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HARBOUR CENTRE DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 51

2012 Final Results Announcement

Milestone Year for the Group

HIGHLIGHTS

- For the first time, contribution from the Mainland exceeded 50% of the Group's total to reach 85% of Group turnover and 79% of Group operating profit.
- Completion of Shanghai Xiyuan and initial phases in Changzhou Times Palace enabled the property development segment to report HK\$5.2 billion of turnover and HK\$1.8 billion of operating profit. Chongqing U World lifted share of jointly controlled entities profit to HK\$0.3 billion.
- In turn, Group turnover and operating profit increased by nearly 4 times, while core earnings increased by nearly 5 times to HK\$1.9 billion.
- The net order book for property development at 2012 year end was RMB5.4 billion for 523,000 square metres to be completed in stages.
- Long standing core businesses Hotel and Property Investment in Hong Kong continued to deliver solid growth.
- Net cash and available-for-sale investments rose to over HK\$6 billion.
- Net asset value (with hotel and development properties stated at cost) increased by 27% to HK\$20.6 per share, or to HK\$26.4 per share if the Group's hotel is restated at market value.
- In lieu of a final dividend, a second interim dividend of HK\$0.48 per share will be paid. This would bring the total dividend for 2012 to HK\$0.96 per share, which included a special dividend of HK\$0.36 per share paid in September 2012.

GROUP RESULTS

Group profit attributable to equity shareholders for the financial year ended 31 December 2012 increased by 179% to HK\$3,057.5 million (2011: HK\$1,095.5 million). Excluding the investment property revaluation surplus, Group profit increased by 476% to HK\$1,936.5 million (2011: HK\$336.0 million). Core earnings per share were HK\$2.73 (2011: HK\$0.47).

DIVIDENDS

A first interim dividend of HK\$0.12 per share and a special first interim dividend of HK\$0.36 per share were paid on 27 September 2012. The Board has declared a second interim dividend of HK\$0.48 per share in respect of the financial year ended 31 December 2012, payable on 27 May 2013 to Shareholders on record as at 20 May 2013. This second interim dividend is to be paid in lieu of a final dividend in respect of the financial year ended 31 December 2012.

BUSINESS REVIEW

China Properties

China's economic growth and rapid urbanization continued to generate demand for quality urban living. The Group's projects are able to benefit from Wharf's trusted brand in the development of quality and well-located residences.

The pace of China property development accelerated during 2012. Completion of Shanghai Xiyuan and the initial phases in Changzhou Times Palace enabled the segment to report revenue of HK\$5,229 million and operating profit of HK\$1,791 million. In addition, Chongqing U World lifted contributions from jointly-controlled entities. For the first time, contributions from the Mainland exceeded 50% of the Group's revenue and operating profit to reach 85% and 79%, respectively in 2012.

As at 31 December 2012, the Group had an attributable land bank of 2.2 million square metres at a book value of HK\$12 billion, which represented 70% of the Group's business assets.

Sales

Contracted sales of the Group's existing projects maintained its momentum during 2012 while the Mainland's economy and property market faced different challenges.

During the period under review, a total of 348,600 square metres of properties were contracted for sale for RMB4.2 billion.

Net order book as at the end of 2012 was RMB5.4 billion for 523,000 square metres of properties to be completed in stages.

Additional phases of Suzhou Times City were launched for pre-sale during 2012 and met with good demand. 197,700 square metres were pre-sold, 139% higher than 2011, at an average price of RMB11,100 per square metre. Contracted sales proceeds increased by 98% to RMB2.2 billion. Cumulative GFA pre-sold represents 31% of the project total.

Changzhou Times Palace launched additional phases for pre-sale and sold 112,600 square metres at an average price of RMB6,700 per square metre for proceeds of RMB770 million. Cumulative GFA pre-sold represents 42% of the project total.

Initial phases of retail units and additional phases of residential units of Chongqing U World were launched for pre-sale during 2012. On an attributable basis, 22,400 square metres were pre-sold at an average price of RMB21,800 per square metre for residential towers and RMB39,000 per square metre for the retail units. Total proceeds amounted to RMB555 million. Cumulative GFA pre-sold represents 30% of the project total.

Shanghai Xiyuan sold a further 15,900 square metres at an average price of RMB44,500 per square metre for proceeds of RMB705 million. Cumulative GFA sold represents 90% of the project total.

