百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2012

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei
Xiang Ya Bo

Non-executive Directors
Law Sze Lai
Li Ningjun

Independent Non-executive Directors
Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES
Ou Yaping
Tang Yui Man Francis

COMPANY SECRETARY
Lo Tai On

AUDIT COMMITTEE
Tian Jin
Xiang Bing
Xin Luo Lin *(Chairman)*

NOMINATION COMMITTEE
Tang Yui Man Francis
Tian Jin *(Chairman)*
Xiang Bing
Xin Luo Lin

REMUNERATION COMMITTEE
Ou Yaping
Xiang Bing
Xin Luo Lin *(Chairman)*

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2851 8811
Fascimile : (852) 2851 0970
Stock Code : 1168
Website : http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

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

LEGAL ADVISORS
(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Ashurst Hong Kong
Norton Rose
Tsang, Chan & Wong
Woo, Kwan, Lee & Lo

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS
Agricultural Bank of China
Bank of China
Bank of China (Hong Kong) Limited
China Construction Bank Corporation
China Merchants Bank
Industrial and Commercial Bank of China
Ping An Bank

CONTENTS

Chairman's Statement

On behalf of the board of directors (the "Board") of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.



BUSINESS REVIEW

In the year ended 31 December 2012, the Group's core businesses remained property development, investment and management. Turnover from operating activities amounted to HK$314.6 million and profit attributable to owners of the Company amounted to HK$289.2 million. Basic earnings per share (the "Share") was HK8.17 cents. The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: nil).

2012 was an extraordinary year. It was the year when the 18th National Congress of the Communist Party of China (the "18th CPC National Congress") was successfully concluded and the consensus on reform reaffirmed at all levels of the society. It was the year when the Chinese economic growth slowed down amid weakening demand and destocking persisted throughout the year across the industries. It was the year when the real estate sector recovered from a deep recession and, as sales continued to pick up, spared developers from a solvency crisis.

As the Chinese real estate market underwent major and profound changes in the last decade, successful development and operational models of the past would no longer be able to meet today's situation. In other words, new mechanism of property development must be explored. At Sinolink, we have been striving for this by combining architecture and living values in a perfect way through the employment of latest technology that better manage life essentials and exploration of the unlimited realms of culture and technology that enhance future lives. We aim to create a lifestyle that is environmental, comfortable, efficient and intelligent, integrating organically the essence of life with aesthetical architecture and design in a cultural and tasteful manner.

Ou Yaping
Chairman

PROSPECTS

2013 is the opening year for implementing the spirit of the 18th CPC National Congress. The latter has laid down the goal of completing the building of a moderately prosperous society in all aspects and deepening reform and opening up in an all-around way, and called for accelerating the improvement of the socialist market economy and the change of the growth model. The two phrases, "all" and "accelerating", point to a new stage of modernization that the PRC is entering into, which I believe will bring new investment and development opportunities to the Group.

In the face of this new scenario, we will strive to explore a new model for our investment and development in the real estate sector by creating a solid and proactive proprietary framework that capitalizes on our competitive advantages built over the years. We will continue to enhance our investment and development capability as well as operating and management expertise to secure a favourable position in the ever-changing market environment. This will provide us the space and momentum needed for sustainable growth to generate better long-term returns for our shareholders.

APPRECIATION

The Group would not be able to make its achievement without the concerted efforts of the management and the staff. On behalf of our shareholders and fellow board members, I would like to take this opportunity to express our sincere gratitude to all of them.

Ou Yaping
Chairman
Hong Kong, 20 March 2013

Chief Executive Officer's Report

Tang Yui Man Francis
Chief Executive Officer

BUSINESS REVIEW

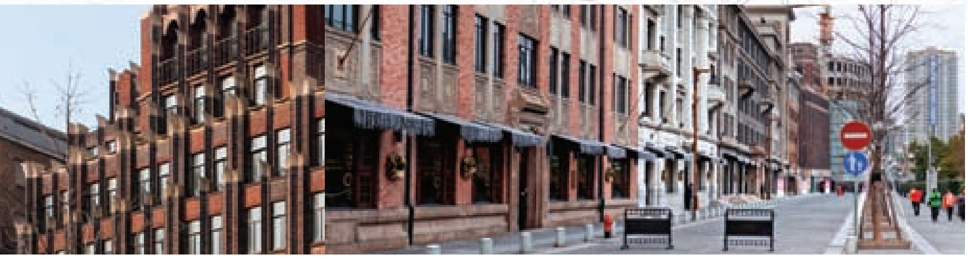
The Chinese real estate market went through a tumultuous 2012. An exceptional year for the industry, the first quarter began with sales in extreme lows and characterized by lower prices and deep discounts, followed by a rebound in transaction volume that began in March, a lackluster third quarter that betrayed the normal low or high seasons, and a reversing fourth quarter when sentiment fully fired up.

In Shanghai, new supply of commodity houses amounted to 21.87 million square meters in 2012, a decline of 6.9% from 2011. Accumulated transactions reached 18.97 million square meters, up 4.9% year-on-year. The average selling price increased by 7.8% to RMB16,550 per square meter.

Shenzhen recorded 4.11 million square meters of commodity house transactions in 2012, a year-on-year growth of 37.9%. This was mainly due to an extremely low base in 2011, when volume fell to its lowest since 2004 following the most severe macro-control measures being ushered in. The average selling price was about RMB20,089 per square meter in 2012, down 1.65% year-on-year as prices dropped after a rise in the first seven months.

For the year ended 31 December 2012, the Group's turnover amounted to HK$314.6 million, a decrease of 10% compared to last year. Gross profit dropped by 20% to HK$156.4 million. Profit attributable to owners of the Company fell by 23% to HK$289.2 million. Basic earnings per share amounted to HK8.17 cents, a decline of 23% compared to last year.

2012 saw the PRC's real estate market undergo a "bottom building, bouncing and recovery" process. While persisting with regulatory controls on the housing sector, the Chinese government has refrained from introducing further stringent measures.



PROPERTY SALES

During the year under review, the Group had only a small amount of properties available for sale, comprising the remaining units of *The Mangrove West Coast* and *The Seasons*. As such, the Group's turnover from property sales dropped to HK$83.8 million, a decrease of 38% compared with last year. The Group sold a total gross floor area ("GFA") of approximately 1,951 square meters during the year, which was 41% less compared to 3,333 square meters recorded a year ago. Gross profit of property sales declined by 15% to HK$53.9 million.

PROPERTY RENTAL

For the year ended 31 December 2012, total rental income amounted to HK$93.4 million, an increase of 20% over last year. The rental income was mainly contributed by the commercial complexes of *The Vi City* and Sinolink Garden Phase One to Four.

CHIEF EXECUTIVE OFFICER'S REPORT

Sinolink Tower

Located in Luowu district, Shenzhen, *Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five, has a GFA of 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters. The project was granted completion permit following inspection in May 2012.

Leasing of the office building has been launched during the year, with several lease contracts entered into for 40% of the building's total leasable area. Tenants mainly consist of jewelry and investment companies.

O Hotel, the Group's first high-end hotel, has 189 rooms and suites, as well as a stylish restaurant, a specialty coffee shop, and premium fitness club facilities. The hotel is currently at the final stage of interior fit-out work with grand opening scheduled to take place in the second half of 2013.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2012, the Group has the following properties under development:

(1) *Rockbund*, located on the Bund in Shanghai, is an integrated property development project. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters comprising preserved heritage buildings and new structures. The Group intends to redevelop this historical site and structures into an upscale mixed-use neighborhood, with residential, commercial, retail, catering, offices and cultural facilities. The preserved heritage buildings have commenced operations since May 2010 with rental activities in progress, while the new structures have basically finished the foundation works. The entire project is expected to be completed in 2014.

(2) *Ningguo Mansions*, a 13,600 square meter site with a plot ratio of 1.0 at Changning District in Shanghai, will be developed into 11 quadrate court houses, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is responsible for the construction and decoration design of the project. *Ningguo Mansions* is located in one of the most accessible and luxury living districts in Shanghai. The land is situated in a low density neighbourhood with luxury residential properties around, and is conveniently located being approximately 10 minutes from the airport and approximately 30 minutes from the city center by car. The project was granted Permit of Newly Built Residences Made Available to Users by the Shanghai authority following inspection in February 2013.

MAJOR ASSOCIATE

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc., at an amount of HK$64.4 million for the year ended 31 December 2012, compared to a share of gain of the associate at an amount of HK$26.0 million in 2011, due to change in the fair value of investment properties held by the associate.

CHIEF EXECUTIVE OFFICER'S REPORT

Rockbund

Situated at the junction of Huangpu River and Suzhou Creek, *Rockbund* is a redevelopment project that celebrates the birthplace of modern Shanghai. It is part of the historical and cultural preservation area of Shanghai Bund neighbouring Nanjing Road and the Lujiazui business district and commanding a unique and advantageous location that gives easy access to convenient transport and five star hotels in the vicinity. Thriving on the theme of "Art Invigorates Business", the project makes full empowerment of the historical architecture and art aroma in the area to provide high quality leasing space for a variety of businesses with flexible and elegant design layouts to meet customers' diverse needs.

During the year under review, *Rockbund* has launched a series of commercial, cultural and arts activities to actively promote its corporate brand, and has been in dialogues with a number of retailers, office users and food and beverage operators with satisfactory progress made in marketing and promotion.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group's property management division. For the year ended 31 December 2012, the Group recorded revenue from other businesses of HK$137.3 million, a slightly increase of 0.1% compared to last year.

PROSPECTS

Looking forward, the Chinese economy will remain in a stage of post-crisis adjustment in 2013. While there is an obvious need to drive up domestic demand, the call for compressing excess capacity is also apparent. As such, the pressure on adjustment is significantly building. Liquidity is expected to remain basically neutral to slightly relaxed against a background of overall low inflation and prominent unemployment pressure, which will provide some support to the real estate market in 2013. We believe modest recovery will be the main theme of the Chinese economy this year. Specifically, growth in infrastructure investment will remain strong; real estate development activities will moderately recover; exports will stabilize; and destocking will come to an end.

