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合 生 創 展 集 團 有 限 公 司\*

**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*website: <http://www.irasia.com/listco/hk/hopson>*

## **FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2012**

### **FINANCIAL HIGHLIGHTS**

*(for the year ended 31st December 2012)*

- Turnover was HK\$9,927 million.
- Profit attributable to shareholders was HK\$2,983 million.
- Basic earnings per share was HK\$1.72 per share.

### **BUSINESS REVIEW**

#### **Industry Overview**

- In 2012, the domestic economy was under a strong declining pressure and its growth decelerated, the GDP was RMB51,932.2 billion, up 7.8% as compared to that of last year.
- The government emphasized “the adherence to the macro-control measures on real estate market and the promotion of the healthy development of the real estate market”, and continuously perfected and strengthened control measures on various administration, credit and land policies. The government has also continued to implement regional “purchase restriction” and “price restriction” policies, further encouraged reformation of the property tax in pilot areas and adopted differentiated credit policy on residential properties. Besides, it has strengthened the risk management on the real estate industry and tightened the management on use of land in the real estate industry. The constantly improving macro-control measures have effectively curbed the speculative and investment demand, and also further alleviated the contradiction between supply and demand in the market as a whole.

\* For identification purposes only

- As the austerity measures on the domestic real estate market have been further improved, it will be beneficial to the standardized, healthy and sustainable development of the real estate industry in the long run.

### **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in 2012 totalling RMB11,644 million (2011: RMB9,944 million) are as follows:

- In Guangzhou, a total GFA of 216,314 square metres (2011: 162,555 square metres) with a carrying value of RMB3,741 million (2011: RMB2,291 million) was sold. The increase in sale volume was mainly attributable to the replenishment of new units and the increase in selling price.
- In Huizhou, a total GFA of 173,973 square metres (2011: 209,396 square metres) with a carrying value of RMB1,736 million (2011: RMB1,817 million) was sold. The decrease in sales was mainly due to the slow-selling of the remaining unsold units of most of the projects.
- In Shanghai, a total GFA of 82,675 square metres (2011: 170,052 square metres) with a carrying value of RMB1,527 million (2011: RMB2,527 million) was sold. The drop in sales was due to the limited supply of saleable properties and the sales of the remaining unsold units.
- In Beijing and Tianjin, a total GFA of 201,657 square metres (2011: 116,155 square metres) with a carrying value of RMB4,640 million (2011: RMB3,309 million) was sold. The increase in sale volume was mainly attributable to the commencement of sale of Hopson Regal Park and Hopson World Garden, which were well received by the market.

### **Properties sold but not yet delivered**

As at 31st December 2012, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 982,105 square metres (2011: 820,270 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$14,233 million will be recognised as revenue in the Group's financial statements in 2013 and thereafter.

### **Delivery of properties**

A total GFA of 512,783 square metres (2011: 391,277 square metres) was delivered in 2012.

### **Project development progress**

- A total GFA of 752,891 square metres (2011: 611,569 square metres) was completed during the year 2012.
- It is expected that a total GFA of 1,708,331 square metres will be completed in 2013.

### **Landbank and land replenishment**

As of 31st December 2012, the Group had a landbank of 33.24 million square metres.

During 2012, the Group entered into several land transfer contracts in Guangzhou, Huizhou and Shanghai, involving a total gross floor area of approximately 1.24 million square metres.

### **Prospects**

- It is expected that in 2013, China will continue to implement proactive fiscal policy and solid monetary policy.
- The control measures on the real estate industry will not change in the short term. The government will enhance residential attribute of properties and reinforce the social function of guaranteeing people's livelihood. As a result, rational consumption demand will be the main pillar of real estate market. Real estate speculation will be curbed by repressive measures continuously, while pilot programs for property tax will be further carried out.
- The control measures have accelerated the maturity of the real estate industry. In the future, emerging business sectors such as real estate financing, pension property and industrial real estate will develop progressively, and their associated value with the traditional residential and commercial properties will continuously emerge, resulting in the further expansion and emergence of value chains in the real estate industry.
- With the continuous increase in consumption power of the general public and the further deepening of urbanization on the basis of the "Twelfth Five-Year Plan", the Group holds a prudently optimistic view towards the real estate market.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2012 together with the comparative figures for the corresponding previous year.