Development Progress

Changzhou Times Palace comprises residential towers and car parks, semi-detached houses and villas, a 31-suite Marco Polo State Guest House, a five-star hotel with 271 rooms and 137 serviced apartments with a total GFA of 800,000 square metres. Construction is underway. The State Guest House, the five-star hotel and serviced apartments will be completed in stages between 2013 and 2014.

Chongqing U World is a 55% owned jointly-controlled residential and commercial development with China Overseas Land & Investment, offering an attributable GFA of 235,000 square metres with most of the residences enjoying a panoramic river view from different angles. This site is one of the few residential developments in the new Jiangbei CBD. It is adjacent to Grand Theatre, Science Museum and Central Park and in close proximity to the future Chongqing International Finance Square. Construction is underway, with full completion scheduled for 2015.

In Suzhou, the Group has two projects being developed through a joint venture owned 80:20 respectively by the Group and Genway Housing Development.

Suzhou International Finance Square is a 450-metre skyscraper landmark commercial development in the new CBD of Suzhou Industrial Park overlooking Jinji Lake. It will be directly connected to a future metro station and is designed by the internationally renowned architect, Kohn Pedersen Fox. With a total GFA of 278,000 square metres, it consists of international Grade A office, luxurious apartments plus a premium sky hotel with full scenery of Suzhou. Construction is underway, with full completion scheduled for 2016.

Suzhou Times City is located along the main east-west thoroughfare of Xiandai Da Dao and near a future metro station, with a residential GFA of 907,000 square metres. Construction for the initial phases is underway. Full completion is scheduled for 2018.

Acquisition

In December, the Group acquired a 107,500-square metre commercial site in Shanghai Xuhui District through a joint venture with China Vanke Co. Limited and Greenland Group Co. Limited, of which the Group owned 27% interest with an attributable GFA of 133,000 square metres. The development is situated next to Shanghai South Railway Station and well

connected to existing Metro Line 1, Line 3 and future Line 15 stations. Design planning is underway.

Property Investment

The Property Investment segment was propelled by solid consumption demand in Hong Kong, with a 36% increase in revenue and a 39% increase in operating profit. The Group's property investment portfolio was revalued by an independent valuer as at 31 December 2012. Net revaluation surplus during the period was HK\$1,121 million.

Hotel

The Marco Polo Hongkong Hotel ("MPHK Hotel") continued to benefit from Hong Kong's thriving inbound tourism and strong hotel room demand during 2012. The favorable location of MPHK Hotel within Harbour City provides convenience for business and leisure travelers. The segment's revenue and operating profit increased by 15% and 23%, respectively. Average room rate increased by 9% while average occupancy surged 7 percentage points to reach 91% in 2012.

FINANCIAL REVIEW

(I) Review of 2012 Final Results

Following the growth momentum of the Group's development projects in the Mainland as reflected in the interim results, the Property Development segment continued to sustain its profitability and help the Group attain new records in both revenue and profits for 2012.

Revenue

Group revenue increased by 383% to a record high of HK\$6,260.5 million (2011: HK\$1,296.6 million) primarily attributable to the recognition of property sales.

Property Development recognised property sales of HK\$5,229.3 million (2011: HK\$453.5 million) mainly from the Shanghai Xiyuan project which completed in June 2012 and Changzhou Times Palace project with phased completion in the fourth quarter of 2012.

During the year, inclusive of jointly controlled entities on an attributable basis, the Group recorded total contracted sales of RMB4,219.5 million. As at 31 December 2012, the net order book increased to RMB5,378.8 million, which is available for recognition as revenue on completion of the respective properties by stages.

Property Investment revenue increased by 36% to HK\$263.6 million (2011: HK\$194.0 million), reflecting the higher average rental particularly from the retail areas of MPHK Hotel and the Star House units after having improved the tenant mix.

Hotel revenue increased by 15% to HK\$637.1 million (2011: HK\$553.4 million) mainly benefited from MPHK Hotel's improved average room rate.

Investment and Other income comprising interest and dividend from the Group's surplus cash and investments increased by 36% to HK\$130.5 million (2011: HK\$95.7 million).

Operating Profit

Group operating profit increased by 387% to HK\$2,358.5 million (2011: HK\$484.1 million).

Property Development's profit increased to HK\$1,790.8 million (2011: HK\$97.7 million) for an operating margin of 34%, for profit recognition of Shanghai Xiyuan and Changzhou Times Palace units.