In the coming year, we will keep abreast with the changes in the governing policies on the real estate industry and closely monitor the market momentum to seize opportunities that may arise from the macro-control measures and market adjustments. We will continue to explore new business models and other means that can cope with the new trends to enhance the returns for shareholders.

CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings decreased from HK$407.8 million as at 31 December 2011 to HK$295.7 million as at 31 December 2012. The total borrowings as at 31 December 2012 represented bank loans of HK$295.7 million, while the total borrowings as at 31 December 2011 included bank loans of HK$383.6 million and liability component on the convertible bonds of HK$24.2 million. Gearing ratio as at 31 December 2012, calculated on the basis of total borrowings over shareholders' equity, was 3.9% compared to 5.7% as at 31 December 2011. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing loans had a carrying value of HK$502.6 million as at 31 December 2012. The borrowings of the Group are denominated in RMB and HKD. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and cash equivalents amounted to HK$4,007.9 million (including pledged bank deposits) as at 31 December 2012 and were mostly denominated in RMB, HKD and USD.

CONVERTIBLE BONDS

In September 2012, the Company redeemed in cash all the outstanding convertible bonds at their principal amounts pursuant to the terms therein, which totaled HK$25 million. As at 31 December 2012, there was no outstanding amount of convertible bonds.

CAPITAL COMMITMENTS

As at 31 December 2012, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK$224.4 million and HK$130.1 million respectively.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK$63.3 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

CHIEF EXECUTIVE OFFICER'S REPORT

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group employed approximately 831 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2012.

AUDIT COMMITTEE

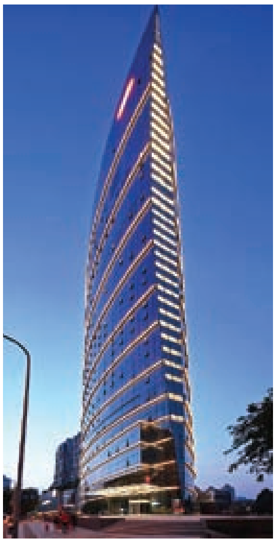
The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The audited financial statement of the Company for the year ended 31 December 2012 have been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

Tang Yui Man Francis
Chief Executive Officer
Hong Kong, 20 March 2013




2012.10.01-2013.0
DS城市馆
Curatorial Team

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 51, was appointed as the chairman and an executive director of the Company in December 1997. Mr. Ou is the founder, the substantial shareholder of the Group and a member of remuneration committee of the Company. Mr. Ou also serves as the chairman of the board of Rockbund Art Museum and a trustee for The Nature Conservancy's Asia Pacific and China Program. He was previously a director of China Merchants Bank and had held offices in a number of trading companies and investment companies. Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC and is also the vice chairman of the board of the Beijing Institute of Technology. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". He was the chairman and an executive director of Enerchina Holdings Limited ("Enerchina"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from 2002 to 2012. He was an executive director of Towngas China Company Limited, a company listed on the Stock Exchange, from 2000 to 2011. Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 50, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 as well as a member of nomination committee of the Company since 27 March 2012. He is also an executive director of Enerchina, a company listed on the Stock Exchange. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group. He was an alternate director to Mr. Ou Yaping of Towngas China Company Limited, a company listed on the Stock Exchange, during 2007-2011. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 51, was appointed as an executive director of the Company in December 1997. He is also an executive director, the chairman and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange. Mr. Chen holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Chen was previously employed by a number of large organisations and has over 27 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He was an executive director of Towngas China Company Limited, a company listed on the Stock Exchange, during 2001-2009. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiang Ya Bo, aged 56, was appointed as an executive director of the Company on 28 March 2011. He is also an executive director and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange, and a director and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, the chairman of the Board, an executive director and a substantial shareholder of the Company. He graduated with an engineering degree. Mr. Xiang has over 26 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Law Sze Lai, aged 70, was appointed as an executive director of the Company in December 1997 and redesignated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 23 years of experience in property development. Mr. Law joined the Group in 1992. Mr. Law did not hold any directorship in other listed public companies in the past three years.

Mr. Li Ningjun, aged, 48, was appointed as an executive director of the Company in September 2007 and redesignated as a non-executive director in June 2009. He is also a director of Sinolink Properties Limited and the chief executive officer of Shanghai Bund de Rockefeller Group Master Development Co. Ltd. Mr. Li holds a Master Degree of Civil Engineering and Construction in Changsha Railway University (now known as Central South University) and a Master Degree of Business Administration from China Europe International Business School. He joined the Group in 1995 as a director of sales and marketing, a director of planning and development, and deputy general manger of Sinolink Properties Limited. Mr. Li has over 20 years of experience in the field of property design and development, construction management, cost management, sales and marketing, business and strategic planning. Mr. Li did not hold any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 55, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and Chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 51, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, HC International, Inc. and Longfor Properties Co., Ltd.; an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of Enerchina; an independent non-executive director and the chairman of audit committee and remuneration committee and a member of nomination committee of Peak Sport Products Co., Limited, all of which are companies listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd. and an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, both are listed on the New York Stock Exchange and an independent non-executive director and a member of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq. He is an independent non-executive director and a member of audit committee and strategic committee and the chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange. He was a director of Jutal Offshore Oil Services Limited, a company listed on the Stock Exchange, a director of Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司), TCL Corporation (TCL集團股份有限公司), Shaanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司) and Guangdong Midea Electric Appliances Co. Ltd. (廣東美的電器股份有限公司), all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd. (武漢健民藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange. Dr. Xiang was an independent non-executive director of E Fund Management Co., Ltd, a company listed on the Shenzhen Stock Exchange, until 29 June 2010 and he was an independent non-executive director and the chairman of remuneration committee of Little Sheep Group Limited, a company listed on the Stock Exchange, from 2008 to 2012. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xin Luo Lin, aged 64, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in the People's Republic of China (the "PRC"). He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, chairman of audit committee and remuneration committee and a member of nomination committee of Enerchina; an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited; a non-executive director of Asian Capital Holdings Limited and a non-executive director of China Environmental Technology Holdings Limited, all are listed companies on the Stock Exchange; Mr. Xin is a director of Mori Denki Mfg. Co., Ltd., a public company listed on the Tokyo Stock Exchange and a director and the Vice Chairman of Oriental Technologies Investment Limited, a listed company on the Australian Stock Exchange. Mr. Xin was a non-executive director of Sino-Tech International Holdings Limited, a company listed on the Stock Exchange, from 2010 to 2012. Mr. Xin was an adviser to the chairman of Guangdong Capital Holdings Limited during the period from 1998 to 2000. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

CHIEF FINANCIAL OFFICER

Mr. Li Fujun, aged 50. He holds a Bachelor of Engineering degree from Tsinghua University and a Master of Economics degree from the University of International Business and Economics. Mr. Li is a CFA Charter holder. He has over 21 years of experience in project evaluation and strategic planning, investment analysis and engineering work, as well as project management and investment. Mr. Li joined the Sinolink Group in May 1994. He was appointed as Chief Financial Officer of the Company in October 2007.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 39 and 17 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 44 of the annual report.

No interim dividend (2011: Nil) was paid to the shareholders during the year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 48.

The Company's reserves available for distribution to shareholders at 31 December 2012, amounted to HK$942,514,000 (2011: HK$891,389,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 118.

PROPERTY, PLANT AND EQUIPMENT

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

REPORT OF THE DIRECTORS

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei
Xiang Ya Bo

Non-executive Directors:

Law Sze Lai
Li Ningjun

Independent non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-laws 87(1) of the Bye-laws, Mr. Chen Wei, Mr. Li Ningjun and Mr. Tian Jin shall retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, would offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

At 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares

Name of Directors	Capacity	Personal interest	Corporate interest	Family interest	Total interest in Shares	Approximate percentage of issued share capital of the Company at 31.12.2012
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	0.38%
Law Sze Lai	Beneficial owner	9,345,500	–	–	9,345,500	0.26%
Li Ningjun	Beneficial owner	2,000,000	–	–	2,000,000	0.06%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,560,845,250 (Note)	7,285,410	1,568,130,660	44.28%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	0.60%

Note: These 1,560,845,250 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company. Mr. Ou is deemed to have interest in these Shares of which Asia Pacific interested under the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Other than the share option as disclosed under the heading of "Share Option Scheme of the Company" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

(A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2002 Share Option Scheme has a life of 10 years.

The exercise price of the share options will be determined at the highest of (i) the average of closing prices on the Stock Exchange on the five trading days immediately preceding on the date of grant; (ii) the closing price of the Shares on the Stock Exchange on the date of grant; or (iii) the nominal value of the Shares. The share options granted must be taken up within 28 days from the date of grant.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board of Directors.

The 2002 Share Option Scheme was terminated by shareholders of the Company at annual general meeting on 17 May 2012. No further options shall thereafter be offered under the 2002 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

All options granted under the 2002 Share Option Scheme had expired on 23 and 24 May 2012 respectively and there was no outstanding option yet to be exercised under the 2002 Share Option Scheme as at 31 December 2012.

Movement of options granted under the 2002 Share Option Scheme were set out below.