The 2012 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenues	4	<b>9,926,605</b>	8,007,537
Cost of sales	7	<b>(5,683,720)</b>	(4,329,161)
<b>Gross profit</b>		<b>4,242,885</b>	3,678,376
Fair value gain on investment properties		<b>214,622</b>	107,397
Gain on disposal of available-for-sale financial assets	5	<b>1,770,414</b>	—
Other income/gains, net	6	<b>58,957</b>	361,764
Selling and marketing expenses	7	<b>(503,766)</b>	(466,549)
General and administrative expenses	7	<b>(1,357,088)</b>	(1,271,430)
Finance income	8	<b>35,807</b>	29,098
Finance costs	8	<b>(215,829)</b>	(238,539)
Share of profit of associates		<b>3,003</b>	351
Share of loss of jointly controlled entities		<b>(154)</b>	(3,284)
Profit before taxation		<b>4,248,851</b>	2,197,184
Taxation	9	<b>(1,360,748)</b>	(788,773)
<b>Profit for the year</b>		<b><u>2,888,103</u></b>	<b><u>1,408,411</u></b>
Attributable to:			
Equity holders of the Company		<b>2,982,790</b>	1,430,031
Non-controlling interests		<b>(94,687)</b>	(21,620)
		<b><u>2,888,103</u></b>	<b><u>1,408,411</u></b>
<b>Earnings per share for profit attributable to equity holders of the Company during the year</b> (in HK\$ per share)			
— basic and diluted	10	<b><u>1.72</u></b>	<b><u>0.82</u></b>
<b>Dividends</b>	11	<b><u>—</u></b>	<b><u>—</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>2,888,103</b>	1,408,411
<b>Other comprehensive income</b>		
Fair value loss on available-for-sale financial assets	(387,407)	(40,645)
Assets revaluation reserve and currency translation differences realised upon disposal of available-for-sale financial assets	(1,768,051)	—
Assets revaluation reserve realised upon disposal of properties held for sale	(35,246)	(26,684)
Deferred tax	289,682	2,156
Currency translation differences	21,041	2,044,172
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,879,981)</b>	1,978,999
<b>Total comprehensive income for the year</b>	<b>1,008,122</b>	3,387,410
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	1,103,337	3,268,207
Non-controlling interests	(95,215)	119,203
	<b>1,008,122</b>	3,387,410

## CONSOLIDATED BALANCE SHEET

	As at 31st December	
	2012	2011
Note	HK\$'000	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Land costs	1,528,998	714,967
Prepayments for acquisition of land	131,197	131,221
Properties and equipment	3,435,475	3,264,839
Investment properties	16,535,733	16,637,473
Intangible assets	41,237	41,245
Investments in associates	154,659	151,685
Investments in jointly controlled entities	4,027,439	1,753,004
Available-for-sale financial assets	2,684,836	5,203,335
Deferred tax assets	299,334	220,240
	<u>28,838,908</u>	<u>28,118,009</u>
<b>Current assets</b>		
Prepayments for acquisition of land	11,006,809	13,508,836
Properties under development for sale	54,314,252	49,064,535
Completed properties for sale	14,407,957	11,640,241
Financial assets at fair value through profit or loss	13,552	11,456
Accounts receivable	347,695	232,940
Prepayments, deposits and other current assets	2,924,163	3,634,376
Due from associates	31,884	31,890
Due from related companies	6,361	6,188
Pledged/charged bank deposits	1,232,929	1,030,093
Cash and cash equivalents	4,356,241	2,618,161
	<u>88,641,843</u>	<u>81,778,716</u>
<b>Total assets</b>	<u><b>117,480,751</b></u>	<u><b>109,896,725</b></u>

		<b>As at 31st December</b>	
		<b>2012</b>	<b>2011</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		173,600	173,600
Reserves	15	<u>42,014,189</u>	<u>40,910,852</u>
		<b>42,187,789</b>	41,084,452
Non-controlling interests		<u>2,806,811</u>	<u>2,981,657</u>
<b>Total equity</b>		<u><b>44,994,600</b></u>	<u><b>44,066,109</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		59,651	81,481
Borrowings	13	21,270,578	21,718,581
Due to minority shareholders of subsidiaries		556,080	439,841
Deferred tax liabilities		<u>5,548,087</u>	<u>5,816,801</u>
		<u><b>27,434,396</b></u>	<u><b>28,056,704</b></u>
<b>Current liabilities</b>			
Accounts payable	14	5,137,933	5,120,006
Land cost payable		750,732	602,612
Borrowings	13	15,520,648	13,629,307
Deferred revenue		14,233,334	9,679,048
Accruals and other payables		2,762,720	2,962,465
Due to an associate		6,807	6,808
Due to related companies		265,210	81,704
Due to jointly controlled entities		2,145,551	1,574,135
Current tax liabilities		<u>4,228,820</u>	<u>4,117,827</u>
		<u><b>45,051,755</b></u>	<u><b>37,773,912</b></u>
<b>Total liabilities</b>		<u><b>72,486,151</b></u>	<u><b>65,830,616</b></u>
<b>Total equity and liabilities</b>		<u><b>117,480,751</b></u>	<u><b>109,896,725</b></u>
<b>Net current assets</b>		<u><b>43,590,088</b></u>	<u><b>44,004,804</b></u>
<b>Total assets less current liabilities</b>		<u><b>72,428,996</b></u>	<u><b>72,122,813</b></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2012	173,600	40,910,852	2,981,657	44,066,109
Profit for the year	—	2,982,790	(94,687)	2,888,103
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	—	(387,407)	—	(387,407)
Assets revaluation reserve and currency translation differences realised upon disposal of available-for-sale financial assets	—	(1,768,051)	—	(1,768,051)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(35,246)	—	(35,246)
Deferred tax	—	289,682	—	289,682
Currency translation differences	—	21,569	(528)	21,041
Other comprehensive income for the year, net of tax	—	(1,879,453)	(528)	(1,879,981)
Total comprehensive income for the year	—	1,103,337	(95,215)	1,008,122
Transactions with owners:				
Disposal of a subsidiary	—	—	(17,744)	(17,744)
Dividends paid	—	—	(61,887)	(61,887)
	—	—	(79,631)	(79,631)
Balance at 31st December 2012	173,600	42,014,189	2,806,811	44,994,600