Property Investment profit increased by 39% to HK\$235.6 million (2011: HK\$169.4 million), Hotel profit increased by 23% to HK\$214.5 million (2011: HK\$174.5 million) and profit from Investment and Others increased by 36% to HK\$130.5 million (2011: HK\$95.7 million).

Increase in Fair Value of Investment Properties

The Group's completed investment properties were stated at the valuations carried out by an independent valuer as at 31 December 2012 resulting in a total valuation gain of HK\$1,121.0 million in 2012 (2011: HK\$759.5 million). In accordance with the prevailing accounting standard, the Group's investment property under development is carried at cost and will not be carried at fair value until the earlier of its fair value first becoming reliably measurable and the date of completion.

Other Net Income

Other net income for the year mainly included foreign exchange gain of HK\$129.9 million (2011: loss of HK\$57.3 million).

Finance Costs

Net finance costs for the year was HK\$30.7 million (2011: HK\$9.9 million). The charge was after capitalisation of HK\$24.1 million (2011: HK\$17.5 million) for the Group's Mainland projects.

Share of Results after Tax of Jointly Controlled Entities

The share of profit of jointly controlled entities after tax amounted to HK\$312.4 million (2011: loss of HK\$15.1 million) with contribution primarily from the first profit recognition from the Chongqing U World development project in the Mainland.

Income Tax

The taxation charge for the year increased to HK\$819.7 million (2011: HK\$66.7 million) as a result of increase in profit.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the year ended 31 December 2012 amounted to HK\$3,057.5 million (2011: HK\$1,095.5 million), representing an increase of 179%. Earnings per share were HK\$4.31 (2011: HK\$1.55) based on 708.8 million issued shares.

Excluding the investment property revaluation surplus of HK\$1,121.0 million (2011: HK\$759.5 million), the core profit attributable to shareholders for the year was HK\$1,936.5 million (2011: HK\$336.0 million), representing an increase of 476%. Core earnings per share were HK\$2.73 (2011: HK\$0.47) based on 708.8 million issued shares.

(II) Liquidity, Financial Resources and Commitments

Shareholders' and Total Equity

As at 31 December 2012, the Group's shareholders' equity increased by 27% to HK\$14,591.3 million (31/12/2011: HK\$11,462.9 million), equivalent to HK\$20.59 per share (31/12/2011: HK\$16.17 per share). Including the non-controlling interests, the Group's total equity stood at HK\$15,563.4 million (31/12/2011: HK\$12,278.7 million).

MPHK Hotel is stated at cost less accumulated depreciation according to the prevailing Hong Kong Financial Reporting Standards. Restating the hotel property based on the valuation as at 31 December 2012 carried out by an independent valuer would give rise to an additional revaluation surplus of HK\$4,088.5 million and increase the Group's shareholders' equity as at 31 December 2012 to HK\$18,679.8 million, equivalent to HK\$26.35 per share.

Total Assets

The Group's total assets increased by 16% to HK\$26,782.7 million (31/12/2011: HK\$23,054.5 million), including HK\$17,371.6 million of business assets, HK\$7,730.5 million of bank deposits and cash, as well as HK\$1,541.6 million of available-for-sale investments.

The Group's major business assets included properties for sale of HK\$7,822.2 million, interest held through jointly controlled entities of HK\$2,082.3 million and investment properties of HK\$5,565.9 million. Geographically, HK\$12,225.1 million or 70% of the Group's total business assets were located in Mainland China.

Debt/Cash

As at 31 December 2012, the Group had net cash of HK\$4,580.5 million (31/12/2011: HK\$2,700.3 million), which was made up of HK\$7,730.5 million cash and HK\$3,150.0 million bank borrowings.

Finance and Availability of Facilities and Funds

As at 31 December 2012, the Group's available loan facilities amounted to HK\$6,025.6 million, of which HK\$3,150.0 million was drawn. Certain banking facilities of the Group were secured by mortgage over the Group's certain properties under

development for sale with total carrying value of HK\$963.5 million (31/12/2011: HK\$4,200.4 million over the Group's certain properties under development for sale and certain fixed assets).

The Group's debts were denominated in HKD, USD and RMB. Further RMB borrowings will be sourced to finance the development cost of the Mainland projects.