REPORT OF THE DIRECTORS

Details of specific categories of share options are as follows:

Option types	Date of grant	Exercise period	Exercise price HK$
2005 Options	13.01.2005	31.12.2005 – 24.05.2012	1.001
	13.01.2005	30.06.2006 – 24.05.2012	1.001
	13.01.2005	31.12.2006 – 24.05.2012	1.001
2006 Options	22.01.2006	31.12.2006 – 24.05.2012	2.107
	22.01.2006	30.06.2007 – 24.05.2012	2.107
	22.01.2006	31.12.2007 – 24.05.2012	2.107
2007A Options	06.02.2007	01.01.2009 – 23.05.2012	1.778
	06.02.2007	01.07.2009 – 23.05.2012	1.778
	06.02.2007	01.01.2010 – 23.05.2012	1.778
	06.02.2007	01.07.2010 – 23.05.2012	1.778
2007B Options	12.02.2007	01.01.2009 – 23.05.2012	1.778
	12.02.2007	01.07.2009 – 23.05.2012	1.778
	12.02.2007	01.01.2010 – 23.05.2012	1.778
	12.02.2007	01.07.2010 – 23.05.2012	1.778

REPORT OF THE DIRECTORS

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the period:

	Option types	Outstanding at 1.1.2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2012
Category 1: Directors						
Chen Wei	2007B Options	11,250,000	–	–	11,250,000	–
Law Sze Lai	2005 Options	6,300,000	–	–	6,300,000	–
	2007B Options	3,375,000	–	–	3,375,000	–
Li Ningjun	2005 Options	500,000	–	–	500,000	–
	2007A Options	7,875,000	–	–	7,875,000	–
Tang Yui Man Francis	2007B Options	22,500,000	–	–	22,500,000	–
Tian Jin	2006 Options	2,250,000	–	–	2,250,000	–
	2007B Options	2,925,000	–	–	2,925,000	–
Xiang Ya Bo	2007A Options	11,250,000	–	–	11,250,000	–
Xin Luo Lin	2007B Options	2,925,000	–	–	2,925,000	–
Total for Directors		71,150,000	–	–	71,150,000	–
Category 2: Employees						
	2005 Options	7,000,000	–	–	7,000,000	–
	2007A Options	31,837,500	–	–	31,837,500	–
Total for employees		38,837,500	–	–	38,837,500	–
Total for all categories		109,987,500	–	–	109,987,500	–

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. These options represent personal interest held by Directors as beneficial owners until the date of expiry.

3. During the year, no options were granted, exercised or cancelled under the 2002 Share Option Scheme.

4. During the year, 109,987,500 options were lapsed under the 2002 Share Option Scheme.

REPORT OF THE DIRECTORS

(B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 ("Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for Shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of Shares in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the Shares in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, without prior approval from the Company's shareholders.

REPORT OF THE DIRECTORS

The exercise price for the Shares under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a Share on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for the grant of option.

At 31 December 2012, no options were granted since the Date of Adoption and a total of 354,111,283 Shares, (representing approximately 10% of the existing share capital of the Company) as at that date of this report, may be issued upon exercise of all options which may be granted under the 2012 Share Option Scheme.

Additional information in relation to the Company's share option schemes are set out in note 32 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this Annual Report, no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) 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.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

At 31 December 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in Shares and underlying Shares

Name of shareholder	Capacity	Interest in Shares	Approximate percentage of the Company's issued share capital at 31.12.2012
Asia Pacific	Beneficial owner	1,560,845,250 (Long) (Note)	44.08%

Note: These 1,560,845,250 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.

Save as disclosed above, as at 31 December 2012, the Company has not been notified of any other interests or short positions in the Shares and underlying Shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year were as follows:

(a) Connected transactions

During the year, saved as disclosed below there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

On 31 March 2011, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from the Company and its subsidiaries, for a fixed term of three years from 1 April 2011 to 31 March 2014 (the "Master Agreement"). The annual cap amount for each of the financial year ended/ending 31 December 2011, 2012, 2013 and 2014 are HK$6,000,000, HK$8,000,000, HK$8,000,000 and HK$2,000,000 respectively. The total amount of the transactions as at 31 December 2012 was HK$2,900,000.

Enerchina and the Company are owned as to approximately 36.40% and 44.08% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and the Company, Enerchina and the Company are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transactions for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Master Agreement calculated on an annual basis are more than 0.1% and less than 5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the Listing Rules, the Master Agreement is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the above continuing connected transactions on 31 March 2011.

REPORT OF THE DIRECTORS

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.37 of the Listing Rules and confirmed that the transactions have been entered into:

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

(2) on normal commercial terms or, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

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

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 31 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

REPORT OF THE DIRECTORS

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2012, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2012 is presented as follows:

	HK$'000
Non-current assets	4,609,084
Current assets	672,643
Current liabilities	(498,762)
Non-current liabilities	(4,434,555)
Net assets	348,410

The Group's attributable interest in the associated companies as at 31 December 2012 comprised net assets of HK$95,917,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2012.

DONATIONS

During the year the Group made charitable and other donations amounting to HK$1,941,000.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 28% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 41% of the Group's total purchases.

During the year, the Group's largest customer accounted for approximately 6% of the Group's total sales and the Group's largest five customers accounted for 27% of the Group's total sales.

None of the Directors, their associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had an interest in the share capital of any of the five largest suppliers and customers.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2012.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2012 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Ou Yaping
Chairman
Hong Kong, 20 March 2013

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the "Code") (effective from 1 April 2012) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

STATEMENT OF COMPLIANCE

During the year 2012, the Company has complied with the code provisions set out in the Code, except as noted hereunder.

The independent non-executive directors, Dr. Xiang Bing and Mr. Xin Luo Lin, were unable to attend the annual general meeting of the Company held in May 2012 as provided for in code provision A.6.7 of the Code as they had personal commitments.

BOARD OF DIRECTORS

Composition

As at the date of this report, the board of directors of the Company (the "Board") comprises 9 members (each member of the Board, a "Director"). Mr. Ou Yaping acts as Chairman of the Board, whereas Mr. Tang Yui Man Francis acts as Chief Executive Officer of the Company. Other Executive Directors are Mr. Chen Wei and Mr. Xiang Ya Bo and Non-executive Directors are Mr. Law Sze Lai and Mr. Li Ningjun. The Company has 3 Independent Non-executive Directors, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and representing at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 12 to 15 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Except for the family relationship between Mr. Ou Yaping and Mr. Xiang Ya Bo as disclosed in biographical details on pages 12 to 13 of this Annual Report, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of 1 year from 1 January 2013 to 31 December 2013 subject to retirement by rotation and re-election in accordance with the Bye-laws, except for Mr. Li Ningjun, whose term of office is for a period of 3 years from 13 September 2010 to 12 September 2013 and is subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, and the Bye-laws of the Company.

The Chief Executive Officer and the other executive Directors are responsible for day-to-day management of the Company's operations. The executive Directors conduct regular meetings with the management of the Company and its subsidiaries (collectively the "Group"), at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses was established.

CORPORATE GOVERNANCE REPORT

The Bye-laws states the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the year 2012, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and 3 board meetings convened as necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. The annual general meeting was also held during the year. Details of individual attendance of Directors are set out below:

	No. of meeting(s) attended		
	Regular Board Meeting	**Other Board Meeting**	**General Meeting**
Executive Directors			
Ou Yaping *(Chairman)*	4	3	1
Tang Yui Man Francis *(Chief Executive Officer)*	4	3	1
Chen Wei	4	0	1
Xiang Ya Bo	4	0	1
Non-executive Directors			
Law Sze Lai	4	0	1
Li Ningjun	4	0	1
Independent Non-executive Directors			
Tian Jin	4	0	1
Xiang Bing	3	0	0
Xin Luo Lin	3	0	0

Directors' Induction and Continuous Professional Development

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

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

CORPORATE GOVERNANCE REPORT

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on the Listing Rules.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings**
Executive Directors		
Ou Yaping *(Chairman)*	✓	✓
Tang Yui Man Francis *(Chief Executive Officer)*	✓	✓
Chen Wei	✓	✓
Xiang Ya Bo	✓	✓
Non-executive Directors		
Law Sze Lai	✓	✓
Li Ningjun	✓	✓
Independent Non-executive Directors		
Tian Jin	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Ou Yaping, remains separate from that of the Chief Executive Officer, Mr. Tang Yui Man Francis. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development. During the year, the Chairman had met the Non-Executive Directors and Independent Non-Executive Directors without the presence of Executive Directors.

The Chief Executive Officer, assisted by other Executive Directors, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

CORPORATE GOVERNANCE REPORT

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

– attending regular Board meetings and focusing on business strategy, operational issues and financial performance;

– active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

– approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

– monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

– monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

– consideration of misuse of corporate assets and abuse of related party transactions; and

– ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

CORPORATE GOVERNANCE REPORT

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

– to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

– adoption of new corporate governance duties and practices under the Code;

– establishment of the Nomination Committee;

– review the usage of annual caps on continuing connected transactions of the Group;

– review the compliance with the Code; and

– review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises one Executive Director, being Mr. Ou Yaping, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of Non-executive Directors etc.

During the year 2012, the Remuneration Committee:

- reviewed the remuneration policy for 2012/2013;
- reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors and management year-end bonus; and
- made recommendation to the Board on the above matters.

The Remuneration Committee held 1 meeting during 2012 with individual attendance as follows:

Members of Remuneration Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Remuneration Committee)*	1
Ou Yaping	1
Xiang Bing	1

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

CORPORATE GOVERNANCE REPORT

The remuneration of the members of the senior management by band for the year ended 31 December 2012 is set out below:

Remuneration bands (HK$)	Number of person(s)
0 to 1,000,000	1
1,000,001 to 2,000,000	4
2,000,001 to 3,000,000	1
3,000,001 to 4,000,000	0
4,000,001 to 5,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the financial statements.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

During the year 2012, the Audit Committee:

– reviewed the financial statements for the year ended 31 December 2011 and for the six months ended 30 June 2012;

– reviewed the effectiveness of the internal control system and risk management;

– reviewed the external auditor's findings; and

– reviewed and approved remuneration of auditor for financial year of 2011 and recommended the re-appointment of external auditor.

As at 31 December 2012, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters is in place.

CORPORATE GOVERNANCE REPORT

The Audit Committee held 3 meetings during the year 2012 with individual attendance as follows:

Members of Audit Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	3

Nomination of Directors

As at the date of this Annual Report, a Nomination Committee comprises one executive Director, being Mr. Tang Yui Man Francis and three independent non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of independent non-executive directors and recommending the re-election of Directors etc.

During the year 2012, the Nomination Committee:

– Reviewed of the structure, size and composition (including the skills, knowledge and experience) of the Board;

– Assessed the independence of independent non-executive directors; and

– Reviewed and made recommendations to the Board on re-election of retiring directors at the 2013 annual general meeting.

The Nomination Committee held 1 meeting during the year 2012 with individual attendance as follows:

Members of Nomination Committee	No. of meeting(s) attended
Tian Jin *(Chairman of the Nomination Committee)*	1
Tang Yui Man Francis	1
Xiang Bing	1
Xin Luo Lin	1

During the year 2012, there is no change of directorship of the Company.

