瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

Announcement of results for the year ended 31 December 2012

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2012	2011
Turnover		
Company and subsidiaries	**HK$6,443 million**	HK$5,900 million
Share of jointly controlled entities and associates	**HK$1,484 million**	HK$248 million
Total	**HK$7,927 million**	HK$6,148 million
Profit attributable to shareholders	**HK$848 million**	HK$910 million
Basic earnings per share	**HK$1.73**	HK$1.86
Interim dividend per share	**–**	HK$0.25
Final dividend per share	**HK$0.50**	HK$0.40

	At 31 December 2012	At 31 December 2011
Total assets	**HK$23.7 billion**	HK$22.2 billion
Net assets	**HK$10.6 billion**	HK$10.0 billion
Net asset value per share	**HK$21.51**	HK$20.43
Net gearing	**45.5%**	50.5%

CHAIRMAN'S STATEMENT

As a company with a major part of our business in the Chinese Mainland, the operating environment in 2012 has not been easy, given the continuing austerity measures in force which adversely affected our property and cement businesses. On the whole, the growth in the Mainland was still encouraging with a GDP increase of 7.8%, amid the turbulence in the debt stricken European communities and the uncertain American economic recovery.

Despite the challenging conditions, we have been moving steadily forward with our strategy of unlocking asset value for shareholders.

I am pleased to announce that the Group generated a profit attributable to shareholders of HK$848 million (2011: HK$910 million) with earnings per share at HK$1.73 (2011: HK$1.86). The gearing level decreased to 46% (2011: 51%).

The Board of Directors proposes a final dividend of HK$0.50 per share for approval at the annual general meeting on 30 May 2013.

Strategic and operational review

Austerity measures have become a regular feature in the China property sector and market transactions further reduced in the first half of the year. While SOCAM managed our financial position and operation prudently, our effort was not reflected in the financial results in the first half of 2012 as the development and delivery cycle of the Group's property portfolio available for sale occurred only later in the year.

In the last two quarters of 2012, we increased our resolve to address the challenges. Firstly, the Group carefully adjusted the timing of major property sale launches as the policy controls eased slightly. Secondly, we capitalised on the changing market conditions and explored en-bloc disposals of some of our projects.

The monetisation of our property portfolio progressed well and buyers and investors responded favourably to the sales of our projects in Beijing, Shanghai, Guangzhou and Shenyang, which resulted in contracted sales in excess of RMB3.5 billion in total for the year. Both the Beijing Centrium Residence and the Guangzhou Parc Oasis projects were well received and only a relatively small portion of these properties remained unsold at the end of 2012.

The highlight of our operation was the opening in November of the Four Seasons Hotel in Pudong, Shanghai and the branded residence, Four Seasons Place, a unique product of its kind in Shanghai. The first tranche of the residential units was put onto the market in August and potential buyers were excited by their quality and investment potential.

We were successful in en-bloc sales which have always been a key part of our strategy to unlock asset values efficiently. The whole of an office tower in Shenyang Project Phase I was sold to Ping An Insurance Group, which is also the buyer of our completed office tower in Chengdu in 2010. This second transaction with this reputable company is testimony to the quality of our development projects. And, in February 2013, on the back of the improved market sentiment in southern China, we signed an agreement to dispose of our entire interest in the Guangzhou Panyu project. Both of these disposals will generate desirable returns and cash flows for the Group.

We persisted with our strategy of expediting completion and replenishing projects on a continuous basis. At the end of 2012, SOCAM was in possession of a total developable gross floor area (GFA) of approximately 2.73 million square metres and an attributable GFA of approximately 2.16 million square metres. Our footprint covers major Mainland cities including Beijing, Chengdu, Chongqing, Guangzhou, Guizhou, Shanghai, Shenyang and Tianjin. A prominent feature of our diversified portfolio is the relatively large proportion of properties which are ready for sale and delivery to buyers, which puts us in a good position to realise their underlying values through timely disposal.

The agreement reached in December with our partner, Lafarge, on a road map to facilitate the exit of the Group from the Lafarge Shui On Cement Joint Venture has paved the way to a realisation of our exit from this investment. We shall closely monitor the implementation of the action plan and update our shareholders as and when appropriate.

In Hong Kong, our construction business has benefited from increasing government expenditure on infrastructure works and accelerated building programmes for public housing, which vastly increased activities in the construction sector. SOCAM won a record amount of new contracts which reflected our strong competitiveness amidst rising labour and material costs. Our construction division continued to receive recognition on site safety and environmental protection, as evidenced in the winning of many prestigious industry awards in 2012.