The use of derivative financial instruments was strictly controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

The Group maintained a reasonable level of surplus cash, which was denominated principally in HKD and RMB, to facilitate the Group's business and investment activities. As at 31 December 2012, the Group also maintained a portfolio of investments primarily consisting of blue chip securities, with an aggregate market value of HK\$1,541.6 million (31/12/2011: HK\$1,119.1 million), which is available for liquidation to meet the Group's commitment if necessary. The performance of the portfolio was largely in line with the general stock market.

Net Cash Flows for Operating and Investing Activities

For the year under review, the Group generated HK\$2,617.4 million of net cash inflow from operating activities (2011: HK\$2,453.6 million), primarily from the pre-sales net of construction cost payment for the Group's Mainland development projects. For investing activities, the Group had net cash outflow of HK\$436.4 million (2011: inflow of HK\$86.3 million), mainly representing addition of interests for the newly acquired Shanghai South Railway Station project and construction costs payment for Changzhou Hotel.

Commitments

As at 31 December 2012, the Group's total authorised and contracted for commitments amounted to HK\$3.9 billion which was substantially related to Mainland development projects. Apart from that, the Group also plans to invest HK\$12.9 billion for completion of the existing Mainland development property projects, including land cost of HK\$1.5 billion, which will be carried out by stages in the forthcoming years and funded by internal financial resources, proceeds from property pre-sales and bank loans.

(III) Human Resources

The Group had approximately 700 employees as at 31 December 2012. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

Consolidated Income Statement
For the year ended 31 December 2012

		2012	2011
	Note	HK\$ Million	HK\$ Million
Revenue	2	6,260.5	1,296.6
Direct costs and operating expenses		(3,564.3)	(645.4)
Selling and marketing expenses		(239.1)	(83.5)
Administrative and corporate expenses		(55.9)	(36.3)
Operating profit before depreciation, interest and tax		2,401.2	531.4
Depreciation		(42.7)	(47.3)
Operating profit	3	2,358.5	484.1
Increase in fair value of investment properties		1,121.0	759.5
Other net income/(loss)	4	103.9	(56.7)
		3,583.4	1,186.9
Finance costs	5	(30.7)	(9.9)
Share of results after tax of jointly controlled entities		312.4	(15.1)
Profit before taxation		3,865.1	1,161.9
Income tax	6(a)	(819.7)	(66.7)
Profit for the year		3,045.4	1,095.2
Profit attributable to:			
Equity shareholders		3,057.5	1,095.5
Non-controlling interests		(12.1)	(0.3)
		3,045.4	1,095.2
Earnings per share	7		
Basic		HK\$4.31	HK\$1.55
Diluted		HK\$4.31	HK\$1.55

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	2012	2011
	HK\$ Million	HK\$ Million
Profit for the year	3,045.4	1,095.2
Other comprehensive income		
Exchange difference on translation of:	12.0	462.4
- financial statements of overseas subsidiaries	10.8	378.7
- financial statements of jointly controlled entities	1.2	83.7
Net revaluation reserves of available-for-sale investments:	528.1	(573.9)
- surplus/(deficit) on revaluation	496.3	(575.7)
- transferred to consolidated income statement on disposal	31.8	1.8
Others	-	(7.9)
Other comprehensive income for the year	540.1	(119.4)
Total comprehensive income of the year	3,585.5	975.8
Total comprehensive income attributable to:		
Equity shareholders	3,596.2	937.8
Non-controlling interests	(10.7)	38.0
	3,585.5	975.8

