and purchase of construction materials, which are unsecured, interest-free and to be settled according to contract terms.

(ii) Amounts due from/to related parties included in other receivables/payables are unsecured, interest-free and repayable on demand, which are cash advances in nature.

(iii) The Group has subsequently fully repaid the amounts due to Great Merchant Limited in January 2013.

(iv) Sky Infinity Holdings Limited has purchased certain 2015 Notes issued by the Company through open market. The carrying amount of the 2015 Notes held by Sky Infinity Holdings Limited was RMB36,687,000 as at 31 December 2012 (31 December 2011: RMB30,181,000).

37. PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY OF THE COMPANY

Details of the principal subsidiaries and jointly controlled entity of the Company at 31 December 2012 are set out below.

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Principal activities and place of operation
Subsidiary directly held by the Company:				
Powerlong Real Estate (BVI) Holdings Limited	British Virgin Islands 20 July 2007	HK$100	100%	Investment holding in British Virgin Islands
Subsidiaries indirectly held by the Company:				
Powerlong Real Estate (Hong Kong) Holdings Limited	Hong Kong 5 July 2007	HK$1	100%	Investment holding in Hong Kong
Wide Evolution Limited	Hong Kong 11 February 2008	HK$1	100%	Investment holding in Hong Kong
福州寶龍房地產發展有限公司 Fuzhou Powerlong Real Estate Development Co., Ltd.	the PRC 21 October 2003	US$8,000,000	100%	Property development and property investment in the PRC
蘇州寶龍房地產發展有限公司 Suzhou Powerlong Real Estate Development Co., Ltd.	the PRC 5 August 2004	US$10,000,000	100%	Property development and property investment in the PRC
鄭州寶龍置業發展有限公司 Zhengzhou Pou Long Real Estate Development Co., Ltd.	the PRC 7 April 2005	RMB700,000,000	100%	Property development and property investment in the PRC
山東寶龍實業發展有限公司 Shandong Powerlong Industrial Development Co., Ltd.	the PRC 7 June 2005	RMB100,000,000	100%	Property development and property investment in the PRC

37. PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY OF THE COMPANY (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Principal activities and place of operation
Subsidiaries indirectly held by the Company: (continued)				
蚌埠寶龍置業有限公司 Bengbu Powerlong Real Estate Co., Ltd.	the PRC 21 February 2006	RMB20,000,000	100%	Property development and property investment in the PRC
洛陽寶龍置業發展有限公司 Luoyang Powerlong Property Development Company Limited	the PRC 3 March 2006	RMB80,000,000	100%	Property development and property investment in the PRC
寶龍集團(青島)置業發展有限公司 Powerlong Group (Qingdao) Property Development Co., Ltd.	the PRC 13 July 2006	RMB660,000,000	100%	Property development and property investment in the PRC
蘇州太倉寶龍大酒店有限公司 Suzhou Taicang Powerlong Hotel Co., Ltd.	the PRC 29 August 2006	RMB80,000,000	100%	Hotel operation in the PRC
無錫寶龍房地產發展有限公司 Wuxi Powerlong Real Estate Development Co., Ltd.	the PRC 1 November 2006	US$15,000,000	80%	Property development and property investment in the PRC
無錫玉祁寶龍置業有限公司 Wuxi Yuqi Powerlong Property Co., Ltd.	the PRC 27 February 2007	US$15,000,000	100%	Property development and property investment in the PRC
青島寶龍房地產發展有限公司 Qingdao Powerlong Real Estate Development Co., Ltd.	the PRC 21 November 2007	US$60,000,000	100%	Property development and property investment in the PRC
宿遷寶龍置業發展有限公司 Suqian Powerlong Property Development Company Limited	the PRC 10 December 2007	RMB100,000,000	100%	Property development and property investment in the PRC
煙台寶龍體育置業有限公司 Yantai Powerlong Real Estate Co., Ltd.	the PRC 19 December 2007	US$54,950,000	100%	Property development and property investment in the PRC
新鄉寶龍置業發展有限公司 Xinxiang Powerlong Real Estate Development Co., Ltd.	the PRC 25 December 2007	US$80,000,000	100%	Property development and property investment in the PRC

37. PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY OF THE COMPANY (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Principal activities and place of operation
Subsidiaries indirectly held by the Company: (continued)				
鹽城寶龍置業發展有限公司 Yancheng Powerlong Real Estate Development Co., Ltd.	the PRC 13 May 2008	US$75,000,000	100%	Property development and property investment in the PRC
常州寶龍置業發展有限公司 Changzhou Powerlong Real Estate Development Co., Ltd.	the PRC 30 June 2008	US$199,600,000	100%	Property development and property investment in the PRC
青島寶龍置業發展有限公司 Qingdao Powerlong Property Development Company Limited	the PRC 24 November 2009	US$56,000,000	100%	Property development and property investment in the PRC
安溪寶龍置業發展有限公司 Anxi Powerlong Property Development Co., Ltd.	the PRC 27 January 2010	RMB52,500,000	85%	Property development and property investment in the PRC
重慶寶龍長潤置業發展有限公司 Chongqing Powerlong Real Estate Co., Ltd.	the PRC 28 October 2010	US$30,000,000	100%	Property development and property investment in the PRC
杭州寶龍房地產開發有限公司 Hangzhou Powerlong Real Estate Development Co., Ltd.	the PRC 14 December 2010	US$199,900,000	100%	Property development and property investment in the PRC
晉江市晉龍實業發展有限公司 Jinjiang Jinlong Industrial Development Co., Ltd.	the PRC 20 December 2010	RMB100,000,000	100%	Property development and property investment in the PRC
天津寶龍城房地產開發有限公司 Tianjin Powerlong City Real Estate Development Co., Ltd.	the PRC 9 March 2011	RMB300,000,000	100%	Property development and property investment in the PRC
上海寶龍華睿房地產開發有限公司 Shanghai Powerlong Huarui Real Estate Development Co., Ltd.	the PRC 23 March 2011	RMB100,000,000	100%	Property development and property investment in the PRC

37. PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY OF THE COMPANY (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Principal activities and place of operation
Subsidiaries indirectly held by the Company: (continued)				
天津寶龍園房地產開發有限公司 Tianjin Powerlong Garden Real Estate Development Co., Ltd.	the PRC 11 April 2011	RMB100,000,000	100%	Property development and property investment in the PRC
上海寶龍康晟房地產發展有限公司 Shanghai Powerlong Kangsheng Real Estate Development Co., Ltd.	the PRC 11 August 2011	RMB100,000,000	100%	Property development and property investment in the PRC
鎮江寶龍置業發展有限公司 Zhenjiang Powerlong Property Development Co., Ltd.	the PRC 9 November 2011	US$40,000,000	100%	Property development and property investment in the PRC
煙台寶龍置業發展有限公司 Yantai Powerlong Property Development Co., Ltd.	the PRC 6 June 2012	US$15,000,000	100%	Property development and property investment in the PRC
Jointly controlled entity indirectly held by the Company:				
天津寶龍金駿房地產開發有限公司 Tianjin Powerlong	the PRC 1 April 2010	RMB120,000,000	65% (note 15)	Property development and property investment in the PRC

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available.

38. SUBSEQUENT EVENTS

On 18 January 2013, the Company has issued senior notes at 98.608% discount to aggregate nominal value of US$250,000,000. The nominal interest rate is 11.25% per annum. The maturity date is 18 January 2018. The Company has an option to redeem the senior notes prior to the maturity date in accordance with underlying terms of the senior notes indenture.

Five-year Financial Summary

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	31 December				
	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets	**21,719,854**	18,384,052	11,176,238	6,923,642	3,694,941
Current assets	**18,487,751**	15,620,340	13,290,068	7,600,676	4,876,074
Total assets	**40,207,605**	34,004,392	24,466,306	14,524,318	8,571,015
EQUITY AND LIABILITIES					
Total equity	**16,499,440**	14,405,330	11,146,578	8,229,557	2,043,472
Non-current liabilities	**10,741,739**	9,340,184	5,869,449	1,987,880	914,968
Current liabilities	**12,966,426**	10,258,878	7,450,279	4,306,881	5,612,575
Total liabilities	**23,708,165**	19,599,062	13,319,728	6,294,761	6,527,543
Total equity and liabilities	**40,207,605**	34,004,392	24,466,306	14,524,318	8,571,015

Five-year Financial Summary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**5,871,763**	5,254,027	4,432,657	4,135,739	1,583,766
Cost of sales	**(3,540,058)**	(2,951,046)	(2,030,297)	(1,829,484)	(869,057)
Gross profit	**2,331,705**	2,302,981	2,402,360	2,306,255	714,709
Fair value gains on investment properties – net	**1,743,684**	3,559,072	2,562,730	2,425,853	856,040
Selling and marketing costs	**(208,258)**	(207,902)	(118,933)	(66,218)	(60,927)
Administrative expenses	**(505,331)**	(503,620)	(395,413)	(178,251)	(140,918)
Other (losses)/gains – net	**(56,440)**	60,242	14,467	(2,445)	(26,781)
Exchange gains/(losses) – net	**248**	(10,454)	(5,386)	(1,108)	(11,005)
Operating profit	**3,305,608**	5,200,319	4,459,825	4,484,086	1,331,118
Fair value losses on embedded financial derivatives	**–**	–	–	–	(14,834)
Finance (costs)/income – net	**(29,389)**	86,562	30,128	(851)	(33,655)
Share of post-tax profit of a jointly controlled entity	**134,079**	–	–	–	–
Profit before income tax	**3,410,298**	5,286,881	4,489,953	4,483,235	1,282,629
Income tax expense	**(1,197,312)**	(1,736,424)	(1,304,512)	(1,442,165)	(345,313)
Profit for the year	**2,212,986**	3,550,457	3,185,441	3,041,070	937,316
Other comprehensive income					
Revaluation gains on property and equipment and land use rights transferred to investment properties	**83,129**	–	–	–	–
Change in value of available-for-sale financial assets	**132**	–	–	–	–
Other comprehensive income for the year, net of tax	**83,261**	–	–	–	–
Total comprehensive income for the year	**2,296,247**	3,550,457	3,185,441	3,041,070	937,316
Profit attributable to:					
Owners of the Company	**2,193,852**	3,415,230	2,955,645	3,042,669	932,658
Non-controlling interests	**19,134**	135,227	229,796	(1,599)	4,658
	2,212,986	3,550,457	3,185,441	3,041,070	937,316
Total comprehensive income attributable to:					
Owners of the Company	**2,272,133**	3,415,230	2,955,645	3,042,669	932,658
Non-controlling interests	**24,114**	135,227	229,796	(1,599)	4,658
	2,296,247	3,550,457	3,185,441	3,041,070	937,316
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)					
– Basic	**54.71**	84.73	72.53	93.93	31.09
– Diluted	**54.71**	84.73	72.53	93.92	31.09

	Year ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dividends	**323,841**	243,065	244,107	245,247	–

* Certain comparative figures have been reclassified to conform to the current presentation.

POWERLONG
宝龙

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