Market Outlook

While we see some uncertainty and short term weakness in market momentum, we maintain a positive outlook in the longer term in the property sector and the Chinese economy as a whole.

Looking ahead, it is expected that policy makers in the Mainland will still be cautiously striking a delicate balance between keeping house prices stable and ensuring sustainable economic growth. Various government regulatory measures are likely to be maintained, if not further reinforced. However, a healthy real estate market is important to the social and economic development of China. It is therefore imperative that sufficient and affordable units are built for the low-income population across the country. Meanwhile, the solid underlying demand for housing and the mega trend of urbanisation in China will undoubtedly continue.

In line with the overall strategy of the Group to create maximum value for our shareholders, the Company will, subject to appropriate market conditions, carry out more active steps, which include working more closely with the much larger Shui On Group, to bring about monetisation of potentially a significant portion of our property assets. In the event of satisfactory completion of this monetisation plan, we would consider the possibility of declaring a special dividend to shareholders. Meanwhile, we will continue to capture the opportunities in construction works arising from the Government of the Hong Kong SAR's policy to expand the building programme for public housing and infrastructure.

I would like to sincerely thank the Board of Directors, the management team and our loyal staff members for their unfailing efforts in the past year, which was one with obviously more challenges than recent years. To our shareholders, I would like to thank you for your continued support, and I look forward to fulfilling our promise to creating value for you.

Lo Hong Sui, Vincent
Chairman

Hong Kong, 27 March 2013

BUSINESS REVIEW

During 2012, the European financial crisis lingered and most of the Western economies continued to stall. Concerns over the unresolved debt problems in the Euro-zone and the US fiscal cliff remained major risks, and weighed heavily on global economic activities.

In the Chinese Mainland, the principal area of SOCAM's operation, steady growth has been maintained, albeit GDP increase was 7.8% in 2012, the slowest rate since 1999. External conditions created significant obstacles to a healthy economic growth, but Central Government's stimulus measures and investment in infrastructure have generated desirable results in domestic consumption. Challenging market conditions and the tightening of austerity measures in the property sector continued to dampen buying sentiment.

Amidst such an adverse environment, SOCAM continued to pursue our strategy of maximising value for shareholders, as outlined in our annual report last year. We adjusted our property development and delivery cycle, and were able to bring to the market four major developments in Beijing, Shanghai, Guangzhou and Shenyang, sales of which were all satisfactory. The opening of the Four Seasons Hotel Pudong, Shanghai and the branded residence, Four Seasons Place, in November were well received by customers and the public.

Meanwhile, Lafarge and SOCAM have agreed on a road map to enable the exit of our Group from the Lafarge Shui On joint venture. This represents encouraging progress in our divestment plan.

With the HKSAR Government's increasing expenditure on infrastructure projects and accelerated programmes on public housing development, activity in the construction sector in Hong Kong picked up significantly in 2012. This welcoming trend was however accompanied by rapidly-rising labour and material costs. SOCAM has both the confidence and experience to expand our market share in the sector and deliver high quality projects with due care on environmental requirements. In 2012, SOCAM won a record amount of new contracts totaling HK$8,826 million.

SOCAM has been guided by a set of strong corporate governance and corporate social responsibilities principles. The coveted Platinum award in Best Corporate Governance Disclosure was awarded by the Hong Kong Institute of Certified Public Accountants.

PROPERTY

Business Review

China's property sector remains important to its social and economic development with real estate investment accounting for around 14% of GDP. The dilemma for policy makers remains to be stablising house prices while ensuring sustainable economic growth, and at the same time, that a sufficient number of affordable units are available to accommodate the demand of the general public and the younger generation.

In the second half of 2012, home prices showed signs of the property market warming up again as the Central Government eased certain market controls to spur economic growth. Mindful of the property sector's key role in the economy, policy makers launched efforts to ensure bank credits were available to first-time home buyers and those looking to upgrade to better homes. Investment in property development in China increased 16.2% to RMB7.18 trillion in 2012. Comparable growth in 2011 stood at 27.9%.

Despite challenging market conditions in 2012, SOCAM progressively put up for sale four projects in Beijing, Shanghai, Guangzhou and Shenyang in the year. Already, sales of Beijing Centrium Residence, the Four Seasons Place branded residences in Shanghai, Guangzhou Parc Oasis and Shenyang Project Phase I have met with satisfactory market response.