	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves	interests	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2011	175,237	38,011,918	2,805,944	40,993,099
Profit for the year	—	1,430,031	(21,620)	1,408,411
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	—	(40,645)	—	(40,645)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(26,684)	—	(26,684)
Deferred tax	—	2,156	—	2,156
Currency translation differences	—	1,903,349	140,823	2,044,172
Other comprehensive income for the year, net of tax	—	1,838,176	140,823	1,978,999
Total comprehensive income for the year	—	3,268,207	119,203	3,387,410
Transactions with owners:				
Acquisition of equity interests of a subsidiary	—	—	56,510	56,510
Dividends paid	—	(300,531)	—	(300,531)
Repurchase of own shares	(1,637)	(68,742)	—	(70,379)
	(1,637)	(369,273)	56,510	(314,400)
Balance at 31st December 2011	173,600	40,910,852	2,981,657	44,066,109

Notes:

**(1) GENERAL INFORMATION**

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 28th March 2013.

**(2) BASIS OF PREPARATION**

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

**(3) ACCOUNTING POLICIES**

In 2012, the Group adopted the following new or revised HKFRS, which are effective for accounting periods beginning on or after 1st January 2012 and relevant to the Group’s operations.

HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets
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**Annual improvements to HKFRS published in May 2011**

HKFRS 7 Amendment	Disclosures — Transfers of financial assets
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HKAS 12 Amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if 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. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the business models of the Group’s investment properties located in Mainland China. The carrying values of the investment properties are expected to be recovered through use and the presumption of sale for these investment properties is rebutted.

The Group has assessed the impact of the adoption of this amendment and considered that there was no significant impact on the Group's results and financial position. The adoption of the other amendment does not have any effect on the results and financial position of the Group.

*Standards, interpretations and amendments to existing standards that are relevant but not yet effective*

<b>New or revised standards, interpretations and amendments</b>		<b>Effective for accounting periods beginning on or after</b>
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income	1st July 2012
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013
Annual Improvements Project	Annual Improvements 2009-2011 Cycle	1st January 2013

The Group has already commenced an assessment of the impact of these new or revised standards, interpretations and amendments, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

#### **(4) SEGMENT INFORMATION**

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both a business and geographic perspective. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the Executive Directors consider that the reportable business segments can be further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on a measure of adjusted segment results. Corporate expense, finance income and finance costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investments in jointly controlled entities, prepayments for acquisition of land, properties under development for sale, completed properties for sale, prepayments, deposits and other current assets and cash and cash equivalents. They exclude available-for-sale financial assets which are managed on a central basis, and deferred tax assets. These are part of the reconciliation to total balance sheet assets.

### Segment results by business lines and geographical areas

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental and hotel operations, and property management income.

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Sales of properties	<b>8,852,257</b>	7,170,325
Property management income	<b>583,615</b>	490,115
Income from hotel operations	<b>237,551</b>	199,444
Rental income		
— Investment properties	<b>139,612</b>	41,712
— Others	<b>113,570</b>	105,941
	<b><u>9,926,605</u></b>	<u>8,007,537</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2012 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2012										
Total revenues	3,077,021	3,978,774	2,262,423	57,669	83,610	—	34,263	203,288	591,929	10,288,977
Inter-segment revenues	(309,682)	—	(42,709)	—	(1,667)	—	—	—	(8,314)	(362,372)
Revenues	<u>2,767,339</u>	<u>3,978,774</u>	<u>2,219,714</u>	<u>57,669</u>	<u>81,943</u>	<u>—</u>	<u>34,263</u>	<u>203,288</u>	<u>583,615</u>	<u>9,926,605</u>
Adjusted segment results	<u>333,238</u>	<u>1,615,335</u>	<u>533,532</u>	<u>(254,445)</u>	<u>394,844</u>	<u>140,406</u>	<u>3,298</u>	<u>(184,173)</u>	<u>(27,891)</u>	<u>2,554,144</u>
Depreciation	(7,955)	(3,420)	(20,260)	(131)	(126)	(19)	(7,439)	(120,631)	(2,446)	(162,427)
Amortisation	—	—	—	—	—	—	(7,246)	(6,286)	—	(13,532)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	(42,843)	(42,843)
Fair value (loss)/gain on investment properties	—	—	—	(285,070)	357,487	142,205	—	—	—	214,622
Share of (loss)/profit of associates	(101)	—	3,104	—	—	—	—	—	—	3,003
Share of (loss)/profit of jointly controlled entities	(335)	—	181	—	—	—	—	—	—	(154)