The Nomination Committee nominated and the Board recommended Mr. Chen Wei, Mr. Li Ningjun and Mr. Tian Jin, being Directors longest in office since their last re-election, to retire by rotation, being eligible, will offer themselves for re-election by shareholders of the Company at the forthcoming 2013 annual general meeting.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2012, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2012. Deloitte also reviewed the 2012 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2012 amounted to HK$1,700,000. Non-audit services fees charged by Deloitte are as follows:

	Fee
	HK$
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2012	450,000
Tax services	522,000
Other services	65,000
	1,037,000

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Tang Yui Man Francis, the Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.sinolinkhk.com.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") 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 to vote at general meetings of the Company may, by written requisition to the Board or the Company Secretary signed and deposited in accordance with the bye-laws of the Company, Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will be commonly be present and available to answer questions and Shareholders may also contact the Company Secretary to direct their written enquires.

At the 2012 Annual General Meeting, a resolution was proposed by the Chairman in respect of each separate issue itemized on the agenda, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates participated the 2012 Annual General Meeting and answered questions from shareholders. No other general meeting was held during the year.

CORPORATE GOVERNANCE REPORT

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:–

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: group@sinolinkhk.com

In addition, procedure for Shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the Auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 42 to 43.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 114, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

INDEPENDENT AUDITOR'S REPORT

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 judgment, 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 the 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 March 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Turnover	5	**314,569**	349,166
Cost of sales		**(158,139)**	(154,549)
Gross profit		**156,430**	194,617
Other income	6	**217,499**	207,533
Selling expenses		**(3,940)**	(6,375)
Administrative expenses		**(79,435)**	(92,956)
Other expenses	7	**(3,493)**	(7,165)
Increase in fair value of investment properties	16	**313,913**	314,651
Gain on derivative components of convertible bonds		**1,254**	50,444
Fair value loss on investments held for trading		**(19,073)**	(59,302)
Share of results of associates		**(64,434)**	26,022
Finance costs	8	**(10,450)**	(15,682)
Profit before taxation	9	**508,271**	611,787
Taxation	11	**(150,233)**	(159,733)
Profit for the year		**358,038**	452,054
Attributable to:			
Owners of the Company		**289,243**	375,172
Non-controlling interests		**68,795**	76,882
		358,038	452,054
		HK cents	HK cents
Earnings per share	13		
Basic		**8.17**	10.59
Diluted		**8.12**	9.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**358,038**	452,054
Other comprehensive (expense) income		
Exchange differences arising on translation	**(1,397)**	219,025
Share of translation reserve of associates	**1,282**	22,118
Other comprehensive (expense) income for the year	**(115)**	241,143
Total comprehensive income for the year	**357,923**	693,197
Total comprehensive income attributable to:		
Owners of the Company	**289,213**	573,637
Non-controlling interests	**68,710**	119,560
	357,923	693,197

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	14	**412,053**	239,717
Prepaid lease payments	15	**71,043**	119,635
Investment properties	16	**2,492,685**	2,000,423
Interests in associates	17	**95,917**	159,069
Amounts due from associates	17	**92,794**	–
Available-for-sale investments	18	**13,511**	13,761
Loan receivable	19	**2,251,567**	2,142,895
		5,429,570	4,675,500
Current assets			
Stock of properties	20	**705,772**	684,292
Trade and other receivables, deposits and prepayments	21	**167,254**	144,030
Prepaid lease payments	15	**1,325**	2,140
Amounts due from associates	17	**–**	75,590
Investments held for trading	22	**257,379**	175,159
Pledged bank deposits	23	**5,666**	606
Bank balances and cash	23	**4,002,192**	4,312,385
		5,139,588	5,394,202
Current liabilities			
Trade payables, deposits received and accrued charges	24	**647,915**	495,426
Taxation payable		**821,923**	778,633
Borrowings – due within one year	25	**25,432**	161,652
Convertible bonds	26	**–**	25,456
		1,495,270	1,461,167
Net current assets		**3,644,318**	3,933,035
Total assets less current liabilities		**9,073,888**	8,608,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	**2012 HK$'000**	2011 HK$'000
Non-current liabilities			
Borrowings – due after one year	25	**270,307**	221,948
Deferred taxation	27	**301,030**	217,389
		571,337	439,337
		8,502,551	8,169,198
Capital and reserves			
Share capital	28	**354,111**	354,111
Reserves		**7,134,835**	6,845,622
Equity attributable to owners of the Company		**7,488,946**	7,199,733
Non-controlling interests		**1,013,605**	969,465
		8,502,551	8,169,198

The consolidated financial statements on pages 44 to 114 were approved and authorised for issue by the Board of Directors on 20 March 2013 and are signed on its behalf by:

Ou Yaping
CHAIRMAN

Tang Yui Man Francis
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share options reserve	General reserves	Contributed surplus	Retained earnings	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	354,111	1,824,979	577,465	54,261	148,846	367,782	3,298,652	6,626,096	849,905	7,476,001
Profit for the year	–	–	–	–	–	–	375,172	375,172	76,882	452,054
Other comprehensive income for the year	–	–	198,465	–	–	–	–	198,465	42,678	241,143
Total comprehensive income for the year	–	–	198,465	–	–	–	375,172	573,637	119,560	693,197
Lapse of share options	–	–	–	(506)	–	–	506	–	–	–
At 31 December 2011	354,111	1,824,979	775,930	53,755	148,846	367,782	3,674,330	7,199,733	969,465	8,169,198
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**289,243**	**289,243**	**68,795**	**358,038**
Other comprehensive expense for the year	**–**	**–**	**(30)**	**–**	**–**	**–**	**–**	**(30)**	**(85)**	**(115)**
Total comprehensive (expense) income for the year	**–**	**–**	**(30)**	**–**	**–**	**–**	**289,243**	**289,213**	**68,710**	**357,923**
Lapse of share options	**–**	**–**	**–**	**(53,755)**	**–**	**–**	**53,755**	**–**	**–**	**–**
Dividend paid to non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(24,570)**	**(24,570)**
At 31 December 2012	**354,111**	**1,824,979**	**775,900**	**–**	**148,846**	**367,782**	**4,017,328**	**7,488,946**	**1,013,605**	**8,502,551**

Notes:

a. General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

b. Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**508,271**	611,787
Adjustments for:		
Share of results of associates	**64,434**	(26,022)
Depreciation of property, plant and equipment	**7,603**	7,558
Release of prepaid lease payments	**1,320**	2,096
Interest income	**(214,130)**	(202,192)
Interest expenses	**10,450**	15,682
Increase in fair value of investment properties	**(313,913)**	(314,651)
Gain on derivative components of convertible bonds	**(1,254)**	(50,444)
Fair value loss on investments held for trading	**19,073**	59,302
Gain on disposal of property, plant and equipment	**(234)**	(4)
Operating cash flows before movements in working capital	**81,620**	103,112
Increase in stock of properties	**(32,623)**	(69,547)
(Increase) decrease in trade and other receivables, deposits and prepayments	**686**	69,253
(Increase) decrease in investments held for trading	**(101,293)**	313,102
Decrease in trade payables, deposits received and accrued charges	**(22,062)**	(40,144)
Cash (used in) generated from operations	**(73,672)**	375,776
Taxation paid	**(24,540)**	(800,857)
NET CASH USED IN OPERATING ACTIVITIES	**(98,212)**	(425,081)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	**–**	106,971
Interest received	**99,532**	80,375
Placement of pledged bank deposits	**(5,041)**	–
Withdrawal of pledged bank deposits	**–**	1,085
Proceeds from disposal of property, plant and equipment	**532**	34
Advance paid for investment projects	**(110,974)**	–
Refund of advance for investment projects	**93,026**	–
Purchase of property, plant and equipment	**(61,265)**	(76,070)
Development costs paid for investment properties under construction	**(51,029)**	(46,816)
Advances to associates	**(17,204)**	(18,450)
Purchase of available-for-sale investments	**–**	(12,500)
Proceeds from disposal of available-for-sale investments	**250**	–
Advance to independent third parties	**(214,275)**	–
Repayment from independent third parties	**214,275**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(52,173)**	34,629
FINANCING ACTIVITIES		
Redemption of convertible bonds	**(25,000)**	(315,000)
Repayment of bank loans	**(149,332)**	(60,387)
New bank loans raised	**61,425**	–
Dividend paid to non-controlling shareholders of subsidiaries	**(24,570)**	–
Interest paid	**(18,862)**	(23,368)
NET CASH USED IN FINANCING ACTIVITIES	**(156,339)**	(398,755)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(306,724)**	(789,207)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**4,312,385**	4,915,904
Effect of foreign exchange rate changes	**(3,469)**	185,688
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**4,002,192**	4,312,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HKD as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange, and most of its investors are located in Hong Kong.

The principal activities of the Group are property development, property management and property investment.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to HKAS 12 "Income Taxes"

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As at 31 December 2012, the Group had investment properties amounting to HK$2,492,685,000 (2011: HK$2,000,423,000). The Group and its associates measure their investment properties using the fair value model. As a result of the application of amendments to HKAS 12, the directors reviewed the Group's investment properties portfolio which are all located in the PRC and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the presumption set out in the amendments to HKAS 12 is rebutted. The Group and the associates continue to recognise deferred taxation on change in fair value of investment properties based on the tax consequences of recovering the entire investment properties through use. Hence, the application of the amendments to HKAS 12 has had no effect on the Group's financial performance and financial position in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

Amendments to HKAS 12 "Income Taxes" (Continued)

The application of the above amendments to HKFRSs in the current year has had no material impact on the amounts reported in these consolidated financial statements and/or on disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK(SIC) – Int 12 "Consolidation Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that the application of these five standards may have a significant impact on amounts reported in the consolidated financial statements. In addition, the directors of the Company are in the process of assessing the impact of the application of these standards on the results and financial position of the Group, particularly in respect of its interest in a principal associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretation will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. 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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Service income

Service income including property management services and other services is recognised when services are provided.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock of properties

Stock of properties includes properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The stock of properties are stated at the lower of cost and net realisable value.