The sector outlook for 2013 is under observation. The year began with new-home prices in China rising 1% in January, the eighth straight month-on-month increase since June 2012. In the same month, January, the area of land sold in China's 10 key cities posted a 77% year-on-year increase. Against this backdrop, the Chinese government has asked related provincial governments to keep a tight grip on imposed restrictions in the housing market and introduce further timely curbing measures where necessary. Yet, solid underlying demand, and continuing urbanisation, are likely to benefit developers in a prudent financial position and with a diversified portfolio in prime locations across the first- and second-tier cities.

SOCAM was the first mover in the special situation market segment and our accumulated experience and expertise are now well-recognised in the market. The unlocking of the values of our property portfolio, with a significant portion being completed developments, will remain a high priority.

Special Situation Projects

<u>Overview</u>

Our portfolio in the Chinese Mainland embraces residential, hotel, retail and office buildings. During the year, our strategy to expedite project completion and the constant replenishment of projects continued. At 31 December 2012, SOCAM owned a diversified portfolio with a total developable gross floor area (GFA) of approximately 2.73 million square metres and an attributable GFA of approximately 2.16 million square metres, spanning Beijing, Chengdu, Chongqing, Guangzhou, Guizhou, Shanghai, Shenyang and Tianjin.

Property type	Location	Project	Total Developable GFA attributable to the Group (square metres)	Estimated completion year	SOCAM's interest
Residential	Beijing	Centrium Residence	13,500*	2013	52.5%
	Guangzhou	Parc Oasis	70,900*	Completed	100%
	Shanghai	Lakeville Regency Tower 18	22,200	Completed	100%
	Tianjin	Wuqing Project Phase II	87,000	2016	55%
Branded residence and hotel	Shanghai	21st Century Tower	38,400*	2013	70%
Composite	Chengdu	Centropolitan	240,800	2015	51%
	Chongqing	Creative Concepts Center	34,700*	Completed	100%
	Guangzhou	Panyu Project	108,800	Disposed in 2013	100%
	Shenyang	Shenyang Project Phase I	195,700*	2013	100%
		Shenyang Project Phase II	653,900	2016	100%
Residential and retail	Guizhou	Zunyi Project	624,600	2018	80%
	Tianjin	Veneto (Formerly "Wuqing Project")	68,900	2016	45%
		Total:	2,159,400 square metres		

** The GFA shown above has excluded sold and delivered areas*

Project acquisition

The Group continued to adopt a prudent approach in making selected acquisitions during the year. In October 2012, SOCAM entered into a joint-venture agreement with a partner for the acquisition of a residential development project in Wuqing, Tianjin, with a total GFA of approximately 158,000 square metres. The development stands on an adjacent site to Veneto, a primarily retail and residential development project acquired by the Group in January 2012, and marks the Group's second venture in the Tianjin property market. The acquisition represents an opportunity to strengthen the Group's portfolio as the two projects are expected to create a synergy in mixed-use development.

Project development, property sales and leasing

In 2012, we continued to make careful adjustments to the timing of project completion and marketing in line with prevailing and expected market conditions. With stalling property demand in the first half of the year, and fewer properties being completed and delivered according to our project development and delivery cycle, SOCAM issued an interim profit warning in May. The second half of the year, as expected, saw improved sentiment, allowing us to capitalise on sales campaigns and unlock asset value.

Marketing activity was duly stepped up for projects that included Beijing Centrium Residence, Guangzhou Parc Oasis and Shenyang Project Phase I. November saw the grand opening of the Four Seasons Hotel Pudong, Shanghai and, above the hotel occupying the top 12 floors of the Shanghai 21st Century Tower, the branded residences of Four Seasons Place began to attract high-end luxury purchasers.

Our projects have proven attractive to both project partners and investors, with their visionary design and high-quality finishing. In August, an agreement for the en-bloc sale of an office tower of Shenyang Project Phase I, with a total saleable area of approximately 43,000 square metres, was entered into with the reputable Ping An Insurance Group, which had previously bought our completed office tower in central Chengdu. The sale enables the Group to monetise a meaningful portion of its investment in this Shenyang project and generate desirable returns.