Consolidated Statement of Financial Position
As at 31 December 2012

	Note	2012 HK\$ Million	2011 HK\$ Million
Non-current assets			
Investment properties		5,565.9	4,289.7
Leasehold land		54.2	54.2
Other properties, plant and equipment		595.6	305.2
Total fixed assets		6,215.7	4,649.1
Interest in an associate		0.1	0.1
Interest in jointly controlled entities		2,082.3	1,768.7
Available-for-sale investments		1,541.6	1,119.1
Deferred tax assets		44.0	21.8
Other non-current assets		375.9	10.7
		10,259.6	7,569.5
Current assets			
Properties for sale		7,822.2	8,716.5
Inventories		2.0	2.9
Trade and other receivables	9	750.7	690.2
Prepaid tax		122.7	228.7
Derivative financial assets		95.0	5.2
Bank deposits and cash		7,730.5	5,841.5
		16,523.1	15,485.0
Current liabilities			
Trade and other payables	10	(1,791.2)	(933.9)
Pre-sale deposits and proceeds		(5,700.4)	(6,561.7)
Derivative financial liabilities		(9.3)	(31.2)
Bank loans		(800.0)	(300.0)
Taxation payable		(488.9)	(78.5)
		(8,789.8)	(7,905.3)
Net current assets		7,733.3	7,579.7
Total assets less current liabilities		17,992.9	15,149.2
Non-current liabilities			
Derivative financial liabilities		-	(4.3)
Bank loans		(2,350.0)	(2,841.2)
Deferred tax liabilities		(79.5)	(25.0)
		(2,429.5)	(2,870.5)
NET ASSETS		15,563.4	12,278.7
Capital and reserves			
Share capital		354.4	354.4
Reserves		14,236.9	11,108.5
Shareholders' equity		14,591.3	11,462.9
Non-controlling interests		972.1	815.8
TOTAL EQUITY		15,563.4	12,278.7

Notes to Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 except the changes mentioned below.

The HKICPA has issued a several amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements but the adoption of which has no effect on reported profit or loss, total income and expense or net assets for any period presented:

Amendments to HKFRS 7

Financial instruments: Disclosures –
Transfers of financial assets

The amendments to HKFRS 7 requires additional disclosures for risk exposures arising from transferred financial assets. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the consolidated financial statements in the current and previous periods.

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are property development, property investment and hotel. No operating segment has been aggregated to form reportable segments.

Property development segment encompasses activities relating to the acquisition, development, design, marketing and sale of trading properties primarily in Mainland China.

Property investment segment primarily represents the property leasing of the Group’s investment properties in Hong Kong. Some of the Group’s development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Hotel segment represents the operations of Marco Polo Hongkong Hotel. Some of the Group’s development projects in Mainland include hotel properties.

Management evaluates performance based on operating profit as well as the equity share of results of an associate and jointly controlled entities of each segment.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, available-for-sale investments, derivative financial instruments and deferred tax assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

(a) Analysis of segment revenue and results

	Revenue HK\$ Million	Operating profit HK\$ Million	Increase in fair value of investment properties HK\$ Million	Other net income/ (loss) HK\$ Million	Finance costs HK\$ Million	Jointly controlled entities HK\$ Million	Profit before taxation HK\$ Million
2012							
Property development	5,229.3	1,790.8	-	(13.1)	-	312.4	2,090.1
Property investment	263.6	235.6	1,121.0	-	-	-	1,356.6
Hotel	637.1	214.5	-	3.3	(12.2)	-	205.6
Segment total	6,130.0	2,240.9	1,121.0	(9.8)	(12.2)	312.4	3,652.3
Investment and others	130.5	130.5	-	113.7	(18.5)	-	225.7
Corporate expenses	-	(12.9)	-	-	-	-	(12.9)
Group total	6,260.5	2,358.5	1,121.0	103.9	(30.7)	312.4	3,865.1
2011							
Property development	453.5	97.7	-	1.2	-	(15.1)	83.8
Property investment	194.0	169.4	759.5	-	-	-	928.9
Hotel	553.4	174.5	-	-	(7.8)	-	166.7
Segment total	1,200.9	441.6	759.5	1.2	(7.8)	(15.1)	1,179.4
Investment and others	95.7	95.7	-	(57.9)	(2.1)	-	35.7
Corporate expenses	-	(53.2)	-	-	-	-	(53.2)
Group total	1,296.6	484.1	759.5	(56.7)	(9.9)	(15.1)	1,161.9

- (i) Substantially all depreciation was attributable to the Hotel Segment.
- (ii) No inter-segment revenue has been recorded during the current and prior years.

(b) Analysis of segment business assets

	2012	2011
	HK\$ Million	HK\$ Million
Property development	10,963.8	11,272.6
Property investment	5,669.6	4,386.6
Hotel	738.2	407.7
Total segment business assets	17,371.6	16,066.9
Unallocated corporate assets	9,411.1	6,987.6
Total assets	26,782.7	23,054.5

(i) Hotel is stated at amortised cost. Should the completed hotel property be stated based on the valuation as at 31 December 2012 of HK\$4,120.0 million (2011: HK\$3,540.0 million), the total segment business assets would be increased to HK\$21,460.1 million (2011: HK\$19,570.1 million).