The segment results by business lines and by geographical areas for the year ended 31st December 2011 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2011										
Total revenues	2,651,026	1,921,790	3,118,211	20,189	21,523	—	34,628	164,816	497,346	8,429,529
Inter-segment revenues	(358,641)	—	(56,120)	—	—	—	—	—	(7,231)	(421,992)
Revenues	<u>2,292,385</u>	<u>1,921,790</u>	<u>3,062,091</u>	<u>20,189</u>	<u>21,523</u>	<u>—</u>	<u>34,628</u>	<u>164,816</u>	<u>490,115</u>	<u>8,007,537</u>
Adjusted segment results	<u>449,270</u>	<u>901,509</u>	<u>835,850</u>	<u>58,694</u>	<u>3,747</u>	<u>10,536</u>	<u>9,969</u>	<u>(164,997)</u>	<u>18,796</u>	<u>2,123,374</u>
Depreciation	(8,622)	(2,787)	(7,867)	(152)	(125)	—	(7,126)	(117,789)	(2,091)	(146,559)
Amortisation	—	—	—	—	—	—	(3,128)	(3,394)	—	(6,522)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	(420)	(420)
Fair value gain on investment properties	—	—	—	82,382	4,828	20,187	—	—	—	107,397
Share of profit of associates	296	—	55	—	—	—	—	—	—	351
Share of loss of a jointly controlled entity	—	—	(3,284)	—	—	—	—	—	—	(3,284)

The segment assets by business lines and by geographical areas as at 31st December 2012 are as follows:

	Property development			Property investment			Hotel operations			Property	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31st December 2012	<u>34,895,952</u>	<u>18,791,759</u>	<u>39,011,526</u>	<u>5,332,406</u>	<u>10,429,824</u>	<u>1,471,040</u>	<u>607,718</u>	<u>1,051,538</u>	<u>2,642,492</u>	<u>262,326</u>	<u>114,496,581</u>
Segment assets include:											
Investments in associates	2,237	—	152,422	—	—	—	—	—	—	—	154,659
Investments in jointly controlled entities	2,442,920	—	1,584,519	—	—	—	—	—	—	—	4,027,439
For the year ended											
31st December 2012											
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>744,141</u>	<u>22,110</u>	<u>40,691</u>	<u>241,966</u>	<u>420,502</u>	<u>44,037</u>	<u>4,825</u>	<u>94,320</u>	<u>50,222</u>	<u>2,206</u>	<u>1,665,020</u>

The segment assets by business lines and by geographical areas as at 31st December 2011 are as follows:

	Property development			Property investment			Hotel operations			Property	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31st December 2011	<u>31,692,887</u>	<u>18,324,211</u>	<u>33,518,088</u>	<u>5,370,445</u>	<u>10,491,960</u>	<u>1,119,520</u>	<u>931,398</u>	<u>87,427</u>	<u>2,776,352</u>	<u>160,862</u>	<u>104,473,150</u>
Segment assets include:											
Investments in associates	2,339	—	149,346	—	—	—	—	—	—	—	151,685
Investments in jointly controlled entities	168,373	—	1,584,631	—	—	—	—	—	—	—	1,753,004
For the year ended											
31st December 2011											
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>172,753</u>	<u>6,517</u>	<u>114,890</u>	<u>165,399</u>	<u>645,137</u>	<u>19,537</u>	<u>29,234</u>	<u>57,226</u>	<u>17,459</u>	<u>4,280</u>	<u>1,232,432</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Reportable segment profit from operations	<b>2,554,144</b>	2,123,374
Unallocated corporate (expense)/income, net	<b>(27,417)</b>	215,067
Dividend income from available-for-sale financial assets	<b>131,732</b>	68,184
Gain on disposal of available-for-sale financial assets	<b>1,770,414</b>	—
Finance income	<b>35,807</b>	29,098
Finance costs	<b>(215,829)</b>	(238,539)
	<u><b>4,248,851</b></u>	<u>2,197,184</u>
Profit before taxation	<u><b>4,248,851</b></u>	<u>2,197,184</u>

Reconciliation of reportable segment assets to total assets is as follows:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Total segment assets	<b>114,496,581</b>	104,473,150
Available-for-sale financial assets	<b>2,684,836</b>	5,203,335
Deferred tax assets	<b>299,334</b>	220,240
	<u><b>117,480,751</b></u>	<u>109,896,725</u>
Total assets	<u><b>117,480,751</b></u>	<u>109,896,725</u>

The Group primarily operates in Mainland China. All revenues for the year ended 31st December 2012 and 2011 are from Mainland China.

As at 31st December 2012 and 2011, all non-current assets, other than financial instruments and deferred tax assets are located in Mainland China.