In addition to taking existing developments to project completion and sales on a strata title basis, we are always looking closely at selling selected projects en-bloc to interested investors. In February 2013, SOCAM capitalise on buoyant market sentiment in southern China and entered into an agreement for the disposal of its entire interest in the Guangzhou Panyu project. This disposal, upon completion in March 2013, has yielded a HK$37 million profit for the Group and the net proceeds will be used as general working capital.

Beijing Centrium Residence

Beijing Centrium Residence, a low-density complex, comprises two neighbouring towers totaling 51,700 square metres of 210 high-end apartments in the Chaoyang District of Beijing. Within walking distance of Sanlitun, the property delivers the highest standards of luxury living. Pre-sale permits were issued in December 2011. During the year, all the apartment units were progressively offered for sale, of which over 64% were subscribed for by year end.

External and interior fit-out works on the towers were substantially completed and handover of apartment units to buyers commenced in December.

Chengdu Centropolitan (Formerly "Orient Home")

Centropolitan is a large-scale mixed-use development which will comprise approximately 472,000 square metres of GFA. Conveniently accessible from a future metro interchange station, Centropolitan is positioned as a high quality city-core composite development, consisting of 11 residential towers, an office tower, a serviced apartment tower and a shopping mall. The development will also offer car parking spaces, a clubhouse and a kindergarten. Site preparation and construction work commenced in the second half of 2012 and the project is scheduled for pre-sale in the third quarter of 2013.

The project is being jointly developed with LaSalle Investment Management, a private equity fund. SOCAM has a 51% interest in the project.

Chongqing Creative Concepts Center

Creative Concepts Center, close to Jiefangbei Square in the heart of Chongqing, was completed in 2010. Occupying a prime location with significant frontage to the central business district of Chongqing, the project continues to attract strong market interest. Over 90% of the office units with 20,400 square metres GFA and all the residential apartments with 30,000 square metres GFA were sold and gradually handed over to the buyers. Approximately 50% of the retail spaces in the shopping centre, Mee Mall, with 21,000 square metres GFA was taken up by the end of December 2012.

Guangzhou Parc Oasis

Parc Oasis is a residential project in the prestigious area of North Tianhe. All four towers of Parc Oasis with a GFA of 112,000 square metres were topped out in late 2011, and subsequently put up for sale. Sales activity began in 2011, and 99% of the bare-shell units in the serviced apartment tower and 87% of residential units were sold by the end of 2012. The first batch of the residential units has been delivered to buyers.

Guangzhou Panyu Project

The project site was acquired in 2011 with plans for serviced apartments plus office and retail areas with a total GFA of 108,800 square metres. A disposal opportunity with a good return arose in February 2013 when SOCAM entered into an agreement to sell our 100% interest in this project.

Guizhou Zunyi Project

This well-located project was acquired in 2011 as the area was rezoned for commercial and residential development from industrial use. The project will be developed into a composite development consisting of townhouses, high-rise apartments and retail elements with a total GFA of approximately 780,700 square metres upon completion. Site clearance and resettlement works have largely been completed, and product and design planning are underway. The project reached a new milestone with its ground breaking held in November, and is expected to be completed in 2018.

Shanghai Lakeville Regency Tower 18

In the upmarket Luwan district in close proximity to Xintiandi, the serviced apartments featuring around 100 high-end residential units continue to benefit from the growth in the number of visitors both in the business and tourist sectors. Occupancy and average room rates were strong, with average occupancy of 93%. The project provided the Group with stable recurrent rental income.

Shanghai 21st Century Tower
The Group acquired the 26th to 49th floors of 21st Century Tower in the heart of the financial district in Lujiazui, Pudong in December 2010, in a joint-venture where the Group has a 70% interest. SOCAM took a lead role in the development of a deluxe hotel, recently opened as the Four Seasons Hotel Pudong, Shanghai and the branded residences above.

Managed by the international renowned Four Seasons Hotels and Resorts Group, Four Seasons Place is the first branded residence project of SOCAM, offering 73 luxurious serviced apartments commanding spectacular views of the Pudong area. The hotel was completed in the second half of 2012 with the first tranche of branded residences launched for sale in August. As of December, 22% of saleable area of the branded residences was sold.

Four Seasons Hotel, Pudong, Shanghai marked its grand opening in November. This prime hotel features 187 superior rooms and suites, two restaurants serving Japanese, Chinese and international cuisines, as well as a deluxe spa and health club.