The Group transfers properties from inventories to investment properties when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party.

The Group transfers properties from inventories to property, plant and equipment when there is a change of intention from holding the properties held for sales to owner-occupied or other purposes which is evidence by commencement of owner-occupation.

The Group transfers the leasehold land component included in stock of properties to prepaid lease payment when there is a change of intention from holding the leasehold land for development of properties held for sales to future owner-occupied or other purposes.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in a consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL are mainly those classified as financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "fair value loss on investments held for trading" line item in the consolidated income statement. Fair value is determined in the manner described in note 30.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable, trade and other receivables, amounts due from associates, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated debt securities (e.g. debentures) as available-for-sale financial assets on initial recognition of those items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

Debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank borrowings, and trade and other payables are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible loan notes contains liability component, conversion and early redemption option derivatives

Convertible loan notes issued by the Group that contain both liability, conversion and early redemption option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability, conversion and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability, conversion and early redemption option components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted.

Key sources of estimation uncertainty

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

Loan and receivables

Loan and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The Group has a loan receivable (see note 19) which represents a shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai and amounts due from associates (see note 17) represent receivables from associates which are mainly arisen from provision of project management services by the Group. The recoverability of these amounts is dependent on the cashflow to be generated from the property development and property investment project. Where the actual future cash flows are less than expected, an impairment loss may arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Loan and receivables (Continued)

In determining whether an impairment for loan receivable and amounts due from associates is required, the management has taken into account the development status of the property development and property investment project and the expected market price and the future rental income of the properties in order to estimate the recoverability of the loan receivable and the amounts due from associates. An impairment loss of HK$195,065,000 (2011: HK$181,920,000) on the loan receivable is recognised during the year ended 31 December 2012 accordingly. As at 31 December 2012, the carrying amount of loan receivable (net of impairment loss) and amounts due from associates are HK$2,251,567,000 (2011: HK$2,142,895,000) and HK$92,794,000 (2011: HK$75,590,000) respectively.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions such as market evidence of transaction prices for similar properties in the same locations and conditions or, when appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation is reflective of the current market conditions and the current condition of the properties. Changes to these assumptions would result in changes in the fair values of the Group's and the associates' investment properties and the corresponding adjustments to the amount of fair value gain or loss of the Group's investment properties and share results of associates reported in the consolidated income statement. As at 31 December 2012, the carrying amount of investment properties is HK$2,492,685,000 (2011: HK$2,000,423,000).

Land appreciation tax ("LAT")

The PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land use rights, borrowing costs and all property development expenditure.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising on sale of properties, property management income, rental income and other services income, after deducting discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2012 **HK$'000**	2011 HK$'000
Sales of properties	**83,848**	134,257
Property management income	**105,608**	103,753
Rental income	**93,434**	77,768
Other service income	**31,679**	33,388
	314,569	349,166

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – property development, property management and property investment. These divisions are the basis on which the Group reports to the executive directors, the Group's chief operating decision makers, for performance assessment and resource allocation.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2012

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Total for reportable segment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External sales	83,848	105,608	93,434	282,890	31,679	–	314,569
Inter-segment sales	–	–	–	–	2,211	(2,211)	–
	83,848	105,608	93,434	282,890	33,890	(2,211)	314,569
RESULT							
Segment result	14,683	(1,720)	395,013	407,976	13,018	–	420,994
Other income							217,499
Unallocated corporate expenses							(37,519)
Gain on derivative components of convertible bonds							1,254
Fair value loss on investments held for trading							(19,073)
Share of results of associates							(64,434)
Finance costs							(10,450)
Profit before taxation							508,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2011

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Total for reportable segment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External sales	134,257	103,753	77,768	315,778	33,388	–	349,166
Inter-segment sales	–	–	–	–	2,174	(2,174)	–
	134,257	103,753	77,768	315,778	35,562	(2,174)	349,166
RESULT							
Segment result	16,628	1,714	383,317	401,659	26,696	–	428,355
Other income							207,533
Unallocated corporate expenses							(25,583)
Gain on derivative components of convertible bonds							50,444
Fair value loss on investments held for trading							(59,302)
Share of results of associates							26,022
Finance costs							(15,682)
Profit before taxation							611,787

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, change in fair value of investments held for trading and derivative components of convertible bonds and finance costs.

No analysis of the Group's assets and liabilities, and other information by reportable segments is disclosed as it is not regularly provided to the executive directors for review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

All the Group's turnover for both years is generated from the PRC (based on where the properties located) and substantially all the Group's non-current assets other than financial instruments (loan receivable from an associate and available-for-sale investments) are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group for each of the year ended 31 December 2012 or 2011.

6. OTHER INCOME

Other income mainly comprises:

	2012 **HK$'000**	2011 HK$'000
Dividend from listed securities	**80**	3,410
Gain on disposal of property, plant and equipment, net	**234**	4
Interest income on bank deposits	**96,642**	80,375
Interest income on loan receivable, net of impairment loss	**108,672**	121,817
Interest income from independent third party (Note)	**6,329**	–
Interest income on listed senior notes	**2,487**	–

Note: The amount represents interest income from an advance of HK$30,000,000 with interest bearing at 2% per month to an independent third party. The advance was fully repaid during the year.

7. OTHER EXPENSES

Other expenses mainly comprise:

	2012 **HK$'000**	2011 HK$'000
Donations	**1,941**	7,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

8. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**2,067**	23,368
– not wholly repayable within five years	**16,795**	–
Effective interest expense on convertible bonds	**798**	13,259
	19,660	36,627
Less: Amount capitalised to property under construction	**(5,526)**	(12,567)
Amount capitalised to investment properties under construction	**(3,684)**	(8,378)
	10,450	15,682

Borrowing costs capitalised during the year are calculated by applying average capitalisation rate of 3.2% (2011: 6.8%) per annum to expenditure on qualifying assets.

9. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,700**	1,780
Staff costs including directors' remuneration	**79,674**	85,122
Stock of properties recognised as cost of sales	**29,954**	70,874
Depreciation of property, plant and equipment	**7,603**	7,558
Operating lease rentals in respect of land and buildings	**2,480**	2,661
Release of prepaid lease payments	**1,320**	2,096
Share of taxation of associates	**35,545**	38,313
and after crediting:		
Exchange gain	**2,479**	150
Rental income, net of outgoings of HK$12,355,000 (2011: HK$9,102,000)	**81,079**	68,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 9 (2011: 9) directors of the Company were as follows:

	Year ended 31 December 2012									
	Mr. Ou Yaping HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Li Ningjun HK$'000	Mr. Xiang Ya Bo HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
		(Note d)								
Fees (Note a)	–	–	–	–	–	–	250	250	250	750
Other emoluments										
Salaries and other benefits (Note b)	5,426	2,380	200	1,466	1,202	1,484	–	–	–	12,158
Bonuses (Note c)	–	–	–	–	–	500	–	–	–	500
Retirement benefits scheme contributions	42	14	13	29	40	–	–	–	–	138
Total emoluments	5,468	2,394	213	1,495	1,242	1,984	250	250	250	13,546

	Year ended 31 December 2011									
	Mr. Ou Yaping HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Li Ningjun HK$'000	Mr. Xiang Ya Bo HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
		(Note d)								
Fees (Note a)	–	–	–	–	–	–	250	250	250	750
Other emoluments										
Salaries and other benefits (Note b)	5,425	2,398	229	1,465	1,014	1,208	–	–	–	11,739
Bonuses (Note c)	1,500	800	–	–	242	–	–	–	–	2,542
Retirement benefits scheme contributions	42	12	13	29	28	–	–	–	–	124
Total emoluments	6,967	3,210	242	1,494	1,284	1,208	250	250	250	15,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors and make recommendation by the remuneration committee of the Company with reference to their duties and responsibilities with the Group, the Group's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

d. Mr. Tang Yui Man Francis is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

Of the five individuals with the highest emoluments in the Group, 4 (2011: 4) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2012 **HK$'000**	2011 HK$'000
Salaries and other emoluments benefits	**1,215**	1,216
Bonuses (Note)	**–**	240
Retirement benefits scheme contributions	**42**	42
	1,257	1,498

Note: The bonuses were determined with reference to the operating results, individual performance and comparable market statistic during the year.

During the year, no remunerations was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

11. TAXATION

	2012 HK$'000	2011 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax – underprovision in prior years	65	–
PRC Enterprise Income Tax	32,025	81,903
PRC land appreciation tax	9,888	16,484
Withholding tax on distribution of earnings of a PRC subsidiary	24,862	–
	66,840	98,387
Deferred taxation (note 27)	83,393	61,346
	150,233	159,733

No provision for Hong Kong Profits Tax has been made in the financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% (2011: 24%) of their assessable profits for the year ended 31 December 2012 according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

In addition, LAT shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards contracts signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

11. TAXATION (Continued)

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2012 HK$'000	2011 HK$'000
Profit before taxation	**508,271**	611,787
Tax at the applicable tax rate of 25% (2011: 24%) (Note)	**127,068**	146,829
Tax effect of expenses not deductible for tax purpose	**7,847**	36,340
Tax effect of income not taxable for tax purpose	**(42,218)**	(41,033)
Tax effect of share of results of associates	**16,109**	(6,245)
Land appreciation tax	**9,888**	16,484
Tax effect of land appreciation tax deductible for tax purpose	**(2,472)**	(3,956)
Tax effect on deferred tax liabilities recognised at different tax rate	**–**	3,146
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**4,914**	6,039
Tax effect of tax losses not recognised	**4,170**	2,256
Tax effect of utilisation of tax losses previously not recognised	**–**	(127)
Underprovision in prior years	**65**	–
Withholding tax paid	**24,862**	–
Taxation for the year	**150,233**	159,733

Note: The tax rate of 25% for the year ended 31 December 2012 (2011: 24%) represents PRC Enterprise Income Tax which is applicable to most of the Group's operations in the PRC.

12. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2012 (2011: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012 HK$'000	2011 HK$'000
Earnings for the purpose of basic earnings per share, being profit for the year attributable to owners of the Company	**289,243**	375,172
Effect of dilutive potential ordinary shares:		
Gain on derivative components of convertible bonds	**(1,254)**	(50,444)
Interest on convertible bonds	**798**	13,259
Earnings for the purpose of diluted earnings per share	**288,787**	337,987

	Number of shares 2012	 2011
Number of shares for the purpose of basic earnings per share	**3,541,112,832**	3,541,112,832
Effect of dilutive potential ordinary shares:		
Convertible bonds	**16,874,222**	198,904,110
Number of shares for the purpose of diluted earnings per share	**3,557,987,054**	3,740,016,942

The computation of diluted earnings per share for the years ended 31 December 2012 and 2011 did not assume the exercise of the Company's share options because the exercise prices of these options were higher than the average market price for shares for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Furniture, fixtures and equipment	Motor vehicles	Property under construction	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 January 2011	72,870	38,549	15,688	108,543	235,650
Currency realignment	3,594	1,721	616	5,335	11,266
Additions	2,680	999	2,167	82,791	88,637
Disposals	–	(172)	–	–	(172)
At 31 December 2011	79,144	41,097	18,471	196,669	335,381
Currency realignment	–	24	4	594	622
Transfer from stock of properties	11,368	–	–	–	11,368
Additions	–	6,589	1,011	160,668	168,268
Disposals	–	(488)	(1,439)	–	(1,927)
At 31 December 2012	90,512	47,222	18,047	357,931	513,712
DEPRECIATION AND AMORTISATION					
At 1 January 2011	40,133	34,231	9,883	–	84,247
Currency realignment	1,931	1,640	430	–	4,001
Provided for the year	3,411	892	3,255	–	7,558
Eliminated on disposals	–	(142)	–	–	(142)
At 31 December 2011	45,475	36,621	13,568	–	95,664
Currency realignment	17	2	2	–	21
Provided for the year	3,642	2,448	1,513	–	7,603
Eliminated on disposals	–	(264)	(1,365)	–	(1,629)
At 31 December 2012	49,134	38,807	13,718	–	101,659
CARRYING VALUES					
At 31 December 2012	41,378	8,415	4,329	357,931	412,053
At 31 December 2011	33,669	4,476	4,903	196,669	239,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of the Group's leasehold land and buildings comprises properties situated in the PRC and held under long leases.

The above items of property, plant and equipment, except for property under construction, are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease term and 50 years
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

15. PREPAID LEASE PAYMENTS

	2012 **HK$'000**	2011 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong held under long leases		
Non-current assets	**71,043**	119,635
Current assets	**1,325**	2,140
	72,368	121,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

16. INVESTMENT PROPERTIES

	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
FAIR VALUE			
At 1 January 2011	1,446,532	72,363	1,518,895
Exchange realignment	76,046	3,569	79,615
Transfer from stock of properties	139,039	–	139,039
Construction costs incurred	–	55,194	55,194
Increase in fair value of investment properties	314,651	–	314,651
Disposal of completed investment properties	(106,971)	–	(106,971)
At 31 December 2011	1,869,297	131,126	2,000,423
Exchange realignment	1,122	235	1,357
Transfer from prepaid lease payments	–	47,851	47,851
Construction costs incurred	–	129,141	129,141
Transfer	308,353	(308,353)	–
Increase in fair value of investment properties	313,913	–	313,913
At 31 December 2012	2,492,685	–	2,492,685

The investment properties under construction were completed during the year. Included in the construction costs incurred of HK$129,141,000 (2011: nil), an amount of HK$74,428,000 (2011: nil) was not yet paid and the corresponding payable was included as other payables as at 31 December 2012. The directors of the Company considered that the fair value of the investment properties under construction at the end of reporting period approximated to its carrying amount.

The fair value of the completed investment properties at 31 December 2012 and 2011 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and are the members of The Hong Kong Institute of Surveyors. The valuation of completed investment properties of HK$2,492,685,000 (2011: HK$1,869,297,000) were arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions or, where appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

16. INVESTMENT PROPERTIES (Continued)

Stock of properties held for sale were transferred to investment properties when there was commencement of an operating lease to another party. The difference between the fair value of the property at the date of transfer and its previous carrying amount were recognised in profit or loss at year end 31 December 2011.

All of the Group's interests in leasehold land held under operating leases in respect of completed properties and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as completed investment properties.

The investment properties are held under long leases and are situated in the PRC.

At 31 December 2012, the Group's investment properties with a carrying value of HK$496,917,000 (2011: HK$480,888,000) were pledged to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2012 **HK$'000**	2011 HK$'000
Cost of unlisted investment in associates	**4**	4
Share of post-acquisition results and other comprehensive income	**95,913**	159,065
	95,917	159,069
Amounts due from associates	**92,794**	75,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Details of the Group's principal associates as at 31 December 2012 and 2011 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group	Principal activities
INTEREST DIRECTLY HELD BY THE GROUP				
Rockefeller Group Asia Pacific, Inc. ("RGAP")	The British Virgin Islands ("BVI") – limited liability company	Hong Kong	49%	Investment holding
INTEREST INDIRECTLY HELD BY THE GROUP				
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC – equity interest venture	PRC	44.57%	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	44.57%	Property management

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

The summarised financial information (after adjustments for unrealised profits) in respect of the Group's associates is set out below:

	2012 **HK$'000**	2011 HK$'000
Total assets	**5,153,137**	4,658,127
Total liabilities	**(4,948,797)**	(4,319,005)
Net assets	**204,340**	339,122
Group's share of net assets of associates	**95,917**	159,069
Revenue	**22,934**	–
(Loss) profit for the year	**(137,270)**	57,665
Other comprehensive income for the year	**2,731**	47,119
Group's share of results and other comprehensive income of associates for the year	**(63,152)**	48,140

At 31 December 2012 and 2011, amounts due from associates were unsecured, interest-free and repayable on demand. Due to delay in construction process of the property project of RGAP as disclosed in note 19, the directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amount is classified as a non-current asset at 31 December 2012. However, in the opinion of the directors of the Company, it is still expected that the amount will be fully recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

18. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	HK$'000
Debentures, at fair value	**13,511**	13,761

19. LOAN RECEIVABLE

	2012	2011
	HK$'000	HK$'000
Shareholder's loan receivable	**2,251,567**	2,142,895

The amount represents a shareholder's loan receivable to RGAP, an associate of the Group, for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. The amount carries at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimates of the timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

Due to the delay in construction process of the property projects of RGAP, the Group has revised its estimates as to when the shareholder's loan receivable will be received, accordingly, an impairment loss of HK$195,065,000 (2011: HK$181,920,000) that represents the difference between the loan receivable's carrying amount and the present value of the estimated future cash flows discounted at its original effective interest rate is recognised in profit or loss during the year. After netting off with the interest income recognised by the Group of HK$303,737,000 (2011: HK$303,737,000) during the year, a net interest income of HK$108,672,000 (2011: HK$121,817,000) is recognised in the consolidated income statement and included as other income accordingly.

The directors of the Company have assessed the recoverability of the loan receivable of HK$2,251,567,000 (2011: HK$2,142,895,000) and concluded that the amount will be fully recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

20. STOCK OF PROPERTIES

	2012 HK$'000	2011 HK$'000
Properties under development	**683,904**	618,432
Stock of properties held for sale	**21,868**	65,860
	705,772	684,292

Properties under development of HK$683,904,000 (2011: HK$618,432,000) represent the carrying value of the properties expected to be completed within one year from the end of the reporting period.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 HK$'000	2011 HK$'000
Trade receivables	**4,121**	4,552
Interest receivables	**15,241**	9,315
Advances paid for investment projects (Note a)	**110,974**	93,026
Amount due from an investee company (Note b)	**1,820**	1,820
Other receivables, deposits and prepayments	**35,098**	35,317
	167,254	144,030

Notes:

a. In December 2012, the Group entered into a cooperative agreement (the "Agreement") with a company established in the PRC, an independent third party, for a proposed property development project in the PRC (the "Project") and advanced RMB90,000,000 (equivalent to approximately HK$110,974,000). The amount was secured by personal guarantees provided by two independent persons, borne interest at 3% per month and repayable in 45 days after the execution of the Agreement. In January 2013, a supplemental agreement is signed among all relevant parties and the due date of settlement of the advance is extended to 28 March 2013.

   At 31 December 2011, an amount of RMB75,444,000 (equivalent to approximately HK$93,026,000) advanced to an independent third party for a proposed development of intelligent community projects was fully repaid in 2012.

b. The amounts advanced by the shareholders are determined by the shareholding in the investee company. The advance is unsecured, interest bearing at 2.5% (2011: 2.5%) per annum, and has no fixed repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group allows an average credit period ranging from 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on invoice dates at the end of reporting period, which approximated the respective revenue recognition dates.

	2012	2011
	HK$'000	HK$'000
Aged:		
0 to 60 days	**3,402**	3,593
61 to 180 days	**432**	578
Over 181 days	**287**	381
	4,121	4,552

Management closely monitors the credit quality of trade receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$719,000 (2011: HK$959,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade debtors which are past due but not impaired:

	2012	2011
	HK$'000	HK$'000
61-180 days	**432**	578
Over 181 days	**287**	381
	719	959

The Group has not provided fully for all receivables aged over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

22. INVESTMENTS HELD FOR TRADING

	2012 HK$'000	2011 HK$'000
Investments held for trading, at fair value:		
– Equity securities listed in Hong Kong	**158,683**	175,159
– Senior notes listed overseas	**20,214**	–
– Unlisted managed investment fund	**78,482**	–
	257,379	175,159

The fair value of the above listed equity securities and senior notes were determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

The fair value of the investments in unlisted managed investment fund, which the holder has right to require the counter party to redeem the units at an agreed price determined with reference to the net assets value provided by the bank which is also the administrator of the investment fund.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group and deposits pledged to a bank for issuance of banking guarantee provided to a contractor in respect of refurbishment in a property project. The deposits have been pledged to secure short-term bank loans and for a contractor in respect of refurbishment in a property project which is expected to be completed in 2013, and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of the relevant bank borrowings and the completion of the property project.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 6.62% (2011: 0.01% to 3.10%) per annum at 31 December 2012.