#### (5) GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the year ended 31st December 2012, the Group disposed of an aggregate of 205,380,000 shares of BBMG Corporation (“BBMG”) for a total consideration of RMB1,728,058,000 (equivalent to approximately HK\$2,131,365,000) on the “A” share market of the Shanghai Stock Exchange, resulting in a gain on disposal of available-for-sale financial assets of RMB1,435,407,000 (equivalent to approximately HK\$1,770,414,000).

**(6) OTHER INCOME/GAINS, NET**

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Dividend income	<b>131,732</b>	68,843
Government grants	<b>3,819</b>	31,161
Fair value gain/(loss) on financial assets at fair value through profit or loss	<b>2,097</b>	(272)
Net exchange gain	<b>26,910</b>	262,032
Impairment loss on other assets	<b>(105,601)</b>	—
	<b>58,957</b>	361,764

**(7) EXPENSES BY NATURE**

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Advertising costs	<b>238,145</b>	253,973
Amortisation of land costs	<b>13,532</b>	6,522
Auditor's remuneration	<b>5,755</b>	5,500
Cost of completed properties sold	<b>4,893,313</b>	3,751,401
Depreciation of properties and equipment	<b>162,427</b>	146,559
Direct operating expenses arising from investment properties that		
— generate rental income	<b>48,996</b>	31,452
— did not generate rental income	<b>40,475</b>	22,147
Employees' benefits costs (including Directors' emoluments)	<b>764,896</b>	620,413
Loss on disposal of properties and equipment	<b>385</b>	492
Operating lease rental in respect of premises	<b>36,660</b>	40,586
Provision for impairment of accounts receivable	<b>42,843</b>	420



**(8) FINANCE INCOME AND COSTS**

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Interest expense:		
— on loans from banks and financial institutions wholly repayable within five years	<b>2,624,364</b>	1,808,043
— on loans from banks and financial institutions not wholly repayable within five years	<b>18,153</b>	69,376
— on senior notes wholly repayable within five years	<b>485,159</b>	496,992
Total borrowing costs incurred	<b>3,127,676</b>	2,374,411
Less: Amount capitalised as part of the cost of properties under development	<b>(2,911,847)</b>	(2,135,872)
Interest income from banks	<b>215,829</b>	238,539
	<b>(35,807)</b>	(29,098)
Net finance costs	<b>180,022</b>	209,441

The average interest rate of borrowing costs capitalised for the year ended 31st December 2012 was approximately 8.7% (2011: 8.2%) per annum.

**(9) TAXATION**

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Taxation consists of:		
Current tax		
— Hong Kong profits tax	—	2,341
— Mainland China corporate income tax	<b>681,004</b>	526,845
— Mainland China land appreciation tax	<b>736,196</b>	303,392
	<b>1,417,200</b>	832,578
Deferred tax		
— Mainland China corporate income tax	<b>(37,957)</b>	(29,525)
— Mainland China land appreciation tax	<b>(18,495)</b>	(14,280)
	<b>(56,452)</b>	(43,805)
Taxation	<b>1,360,748</b>	788,773

No Hong Kong profits tax was provided for the year ended 31st December 2012 as the Group did not have any assessable profit. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31st December 2011. Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (2011: 25%) for the year ended 31st December 2012. Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

## (10) EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>2,982,790</u>	<u>1,430,031</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>1,736,003</u>	<u>1,748,096</u>
Basic earnings per share ( <i>HK\$ per share</i> )	<u>1.72</u>	<u>0.82</u>

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares for the year ended 31st December 2012 and 2011, diluted earnings per share is equal to basic earnings per share.

## (11) DIVIDENDS

The Board of Directors did not recommend the payment of any interim and final dividend for the year ended 31st December 2012 (2011: nil).

## (12) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 3 months	113,614	72,889
3 to 6 months	46,987	13,836
6 to 9 months	32,122	7,359
9 to 12 months	22,615	8,817
Over 12 months	132,357	130,039
	<u>347,695</u>	<u>232,940</u>

Carrying values of accounts receivable denominated in Renminbi approximate their fair values.

As at 31st December 2012, approximately 7% (2011: 11%) of the accounts receivable was due from one (2011: one) customer. Other than this, there is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers.

## (13) BORROWINGS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	18,978,209	19,428,479
Senior notes	2,292,369	2,290,102
	<u>21,270,578</u>	<u>21,718,581</u>
Current		
Bank and financial institution borrowings	15,520,648	10,922,188
Senior notes	—	2,707,119
	<u>15,520,648</u>	<u>13,629,307</u>
Total borrowings	<u>36,791,226</u>	<u>35,347,888</u>

*Notes:*

- (a) In November 2005, the Company issued 8.125% senior notes with an aggregate nominal value of US\$350,000,000 (equivalent to approximately HK\$2,730,000,000), for a total consideration of approximately HK\$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US\$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interest to the redemption date subject to the terms and conditions specified in the offering circular. The senior notes were repaid in November 2012.
- (b) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000), for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date subject to the terms and conditions specified in the offering circular.