Shenyang Project Phase I
Situated on the 'Golden Corridor', this mixed-use development project comprises residential and serviced apartments, a Grade A office tower and an upmarket shopping mall with a total GFA of 281,200 square metres. As of December, over 75% of the residential GFA and all serviced apartment units were sold. Construction works of the residential towers were completed and the pre-sold units were progressively delivered to buyers. The shopping mall was completed and interior fit-out works are being carried out by tenants.

Construction of the office tower is on schedule and it was sold to Ping An Insurance Group en-bloc, with a total saleable area of approximately 43,000 square metres. Delivery to the buyer is expected in the middle of 2013.

Shenyang Project Phase II
The development is scheduled for completion in 2016. Relocation and clearance of land parcels by Shenyang local authorities has been completed satisfactorily. This urban, mixed-use development comprises upscale residential premises, serviced apartments, modern office space and a shopping mall with a total GFA of 653,900 square metres.

Tianjin Veneto (Formerly "Wuqing Project")
The Group completed the acquisition of the project in January 2012 which is now known as Veneto. It has excellent transport connections and is situated at a prime location close to the Wuqing Station of the Beijing-Tianjin Intercity Railway. The area is undergoing a major transformation into an important hub for knowledge and innovation, modern logistics and trading enterprises. The Group plans to develop the site with a total GFA of 153,000 square metres into retail-led property with serviced apartments by 2016. Construction permits from local government authorities have been obtained and site preparation work is underway.

The project is jointly developed with the SoTan Fund, a private equity vehicle for investing in special situation projects, on a 50-50 basis with SOCAM.

Knowledge Communities

Overview

Dalian, a major seaport in northeast China, is emerging as an attractive city under the direction of the Municipal Government. The city has recorded average annual GDP growth of 14.2% over the past five years, with GDP in 2012 standing at RMB700 billion. With a diversified economy, high living quality and easy accessibility, Dalian is emerging as an ideal location for developing a world-class knowledge hub.

Dalian's location on the northeast seaboard of China gives close connections by sea and air with both Japan and South Korea. Synergies in microprocessing, bio-pharmacy and knowledge process outsourcing, spurred by increasing international investments, have helped drive the local economy towards a more value-added and low carbon commercial specialisation. Businesses located in highly livable master-planned knowledge communities such as Dalian Tiandi are now offering attractive opportunities to a skilled workforce.

Dalian Tiandi

The project is a large-scale knowledge community comprising approximately 3.1 million square metres of GFA. SOCAM has a 22% interest in the project, jointly developed with Shui On Land (SOL) and the Yida Group. The project is poised to become a first-class and eco-friendly environment which will offer spacious outdoor recreation, educational campuses, environmental facilities and public amenities.

The development is being developed in phases and construction works progressed satisfactorily. At 31 December 2012, a total GFA of 350,000 square metres has been developed, and the GFA under construction totaled 975,000 square metres, comprising residential premises for sale of 511,000 square metres and leasing properties of 464,000 square metres.

Sales of townhouses and apartments in the Huang Ni Chuan area are progressing well, and the sold units are being handed over to buyers in phases. The retail complex in IT Tiandi in the Huang Ni Chuan zone was completed and a number of tenants have moved in, including some international brand names and food and beverage outlets. With the growing number of tenants, retail occupancy and sales are quickly gaining momentum.

The location and concept of the project continue to attract major leasing commitments from multinational corporations in the fields of research, IT development and education with major clients including IBM, Chinasoft, and Ambow Education. At the year end, the occupancy rate of leasing properties maintained at 75%.

The project will be completed in phases by 2020, by which time Dalian Tiandi will be a self-contained knowledge community in China, a green and pleasant hub for hi-tech industries, education and dynamic entrepreneurial activities.

CONSTRUCTION

Market Review

Amid mounting uncertainty in the global economy, the external environment continued to overshadow the Hong Kong economy which achieved only modest GDP growth of 1.4% in 2012. The unemployment rate was steady at 3.4%, and modest wage increases were seen across most sectors as underlying inflation fell slightly to 4.7%, down from 5.3% in 2011.

However, tenders and project activities in the construction sector picked up significantly during the year. Government capital works expenditure continued to play an important role, with an approved budget for infrastructure projects totaling over HK$400 billion, of which HK$62 billion was for the current fiscal year. Public sector infrastructure works in 2012 benefited from several major projects being at mid-point in their construction cycle. Private sector construction activities were also buoyant as demand for private housing units continued to outstrip supply.