At the end of the reporting period, the Group has the following bank balances denominated in foreign currencies of the relevant group entities:

	2012 HK$'000	2011 HK$'000
Bank balances denominated in:		
United States dollars	**773**	72,788
HKD	**89,377**	25,556
RMB	**651,481**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

24. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2012	2011
	HK$'000	HK$'000
Trade payables	**217,515**	245,907
Other payables for construction work	**176,041**	8,923
Deposits and receipts in advance	**97,896**	84,502
Other payables and accrued charges	**156,463**	156,094
	647,915	495,426

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2012	2011
	HK$'000	HK$'000
Aged:		
0 to 90 days	**36,369**	88,627
91 to 180 days	**47,886**	12,182
181 to 360 days	**13,826**	26,845
Over 360 days	**119,434**	118,253
	217,515	245,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

25. BORROWINGS

	2012	2011
	HK$'000	HK$'000
Bank loans – secured	**61,460**	36,991
Bank loans – unsecured	**234,279**	346,609
	295,739	383,600
Carrying amount repayable:		
Within one year	**25,432**	61,652
More than one year but not exceeding two years	**38,147**	49,322
More than two years but not exceeding five years	**119,066**	172,626
More than five years	**113,094**	–
	295,739	283,600
Carrying amount of bank loans that are not repayable in 2012 but contain a repayment on demand clause (shown under current liabilities)	**–**	100,000
	295,739	383,600
Less: Amount classified as current liabilities	**(25,432)**	(161,652)
Amount due after one year and classified as non-current liabilities	**270,307**	221,948

At 31 December 2012, the borrowings of HK$295,739,000 (2011: HK$283,600,000) are carried interest at benchmark interest rate as stipulated by the People's Bank of China plus a certain percentage. At 31 December 2011, the borrowings of HK$100,000,000 carried interest at Hong Kong Interbank Offer Rate plus 1.9% per annum. The interest rates as at the end of the reporting period for these loans range from 5.35% to 7.21% (2011: 2.15% to 7.5%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

25. BORROWINGS (Continued)

As at the end of the reporting period, the Group has the following bank loans denominated in foreign currencies of the relevant group entities:

	2012 **HK$'000**	2011 HK$'000
Bank loans denominated in HKD	–	100,000

26. CONVERTIBLE BONDS

On 15 June 2009, the Company entered into a placing agreement ("Placing Agreement") with an independent placing agent by which the Company has agreed to appoint the placing agent to procure, on a best-efforts basis, subscription of the convertible bonds of the Company, with the maximum principal amount of HK$500,000,000, subject to and upon the terms and conditions contained in the Placing Agreement and the shareholders' approval. The Placing Agreement, the creation and issue of the convertible bonds were approved by the shareholders of the Company in a special general meeting on 13 July 2009.

On 28 September 2009 ("Issue Date"), the Company issued the three-year zero coupon convertible bonds at par with a nominal value of HK$500,000,000 to independent third parties. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 28 September 2012 ("Maturity Date") at a conversion price of HK$1.10 per ordinary share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

During the year, convertible bonds with a nominal value of HK$25,000,000 (2011: HK$315,000,000) were redeemed by the Group at cash consideration of HK$25,000,000 (2011: HK$315,000,000).

The convertible bonds contain two components, liability component and conversion and early redemption option derivative components. The effective interest rate of the liability component is 6.85%. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The Company has right to redeem, in whole and not in part, the convertible bonds, at any time commencing from the Issue Date to Maturity Date, by giving the bondholders at least seven business days' prior notice at the redemption amount which is 100% of the principal amount of the outstanding convertible bonds as at the date of redemption.

Each of the bondholder may, at any time during the period commencing from the Issue Date, and expiring on the Maturity Date, request the Company to redeem, in whole or in part, the outstanding convertible bonds held by it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

26. CONVERTIBLE BONDS (Continued)

The movement of the liability component and conversion and early redemption option derivative components of the convertible bonds for the year is set out as below:

	Principal amount HK$'000	**Carrying amount of liability component** HK$'000
At 1 January 2011	340,000	303,263
Interest charge	–	13,259
Redemption during the year	(315,000)	(292,320)
At 31 December 2011	25,000	24,202
Interest charge	–	798
Redemption during the year	(25,000)	(25,000)
At 31 December 2012	–	–

	Conversion and early redemption option derivatives HK$'000
At 1 January 2011	74,378
Settlements resulting from redemption during the year	(22,680)
Gain on derivative components recognised in profit or loss	(50,444)
At 31 December 2011	1,254
Gain on derivative components recognised in profit or loss	(1,254)
At 31 December 2012	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

27. DEFERRED TAXATION

	Revaluation on investment properties HK$'000	Undistributed profits of subsidiaries HK$'000	Total HK$'000
At 1 January 2011	131,376	16,409	147,785
Currency realignment	7,322	936	8,258
Charge to consolidated income statement	55,307	6,039	61,346
At 31 December 2011	194,005	23,384	217,389
Currency realignment	142	106	248
Charge to consolidated income statement	78,479	4,914	83,393
At 31 December 2012	272,626	28,404	301,030

At the end of the reporting period, the Group has estimated unused tax losses of HK$46,634,000 (2011: HK$29,954,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such tax losses may be carried forward indefinitely.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$2,048,040,000 (2011: HK$1,326,171,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

28. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2011, 31 December 2011 and 31 December 2012	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2011, 31 December 2011 and 31 December 2012	3,541,112,832	354,111

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings and convertible bonds disclosed in notes 25 and 26, and equity attributable to owners of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Fair value through profit or loss		
Held for trading	**257,379**	175,159
Loans and receivables (including cash and cash equivalents)	**6,505,160**	6,667,100
Available-for-sale financial assets	**13,511**	13,761
Financial liabilities		
Amortised cost	**778,602**	737,593
Derivative instruments	**–**	1,254

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan receivable, trade and other receivables, amounts due from associates, investments held for trading, pledged bank deposits, bank balance and cash, borrowings, convertible bonds, and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management considers the Group does not expose to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain balances of financial assets and liabilities denominated in foreign currency. The 5% (2011: 5%) increase and decrease in RMB against the relevant foreign currencies is the rate used which represents management's assessment of the possible change in foreign exchange rates. If foreign currency exchange rate had been 5% higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2012 would decrease/increase by HK$40,967,000 (2011: decrease/increase by HK$4,995,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances, convertible bond and bank borrowing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable from an associate, advance paid for investee projects, amount due from investee and liability component of convertible bonds and cash flow interest rate risk in relation to bank balances and pledged bank deposits at prevailing market rates and variable-rate bank borrowings. The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2012 would increase/decrease by HK$12,032,000 (2011: increase/decrease by HK$19,442,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances, pledge bank deposits and variable-rate bank borrowings in the PRC.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities, listed senior notes and unlisted managed investment fund. The Group has concentration risk on its investments held for trading which were mainly invest on property industry sector and has equity price risk on equity instruments quoted in the Stock Exchange and from a financial institution respectively. The Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In addition, the Group is required to estimate the fair value of the conversion and early redemption option derivatives in the convertible bonds at the end of the reporting period with changes in fair value to be recognised in the consolidated income statement as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes of the Company's share market price and share price volatility.

The sensitivity analyses below have been determined based on the exposure to equity price risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

If the prices of the respective equity instruments had been 10% higher/lower, profit after taxation for the year ended 31 December 2012 increase/decrease by HK$21,491,000 (2011: HK$14,626,000) as a result of the changes in fair value of investments held for trading.

Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities disclosed in note 34.

The Group advanced HK$214,275,000 (2011: nil) in aggregate to independent third parties, of which HK$30,000,000 was unsecured and interest-bearing at 2% per month as disclosed in note 6, the remaining balance was unsecured and interest-free. The amounts were fully settled during the year. In addition, the Group advanced RMB90,000,000 (equivalent to approximately HK$110,974,000) to another independent third party during the year as disclosed in note 21, such advance was interest bearing at 3% per month, repayable in 45 days after the execution of relevant agreement and secured by personal guarantees provided by two independent persons who were assessed to be trustworthy by the management of the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, advances to independent third parties at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of loan receivable and amounts due from associates, the management has regularly reviewed the development status of the property development and property investment project of the associates and the expected market price and the rental income of the properties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Other than concentration of credit risk on advances to independent third parties as disclosed above, loan receivable and amounts due from associates, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on sale of properties and borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2012 HK$'000
2012							
Trade and other payables	–	139,118	343,745	–	–	482,863	482,863
Financial guarantees (Note)	–	–	63,296	–	–	63,296	–
Borrowings	6.88	1,339	40,150	203,502	123,918	368,909	295,739
		140,457	447,191	203,502	123,918	915,068	778,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2011 HK$'000
2011							
Trade and other payables	–	33,226	296,565	–	–	329,791	329,791
Convertible bonds (liability)	6.85	25,000	–	–	–	25,000	24,202
Convertible bonds (derivative components)		1,254	–	–	–	1,254	1,254
Financial guarantees (Note)	–	–	74,640	–	–	74,640	–
Borrowings	5.53	101,587	79,112	256,987	–	437,686	383,600
		161,067	450,317	256,987	–	868,371	738,847

Note: The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the mortgage loans are defaulted by the counter parties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under that arrangement. However, this estimate is subject to change depending on the probability of the counter parties would default on the relevant loans under the guarantee which is a function of the likelihood that the financial receivables held by banks which are guaranteed suffer credit losses.