**(14) ACCOUNTS PAYABLE**

The ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 3 months	<b>1,941,985</b>	1,710,517
3 to 6 months	<b>1,129,178</b>	1,059,535
6 to 9 months	<b>885,588</b>	1,006,929
9 to 12 months	<b>700,842</b>	796,870
Over 12 months	<b>480,340</b>	546,155
	<b><u>5,137,933</u></b>	<u>5,120,006</u>

As at 31st December 2012, approximately HK\$623,119,000 (2011: HK\$2,516,006,000) of accounts payable was due to certain related companies in respect of property construction fees.

Carrying values of accounts payable denominated in Renminbi approximate their fair values.

**(15) RESERVES***For the year ended 31st December 2012*

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2012	10,692,732	4,183	161,117	2,923,078	5,485,628	21,644,114	40,910,852
Profit for the year	—	—	—	—	—	2,982,790	2,982,790
Currency translation differences	—	—	—	—	21,569	—	21,569
Fair value loss on available-for-sale financial assets	—	—	—	(387,407)	—	—	(387,407)
Realised upon disposal of available-for-sale financial assets	—	—	—	(1,636,244)	(131,807)	—	(1,768,051)
Realised upon disposal of properties held for sale	—	—	—	(35,246)	—	—	(35,246)
Deferred tax	—	—	—	289,682	—	—	289,682
Balance at 31st December 2012	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>1,153,863</u>	<u>5,375,390</u>	<u>24,626,904</u>	<u>42,014,189</u>

*For the year ended 31st December 2011*

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2011	10,793,525	2,546	161,117	2,988,251	3,582,279	20,484,200	38,011,918
Profit for the year	—	—	—	—	—	1,430,031	1,430,031
Currency translation differences	—	—	—	—	1,903,349	—	1,903,349
Repurchase of own shares	(100,793)	1,637	—	—	—	30,414	(68,742)
Dividends paid	—	—	—	—	—	(300,531)	(300,531)
Fair value loss on available-for-sale financial assets	—	—	—	(40,645)	—	—	(40,645)
Realised upon disposal of properties held for sale	—	—	—	(26,684)	—	—	(26,684)
Deferred tax	—	—	—	2,156	—	—	2,156
Balance at 31st December 2011	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>2,923,078</u>	<u>5,485,628</u>	<u>21,644,114</u>	<u>40,910,852</u>

## **DIVIDEND**

The Board of Directors did not recommend the payment of any interim and final dividend for the year ended 31st December 2012 (2011: nil).

## **FINANCIAL REVIEW**

### **Turnover**

#### *(i) Recognised Sales*

Faced with the environment of a more in-depth austerity measures in China's real estate industry, the Group produced a turnover of HK\$9,927 million in 2012, up 24% comparing to HK\$8,008 million of 2011. The overall GFA delivered by the Group in 2012 was 512,783 square metres (2011: 391,277 square metres), which mainly included Hopson Town in Shanghai, Ningbo International City and Hopson Regal Seashore in Dalian.

The overall average selling price in respect of delivered and completed properties decreased by 11% to RMB13,489 per square metre (2011: RMB15,175 per square metre). In Guangzhou, due to the delivery of some commercial properties and high-end project Yijing Huayuan, the recorded average selling price increased 37%. However, under the influence of changes in delivered projects and product mix, the selling prices of other regions dropped.

#### *(ii) Contracted Sales*

Though the macro-control of the real estate market was not loosened in 2012, the accumulated regular demand started to stoke the desire of flats purchasing. During the year, the Group recorded a total of RMB11,644 million contracted sales (2011: RMB9,944 million), up 17%. The average contracted selling price increased by 14% to RMB17,259 per square metre (2011: RMB15,110 per square metre).

The combined contracted sales of Beijing and Tianjin were RMB4,640 million, representing 40% of the total contracted sales of the Group in 2012. Eleven projects were on sale in Beijing and Tianjin, of which No.8 Royal Park, Hopson Regal Park, Hopson Dreams World and Hopson World Garden were the major sales contributors.

Twenty property projects were on sale in Guangdong and the contracted sales were RMB5,477 million in 2012, representing 47% of the total contracted sales of the Group. The major projects in Guangdong were Regal Riviera, Hopson Regal International, Nanhai Junjing Bay and Huizhou Regal Bay.

There were twelve property projects on sale in Shanghai, mainly comprising Hopson Times Garden, Hopson Yuting Garden, Sheshan Dongziyuan and Hopson Dongjiao Villa. Contracted sales of Shanghai amounted to RMB1,527 million, representing 13% of the total contracted sales of the Group.

### **Cost of Sales**

Cost of sales included land and construction costs, decoration and design costs and capitalised interest. It was pushed up by the increase in turnover and capitalised interest, which nudged cost of sales up by 31% to HK\$5,684 million (2011: HK\$4,329 million) and, as a percentage of turnover, increased 3% to 57% (2011: 54%).

### **Gross Profit**

Gross profit margin dropped from 45.9% in 2011 to 42.7% in 2012 was mainly attributable to the increase in the proportion of lower-priced products in recognised sales for the year which resulted in a decrease in the overall selling prices.