(ii) Unallocated corporate assets mainly comprise available-for-sale investments, deferred tax assets, bank deposits and cash and derivative financial assets.

(c) Geographical information

	Revenue		Operating profit	
	2012	2011	2012	2011
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	910.4	760.1	460.6	349.0
Mainland China	5,320.4	506.8	1,868.2	105.4
Singapore	29.7	29.7	29.7	29.7
Group total	6,260.5	1,296.6	2,358.5	484.1

	Specified non-current assets		Total business assets	
	2012	2011	2012	2011
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	4,949.3	3,800.0	5,146.5	3,950.8
Mainland China	3,348.8	2,408.0	12,225.1	12,116.1
Group total	8,298.1	6,208.0	17,371.6	16,066.9

Specified non-current assets represented non-current assets other than deferred tax assets, available-for-sale investments and other non-current assets.

The geographical location of revenue and operating profit are analysed based on the location at which services are provided and in the case of equity instruments, where they are listed. The geographical location of specified non-current assets and total business assets are based on the physical location of operations.

3. OPERATING PROFIT

Operating profit is arrived at:

	2012 HK\$ Million	2011 HK\$ Million
After charging/(crediting):		
Depreciation	42.7	47.3
Staff costs (Note i)	198.5	159.2
Auditors' remuneration		
- audit services	1.6	1.4
Cost of trading properties for recognised sales	3,195.7	325.1
Rental charges under operating leases	10.4	9.0
Rental income less direct outgoings (Note ii)	(241.7)	(173.7)
Interest income on bank deposits	(91.6)	(54.1)
Dividend income from listed investments	(38.9)	(41.6)

Notes:

(i) Staff costs included defined contribution pension schemes costs HK\$6.6 million (2011: HK\$5.9 million).

(ii) Rental income included contingent rentals of HK\$91.3 million (2011: HK\$92.0 million).

4. OTHER NET INCOME / (LOSS)

	2012 HK\$ Million	2011 HK\$ Million
Loss on disposal of available-for-sale investments		
- including revaluation deficit of HK\$31.8 million (2011: HK\$1.8 million) transferred from the investments revaluation reserve	(16.2)	(0.6)
Net exchange gain / (loss), including the impact of forward foreign exchange contracts	120.1	(56.1)
	103.9	(56.7)

Apart from the above net exchange differences, the Group also had a total exchange gain arising from the translation of the net investments in Mainland China subsidiaries and jointly controlled entities of HK\$12.0 million (2011: HK\$462.4 million), which has been dealt with as other comprehensive income.

5. FINANCE COSTS

	2012 HK\$ Million	2011 HK\$ Million
Interest on bank borrowings wholly repayable within five years	36.1	20.8
Other finance costs	9.9	5.6
	46.0	26.4
Less: Amount capitalised	(24.1)	(17.5)
	21.9	8.9
Fair value changes on cross-currency interest rate swaps	8.8	1.0
	30.7	9.9

The above interest charge has taken into account the interest paid/receipts in respect of cross currency interest rate swaps.

6. INCOME TAX

(a) Taxation charged to the consolidated income statement represents:

	2012 HK\$ Million	2011 HK\$ Million
Current income tax		
Hong Kong		
- provision for the year	68.4	46.5
- underprovision in respect of prior years	5.3	-
Mainland China		
- provision for the year	420.6	13.8
	494.3	60.3
Land appreciation tax ("LAT") (Note (d))	293.1	14.4
Deferred tax		
Origination and reversal of temporary differences	0.6	1.8
Withholding tax on undistributed retained profits of Mainland China subsidiaries (Note (e))	53.3	1.7
Deferred tax on unpaid LAT	(21.6)	-
Benefit of previously unrecognised tax losses now recognised	-	(11.5)
	32.3	(8.0)
Total	819.7	66.7

(b) The provision for Hong Kong profits tax is at the rate of 16.5% (2011: 16.5%) of the estimated assessable profits for the year.