Bank loans with a repayment on demand clause were included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$100,000,000. Taking into account the Group's financial position, the directors did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The directors believed that such bank loans at 31 December 2011 will be repaid between 1 month to 1 year period after 31 December 2011 in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to HK$100,359,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, option pricing models is used for optional derivatives.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

	2012			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets				
Unlisted debentures	13,511	–	–	13,511
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Listed equity securities	158,683	–	–	158,683
Listed senior notes	20,214	–	–	20,214
Unlisted managed investment fund	–	78,482	–	78,482
	192,408	78,482	–	270,890

	2011			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets				
Unlisted debentures	13,761	–	–	13,761
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Listed equity securities	175,159	–	–	175,159
	188,920	–	–	188,920
Financial liabilities at FVTPL				
Conversion and early redemption option derivatives	–	–	1,254	1,254

There were no transfers between Level 1 and 2 in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

30. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities:

	Conversion and early redemption option derivatives HK$'000
At 1 January 2011	74,378
Settlements	(22,680)
Total gains recognised in profit or loss	(50,444)
At 31 December 2011	1,254
Total gains recognised in profit or loss	(1,254)
At 31 December 2012	–

Included in profit or loss, gain of HK$1,254,000 (2011: HK$50,444,000) relates to conversion and early redemption option derivatives at the end of the reporting period. Fair value gains or losses on the conversion and early redemption option derivatives are included in change in fair value of derivative components of convertible bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its associates during the year.

Name of related party	Nature of transaction	2012 HK$'000	2011 HK$'000
RGAP	Interest income on shareholder's loan	**108,672**	121,817
Shanghai Rockefeller	Project management fee income	**26,195**	26,195

The key management personnel are the directors and the five highest paid individuals of the Company. The details of the remuneration paid to them are set out in note 10.

32. SHARE OPTIONS

The Company's share option scheme was adopted pursuant to the resolutions passed on 24 May 2002 (the "2002 Share Option Scheme") for providing incentives to directors and eligible employees. The 2002 Share Option Scheme expired on 23 May 2012. Under the 2002 Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

Movements of the Company's share options held by employees (including directors) during the year were as follows:

	Number of share options		
	Outstanding at 1.1.2012	Lapsed during the year	Outstanding at 31.12.2012
2002 Share Option Scheme	**109,987,500**	**(109,987,500)**	**–**
Weighted average exercise price (HK$)	**1.687**	**1.687**	**N/A**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

32. SHARE OPTIONS (Continued)

	Number of share options		
	Outstanding at 1.1.2011	Lapsed during the year	Outstanding at 31.12.2011
2002 Share Option Scheme	111,112,500	(1,125,000)	109,987,500
Exercisable at the end of the year			109,987,500
Weighted average exercise price (HK$)	1.680	1.778	1.687

During the year, no options were granted, exercised or cancelled under the 2002 Share Option Scheme.

A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

33. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Funds ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made contributions to the retirement benefits schemes amounting to HK$3,819,000 (2011: HK$3,909,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

34. CONTINGENT LIABILITIES

	2012 HK$'000	2011 HK$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**63,296**	74,640

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant during both years and it is not probable that the counter parties would default on the relevant loans.

35. COMMITMENTS

	2012 HK$'000	2011 HK$'000
Capital commitments in respect of properties under constructions:		
– contracted for but not provided in the consolidated financial statements	**26,683**	76,511
– authorised but not contracted for	**197,755**	546,495
Commitments in respect of properties under development:		
– contracted for but not provided in the consolidated financial statements	**130,062**	123,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

36. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**71,664**	61,113
In the second to fifth year inclusive	**155,283**	142,141
Over five years	**53,864**	73,387
	280,811	276,641

The properties held have committed tenants for periods up to ten years after the end of the reporting period.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**10,411**	5,398
In the second to fifth years inclusive	**7,387**	5,945
	17,798	11,343

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

37. PLEDGE OF ASSETS

At 31 December 2012, bank deposits of HK$5,666,000 (2011: HK$606,000) and investment properties with an aggregate carrying amount of HK$496,917,000 (2011: HK$480,888,000) were pledged to banks to secure general banking facilities granted to the Group.

38. MAJOR NON-CASH TRANSACTIONS

During the year, stock of properties held for sales with the aggregate carrying amount of HK$11,368,000 (2011: nil) was transferred to property, plant and equipment upon commencement of own use as a staff quarter.

During the year, the Group acquired property, plant and equipment of HK$168,268,000 (2011: HK$88,637,000) and investment properties of HK$129,141,000 (2011: HK$55,194,000), of which approximately HK$101,477,000 (2011: nil) and HK$74,428,000 (2011: nil) respectively have not been paid and were included in other payables for construction work as disclosed in note 24, respectively.

In 2011, stock of properties held for sales with the aggregate carrying amount of HK$139,039,000 was transferred to investment property upon commencement of operating leases to outsiders.

39. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2012 and 2011 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Cnhooray Internet Technology Co., Ltd. 深圳日訊網絡科技股份有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI	US$1	100%	–	Investment holding
Firstline Investment Limited	BVI	US$1	–	100%	Investment holding
Global Mark Investments Limited	BVI	US$1	–	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

39. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Knatwood Limited	BVI	US$1	–	100%	Investment holding
Leader Faith International Limited	BVI	US$1	100%	–	Investment holding
Link Capital Investments Limited	BVI	US$50,000	–	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	–	100%	Investment holding
Ocean Diamond Limited	BVI	US$50,000	–	100%	Investment holding
Real Achieve Limited	BVI	US$1	100%	–	Investment holding
Shanghai Sinolink Xijiao Property Development Co., Ltd. 上海百仕達西郊地產發展有限公司	PRC – Limited company	RMB190,000,000	–	80%	Property development
上海百仕達蘇河灣地產發展有限公司	PRC – Limited company	RMB5,000,000	–	80%	Property development
深圳市百仕達置地有限公司	PRC – Limited company	RMB10,000,000	–	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd. 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
深圳百仕達商業管理有限公司	PRC – Limited company	RMB1,000,000	–	80%	Property management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

39. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
深圳百仕達酒店管理有限公司	PRC – Limited company	RMB1,000,000	–	80%	Property management
Shenzhen Sinolink Property Management Co., Ltd. 深圳百仕達物業管理有限公司	PRC – Limited company	RMB5,000,000	–	80%	Property management
Sino Elegance Investment Holdings Limited 源品投資控股有限公司	Hong Kong	HK$1	–	100%	Investment holding
Sino Support Holdings Limited 漢承控股有限公司	BVI	USD3,000	100%	–	Investment holding
Sinolink Assets Management Limited	BVI	HK$2	100%	–	Investment holding
Sinolink LPG Development Limited	BVI	US$1	–	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	US$1	–	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Dormant
Sinolink Properties Limited 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

39. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Sinolink Shanghai Investments Ltd.	BVI	US$1	100%	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	–	Investment holding

Except for the investment holding companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 HK$'000	2011 HK$'000
Assets		
Plant and equipment	**213**	125
Unlisted investments in subsidiaries	**614,507**	614,507
Amounts due from subsidiaries	**4,409,365**	3,707,354
Available-for-sale investments	**12,500**	12,500
Other receivables, deposits and prepayments	**6,909**	2,058
Investments held for trading	**28,324**	4,385
Bank balances and cash	**37,082**	24,723
	5,108,900	4,365,652
Liabilities		
Other payables and accrued charges	**1,405**	1,050
Amounts due to subsidiaries	**1,985,891**	1,214,912
Convertible bonds	**–**	25,456
	1,987,296	1,241,418
Total assets less total liabilities	**3,121,604**	3,124,234
Capital and reserves		
Share capital	**354,111**	354,111
Reserves (Note)	**2,767,493**	2,770,123
Total equity	**3,121,604**	3,124,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	**Share options reserve** HK$'000	**Contributed surplus** HK$'000	**Other reserves** HK$'000	**Total** HK$'000
At 1 January 2011	1,824,979	54,261	572,174	344,429	2,795,843
Loss for the year	–	–	–	(25,720)	(25,720)
Lapse of share options	–	(506)	–	506	–
At 31 December 2011	1,824,979	53,755	572,174	319,215	2,770,123
Loss for the year	–	–	–	(2,630)	(2,630)
Lapse of share options	–	(53,755)	–	53,755	–
At 31 December 2012	1,824,979	–	572,174	370,340	2,767,493

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2012

PROPERTIES HELD FOR DEVELOPMENT/SALE

Description	Type of use	Effective GFA (M^2)	% held	Stage of completion	Anticipated completion
1. Mangrove West Coast Land lot no. T207-0026 Mangrove Bay Binhai Avenue, Nanshan District, Shenzhen	Residential	1,461	87%	Completed	N/A
2. Land lot no. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2013

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2012

PROPERTIES HELD FOR INVESTMENTS

Property	Type of use	GFA (M^2)	Effective % held
1. 518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2. Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	20,232	80%
3. 4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4. 1,700 car parks at Residence Club House Mangrove West Coast Land lot no. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	87%

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2012

Property	Type of use	GFA (M^2)	Effective % held
5. Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Eastern District Taining Road Luohu District Shenzhen	Commercial	39,434	80%
6. 1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7. Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District Shenzhen	Commercial and car parks	20,076	80%

FINANCIAL SUMMARY

For the year ended 31 December 2012

	For the year ended 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	1,688,807	3,999,178	1,280,936	349,166	**314,569**
Profit before taxation	785,360	2,247,604	901,217	611,787	**508,271**
Taxation	(351,675)	(821,011)	(262,283)	(159,733)	**(150,233)**
Profit for the year	433,685	1,426,593	638,934	452,054	**358,038**
Attributable to:					
Owners of the Company	342,874	1,213,800	560,317	375,172	**289,243**
Non-controlling interests	90,811	212,793	78,617	76,882	**68,795**
	433,685	1,426,593	638,934	452,054	**358,038**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Earnings per share					
Basic	10.43	36.25	15.81	10.59	**8.17**
Diluted	10.43	36.23	9.67	9.04	**8.12**

	As at 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	7,486,663	10,724,772	10,435,384	10,069,702	**10,569,158**
Total liabilities	(2,515,761)	(3,889,938)	(2,959,383)	(1,900,504)	**(2,066,607)**
	4,970,902	6,834,834	7,476,001	8,169,198	**8,502,551**
Equity attributable to owners of the Company	4,396,125	6,069,281	6,626,096	7,199,733	**7,488,946**
Non-controlling interests	574,777	765,553	849,905	969,465	**1,013,605**
	4,970,902	6,834,834	7,476,001	8,169,198	**8,502,551**