### **Gain on Disposal of Available-for-sale Financial Assets**

During the year, the Group recorded a gain of HK\$1,770 million on disposal of its available-for-sale financial assets (i.e. shares of the BBMG).

### **Other Income/Gains, Net**

Other income/gains amounted to HK\$58.9 million in 2012 (2011: HK\$361.8 million) comprising (1) dividend income of HK\$131.7 million from investment in listed and unlisted securities; (2) grants amounting to HK\$3.8 million from government authorities in Mainland China; (3) fair value gain of HK\$2.1 million from listed investments; (4) net exchange gain of HK\$26.9 million; and (5) impairment loss on other assets of HK\$105.6 million.

### **Operating Costs**

The operating costs relating to expenses for selling, marketing, general and administration increased 7% to HK\$1,861 million (2011: HK\$1,738 million). The increase was primarily attributable to (1) the Group's greater marketing efforts in response to changes in the market and greater outlay on selling and promotional activities as more new projects were launched as compared to last year; (2) the higher remuneration costs and the employment of additional staff for new projects; and (3) the expansion of property management projects and the opening and full operation of a Chinese restaurant and other operating expenses.

## **Finance Costs**

Gross interest expenses before capitalisation in 2012 increased to HK\$3,128 million (2011: HK\$2,374 million), up HK\$754 million or 32%. The increase was primarily attributable to the increased bank and financial institution borrowings and loan interest rate. The effective interest rate in respect of the Group's borrowings was approximately 8.5% per annum (2011: 7.9%).

## **Share of Loss of Jointly Controlled Entities**

Share of loss of jointly controlled entities represented the Group's share of loss of HK\$0.15 million from two jointly controlled entities located in Beijing and Guangzhou.

## **Taxation**

The effective tax rate was 32% in 2012, down 4% compared with last year. The decrease was primarily attributable to the tax exemption on the gain on disposal of available-for-sale financial assets.

## **Profit Attributable to Equity Holders of the Company**

Profit attributable to equity holders was HK\$2,983 million for 2012 (2011: HK\$1,430 million). Basic earnings per share was HK\$1.72. Excluding the effect of the net of tax gain from investment property revaluation of HK\$161 million, gain on disposal of available-for-sale financial assets of HK\$1,770 million, the net of tax impairment loss on other assets of HK\$79 million, underlying profit was HK\$1,131 million, down HK\$218 million or 16% as compared with previous year. The overall decrease was mainly attributable to the decrease in net exchange gain.

## **Segment Information**

Property development continued to be the Group's core business activity (89%). In 2012, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Eastern China (including Shanghai, Hangzhou and Ningbo) contributed 41% to the total revenue of the Group, followed by Southern China (including Guangzhou, Huizhou and Zhongshan) (32%) and Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) (27%).



## **Financial Position**

As at 31st December 2012, total assets of the Group amounted to HK\$117,481 million and its total liabilities came to HK\$72,486 million, representing an increase of 7% and 10% respectively as compared to previous year. The increase in total assets was mainly attributable to the combined effect of (1) the decrease in available-for-sale financial assets; (2) the increase in development cost incurred in the construction and completion of projects, and (3) increase in balance of bank deposits. Aligned with this, total liabilities also increased, primarily attributable to the combined effect of (1) the additional borrowings obtained, and (2) increase in deferred income.

The Group's current ratio as at 31st December 2012 was 1.97 (2011: 2.16). Equity at 31st December 2012 increased 2% to HK\$44,995 million from 31st December 2011, primarily due to the combined effect of (1) increase in profit attributable to equity holders during the year; and (2) decrease in assets revaluation reserve and currency translation differences reserve. The net-asset-value ("NAV") per share as at 31st December 2012 was HK\$25.92.

## **Liquidity and Financial Position**

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2012, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 62% (2011: 60%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 69% (2011: 72%).

As at 31st December 2012, the Group had cash and short-term bank deposits amounting to HK\$5,589 million (2011: HK\$3,648 million), of which approximately HK\$139 million (2011: HK\$168 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 97.84% of the cash and bank deposits were denominated in Renminbi, 0.13% in Hong Kong dollars and 2.03% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$34,499 million as at 31st December 2012, representing an increase of 14% or HK\$4,148 million as compared to those as at 31st December 2011. Gearing ratio, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 69%, representing a decrease of 3 percentage points from 72% as at 31st December 2011. The decrease was mainly attributable to the combined effect of the increase in shareholders' equity and balance of bank deposits.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2016 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 88% and 6% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowing repayment profile as at 31st December 2012 was as follows:

<i>(HK\$ million)</i>	As at 31st December 2012				As at 31st December 2011					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		
1 year	15,521	—	2,418	17,939	(46%)	10,922	2,707	1,663	15,292	(41%)
1–2 years	7,128	—	—	7,128	(18%)	10,886	—	—	10,886	(29%)
2–5 years	11,606	2,292	—	13,898	(35%)	5,384	2,290	—	7,674	(21%)
After 5 years	244	—	—	244	(1%)	3,159	—	—	3,159	(9%)
Total	34,499	2,292	2,418	39,209		30,351	4,997	1,663	37,011	
Less: Cash and bank deposits				(5,589)					(3,648)	
Net borrowings				<u>33,620</u>					<u>33,363</u>	

As at 31st December 2012, the Group had banking facilities of approximately HK\$64,402 million (2011: HK\$64,644 million) for short-term and long-term bank loans, of which HK\$29,903 million (2011: HK\$34,293 million) were unutilised.