In addition to the launching of infrastructure projects, the HKSAR Government has put increasing emphasis on public housing development. Further, plans are in place to revitalise the Home Ownership Scheme, and to increase and expedite the supply of public rental housing to almost 80,000 units over the next five year.

Overall, prospects for the construction sector look bright. Yet this positive outlook should be tempered by the keen competition in tendering, the ever-rising cost of materials and labour, and macroeconomic variables in both Hong Kong and in the Mainland.

Looking ahead, we expect that the increase in tender opportunities from the Hong Kong Architectural Services Department (ASD) and the Hong Kong Housing Authority (HKHA) will auger well for SOCAM's construction business. Our track record of timely completion, safety, quality and environmental awareness will continue to give us an advantage in the award of government contracts.

Operational Performance

The Group's construction business performed in line with expanding market opportunities. Total turnover was HK$5,358 million (2011: HK$4,742 million) during the year, while new contracts totaling HK$8,826 million (2011: HK$3,537 million) were won. The construction division recorded a profit of HK$256 million, which includes a gain of HK$89 million due to resumption of a workshop site in Fanling by the HKSAR Government.

We continued to strengthen our operational efficiency by implementing measures to improve competitive advantages, and to enhance the profitability of existing contracts, in order to cope with inflation and rising costs.

At 31 December 2012, the gross value of contracts on hand was approximately HK$17.4 billion and the value of outstanding contracts to be completed was approximately HK$10.0 billion, compared with HK$13.7 billion and HK$6.0 billion respectively at 31 December 2011.

Shui On Building Contractors (SOBC)

SOBC has tapped thriving market opportunities and was awarded several construction projects during the year. These included a public rental housing development at So Uk Estate with a value of HK$2,105 million, and a 3-year maintenance and refurbishment term contract, for properties within designated districts in Kowloon West and Hong Kong, valued at HK$325 million.

During the year, major projects completed by SOBC included HKHA’s Shek Kip Mei Estate Phase 5 which was recognised as an Outstanding Building Project in the Quality Public Housing Construction & Maintenance Awards 2012. SOBC also completed two ASD maintenance term contracts for the design and construction of minor works on government and subvented properties, and two maintenance and refurbishment term contracts for HKHA’s housing estates within designated districts.

SOBC has successfully been admitted to the Turn-key Interior Design and Fitting-out Works specialist list of the Development Bureau, allowing the Group to tender for and undertake more projects in this category going forward. As part of our initiative to build a greener society, SOBC was among the first building contractors in Hong Kong to receive accreditation for ISO 50001 on energy management systems during the year.

Shui On Construction (SOC)

SOC was awarded two ASD contracts during the year. It won a contract for the design and construction of West Kowloon Law Courts Building at Sham Shui Po which has a total value of approximately HK$2.2 billion, the highest contract value recorded for a project in the company’s record. It has also won the construction of a sports centre, community hall and district library complex in Sha Tin valued at approximately HK$799 million. The construction of the Town Park and Indoor Velodrome-cum-Sports Centre in Tseung Kwan O made good progress; the cycling track in the velodrome commenced construction in November. The contract for the design and construction of staff quarters for the Hong Kong Immigration Department in Kwai Chung was completed during the year.

The construction division continued to be a recognised practitioner in site safety, energy-saving, environmental awareness, waste management and recycling. Of particular note, SOBC received the Gold Award for outstanding building contractor for new works projects in the Quality Public Housing Construction & Maintenance Awards 2012. The redevelopment project for Lam Tin Estate also made SOBC the Grand Award Winner under the Hong Kong Residential (Multiple Building) Category in Quality Building Award 2012.

Shui On Construction, Mainland (SOCM)

SOCM, the Group’s 85%-owned construction arm in the Chinese Mainland provided services for the Chongqing Tiandi, Foshan Lingnan Tiandi, Wuhan Tiandi, Shanghai Rui Hong Xin Cheng and Dalian Tiandi projects of SOL, and Shenyang Project Phase I, Guangzhou Parc Oasis and Shanghai 21st Century Tower projects of SOCAM during the year. SOCM completed the main construction contracts for lots A6 and A4-3 in Wuhan Tiandi, and secured approximately HK$2.3 billion worth of new contracts, including construction works for Chengdu Centropolitan and Four Seasons Place in Shanghai.

SOCM is working proactively with the Property Division to develop an approach of Enhanced Construction Management support for our development projects in the Mainland. This new tool has already made valuable contributions in the progress of the Chengdu Centropolitan project. SOCM is also working in tandem with Pat Davie, our interior fit-out and refurbishment arm, in the Tianjin Veneto project.