- (c) Income tax on profits assessable in Mainland China is calculated at a rate of 25%.
- (d) Under the Provisional Regulations on LAT, all gains arising from transfer to real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- (e) The China tax law also imposes a withholding tax at 10% unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China. As at 31 December 2012, the Group has provided HK\$53.3 million (2011: HK\$1.7 million) for withholding tax on accumulated earnings generated by its Mainland China subsidiaries which will be distributed to its immediate holding company outside Mainland China in the foreseeable future.
- (f) Tax attributable to jointly controlled entities for the year ended 31 December 2012 of HK\$196.9 million (2011: HK\$Nil) is included in the share of results of jointly controlled entities.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year attributable to equity shareholders of HK\$3,057.5 million (2011: HK\$1,095.5 million) and 708.8 million (2011: 708.8 million) ordinary shares.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2012 and 2011.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2012	2011
	HK\$ Million	HK\$ Million
First interim dividend declared and paid of 12.0 cents (2011: 6.0 cents) per share	85.1	42.5
Special first interim dividend declared and paid of 36.0 cents (2011: Nil) per share	255.1	-
Second interim dividend of 48 cents (2011: 18.0 cents) per share proposed after the end of reporting period	340.2	127.6
	680.4	170.1

- (a) The proposed second interim dividend has not been recognised as a liability at the end of reporting period.
- (b) The second interim dividend of HK\$127.6 million for 2011 was approved and paid in 2012.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with an ageing analysis based on invoice date as at 31 December 2012 as follows:

	2012	2011
	HK\$ Million	HK\$ Million
Trade receivables		
0 - 30 days	117.6	191.2
31 - 60 days	1.0	7.2
61 - 90 days	0.1	1.5
Over 90 days	0.1	0.2
	118.8	200.1
Prepayments	424.7	458.7
Other receivables	191.7	19.9
Amounts due from fellow subsidiaries	15.5	11.5
	750.7	690.2

The Group has defined credit policies for each of its core business. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the trade and other receivables are expected to be virtually recoverable within one year.

10. TRADE AND OTHER PAYABLES

Included in this item are trade creditors with an ageing analysis as at 31 December 2012 as follows:

	2012	2011
	HK\$ Million	HK\$ Million
Trade payables		
0 - 30 days	15.6	12.2
31 - 60 days	0.1	6.0
61 - 90 days	0.1	0.5
Over 90 days	0.3	0.1
	16.1	18.8
Other payables and provisions	226.5	144.3
Construction costs payable	973.1	529.4
Amounts due to fellow subsidiaries	37.5	30.2
Amount due to an associate	1.3	1.3
Amounts due to jointly controlled entities	536.7	209.9
	1,791.2	933.9

11. REVIEW OF RESULTS

The financial results for the year ended 31 December 2012 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed with the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

CORPORATE GOVERNANCE PRACTICES

During the first three-month period in the financial year under review, all the applicable code provisions in the Code on Corporate Governance Practices (which were effective during that three-month period), as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) then in force, were met by the Company, except in respect of one code provision (viz. Code Provision A.2.1) providing for the roles of the chairman and chief executive to be performed by different individuals (the “First Deviation”). The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with half of them being Independent Non-executive Directors (“INEDs”).

During the remaining nine-month period in the financial year under review (i.e. from 1 April to 31 December 2012), all the code provisions in the Corporate Governance Code (which is set out in the current version of Appendix 14 of the Listing Rules) were met by the Company, with the exception of two deviations, namely, (i) the First Deviation (as explained above); and (ii) Code Provision A.6.7 (the “Second Deviation”) providing for INEDs and other Non-executive Directors (“NEDs”) of the Company to, *inter alia*, attend general meetings. Regarding the Second Deviation, a few NEDs of the Company were absent from the last Annual General Meeting of the Company held in May 2012 due to their other important engagements at the relevant time.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year under review.

BOOK CLOSURE

The Register of Members of the Company will be closed from Monday, 20 May 2013 to Monday, 27 May 2013, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned second interim dividend and to ascertain Shareholders’ rights for the purpose of attending and voting at the forthcoming Annual General Meeting to be held on 27 May 2013, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 16 May 2013.

By Order of the Board
Wilson W. S. Chan
Company Secretary

Hong Kong, 11 March 2013

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Ms. Y. T. Leng, Mr. T. Y. Ng, Mr. Paul Y. C. Tsui and Hon. Frankie C. M. Yick, together with five Independent Non-executive Directors, namely, Dr. Joseph M. K. Chow, Mr. H. M. V. de Lacy Staunton, Hon. Andrew K. Y. Leung, Mr. Michael T. P. Sze and Mr. Brian S. K. Tang.