### Charge on Assets

As at 31st December 2012, certain assets of the Group with an aggregate carrying value of HK\$26,012 million (2011: HK\$22,308 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

### Financial Guarantees

As at 31st December 2012, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$9,616 million (2011: HK\$10,315 million).

## Commitments

The Group's commitments as at 31st December 2012 were as follows:

	<b>As at 31st December 2012 <i>HK\$ million</i></b>	<b>As at 31st December 2011 <i>HK\$ million</i></b>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain entities	<b>10,692</b>	11,336
— Property construction costs	<b>3,726</b>	2,753
— Capital contribution to an associate	<b>264</b>	264
	<b>14,682</b>	14,353
Authorised but not contracted for		
— Acquisition of land and equity interests in certain entities	<b>101</b>	102
— Property construction costs	<b>1,663</b>	1,523
	<b>1,764</b>	1,625
	<b>16,446</b>	15,978
Property development commitments		
Contracted but not provided for		
— Property construction costs	<b>23,740</b>	20,576
Authorised but not contracted for		
— Property construction costs	<b>74,779</b>	73,910
	<b>98,519</b>	94,486

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	<b>As at 31st December 2012 <i>HK\$ million</i></b>	<b>As at 31st December 2011 <i>HK\$ million</i></b>
Amounts payable		
— Within one year	<b>33</b>	35
— Within two to five year	<b>39</b>	68
— After five years	<b>37</b>	40
	<b>109</b>	143

With continuous cash inflow from property sales, the banking facilities available and the cash in hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

### **Treasury Policies and Capital Structure**

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

### **EVENTS AFTER THE BALANCE SHEET DATE**

On 16th January 2013, the Company issued 9.875% senior notes due 2018 with an aggregate principal amount of US\$300,000,000 (equivalent to approximately HK\$2,327,000,000) (the “2018 Notes”). The 2018 Notes mature on 16th January 2018 and are repayable at the principal amount of US\$300,000,000. The Company may redeem some or all of the 2018 Notes on or after 16th January 2016 at the redemption prices, plus accrued and unpaid interest up to the relevant redemption date. For details, please refer to the announcements of the Company dated 8th January 2013, 10th January 2013 and 17th January 2013.

## **FOREIGN EXCHANGE FLUCTUATIONS**

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

## **MANAGEMENT CONTRACT**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

## **EMPLOYEES**

As at 31st December 2012, the Group, excluding its associates and jointly controlled entities, employed a total of 9,023 (as at 31st December 2011: 8,238) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$765 million (2011: HK\$620 million) for the year ended 31st December 2012.

## **CORPORATE GOVERNANCE**

On 1st April 2012, the Code on Corporate Governance Practices ("Former CG Code") 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") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Company has adopted the code provisions as set out in the New CG Code as the code of the Company in substitution for and to the exclusion of the Former CG Code with effect from 1st April 2012.

The Company has complied with the code provisions set out in the Former CG Code during the period from 1st January 2012 to 31st March 2012 and the New CG Code during the period from 1st April 2012 to 31st December 2012, except for the code provisions A.4.1, A.6.7 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the Former CG Code and the New CG Code.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Tan Leng Cheng, Aaron did not attend the special general meeting of the Company held on 13th July 2012 due to other business commitment. Besides, Mr. Lee Tsung Hei, David did not attend the special general meeting of the Company held on 3rd December 2012 due to other business commitment.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2012 due to other business commitment.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

### **PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES**

In November 2005, the Company issued 8.125% senior notes due 2012 with an aggregate principal amount of US\$350,000,000 (the "2012 Notes"). In September 2012, the Company repurchased an aggregate principal amount of US\$5,000,000 of the 2012 Notes, represented approximately 1.43% of the total principal amount of the 2012 Notes. The Company fully repaid the remaining principal amount of the outstanding 2012 Notes and accrued and unpaid interest up to the maturity date on 9th November 2012.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2012.

### **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters, including a review of the financial statements for the year ended 31st December 2012.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

## **REMUNERATION COMMITTEE**

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the New CG Code.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 11th June 2013 to Friday, 14th June 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 14th June 2013, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 10th June 2013.

## **ANNUAL REPORT**

The 2012 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

## **DIRECTORS**

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Au Wai Kin, Mr. Liao Ruo Qing, Ms. Chu Kut Yung and Mr. Zheng Shao Hui; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board  
**Chu Mang Yee**  
*Chairman*

Hong Kong, 28th March 2013