Pat Davie (PDL)

PDL completed the fit-out and refurbishment works for The Link, Hong Kong Disneyland, Cathay Pacific Cargo Centre and Hong Kong Jockey Club, and the conversion of an industrial building into office premises in Hong Kong. In Macau, refurbishment work for Hard Rock Hotel, City of Dreams, Wynn and MGM was also completed.

PDL secured new contracts of approximately HK$1.0 billion, of which 74%, 20% and 6% by values were in Hong Kong, Macau and the Chinese Mainland respectively. Major contracts include, in Hong Kong, two refurbishment and re-development projects at Sha Tin Racecourse for the Hong Kong Jockey Club, the renovation of two shopping centres and one fresh market for The Link, and relocation work for a consulate general. Contracts were also signed for four casino projects in Macau. In February 2013, PDL was awarded fit-out contracts in Hong Kong and Macau with a total value of approximately HK$238 million.

CEMENT

Market Review

Fixed asset investment growth in China in 2012 slowed slightly to 20.6% compared with 23.8% the previous year, amidst steady economic growth. Investment in China's cement industry dropped as a result of the Central Government's policies to regulate over-capacity. While a decrease in the annual expansion of cement supply continued, over-capacity persisted, particularly in the Southwest, due to excessive investments in the past few years which saw a considerable downward adjustment to cement prices.

There were widespread expectations last year that the annual demand for cement would rise at a slower pace as a result of the Central Government's effort to make the China economy less reliant on fixed assets investment. However, substantial plans for urbanisation, rural modernisation and massive social housing construction managed to provide fundamental support to the cement industry.

There is now a consensus that the cement sector will recover and achieve modest growth as the Central Government has reaffirmed its policy to upgrade this industry in the Twelfth Five-year Plan through promoting industry consolidation and technology. Large players are poised to benefit under such environment.

As sustainable development is fostered, higher emission control standards have been planned so that the remaining 250 million tonnes of backward and energy-inefficient capacity will be completely phased out by 2015. One-third of the cement enterprises, which are mainly smaller operators, will be eliminated, and 35% of the national output is targeted to concentrate on the top 10 largest producers. Industry leaders equipped with the necessary skills and technology are poised to benefit from a more rational operating environment.

Lafarge Shui On Cement (LSOC)

LSOC, in which the Group holds a 45% interest, has a major presence in Sichuan, Chongqing, Guizhou and Yunnan. Its total annual production capacity was approximately 31 million tonnes at the end of 2012.

Operating performance

Amid very difficult market conditions and fierce competition, LSOC's results were below target for the year. Total sales volume for the year was approximately 27 million tonnes, which was slightly higher than that of the previous year. Cement prices in all the operating areas of LSOC came under tremendous pressure due to intensified competition from new capacities and sluggish market demand. The average selling price for the year decreased by approximately 8%, while variable costs decreased by approximately 3%, due mainly to lower fuel costs.

Capacity expansion

Construction of new dry kilns in Hedigang and Luquan, Yunnan with respective capacities of 2,500 and 4,600 tonnes per day were in progress. Completion is targeted for 2013 and 2015 respectively.

Asset injections

LSOC has planned to inject cement plants into Sichuan Shuangma Cement (Shuangma), a listed company on the Shenzhen Stock Exchange, over the next few years, subject to applicable laws and regulations, approvals by relevant regulatory authorities and third parties, and valuation of the assets to be injected based on market conditions.

Divestment

As disclosed in the Company's 2011 annual report, SOCAM has been actively working on various options to secure an exit for the Group's investment in LSOC. In December, Lafarge and SOCAM came to an agreement on a road map to enable our exit from the joint venture.

Nanjing grinding plant

The grinding plant in Nanjing suffered from decrease in both sales volume and selling prices, but saw an improvement in operating results, driven by the considerable decrease in cost of purchased clinker.

RESULTS

The Board of Directors (the "Board") of SOCAM Development Limited (the "Company" or "SOCAM") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012.

CONSOLIDATED INCOME STATEMENT

	Notes	**2012** **HK$ million**	2011 HK$ million (re-presented)
Continuing operations			
Turnover			
The Company and its subsidiaries		**6,443**	5,900
Share of jointly controlled entities/associates		**1,484**	248
		7,927	6,148
Group turnover	2	**6,443**	5,900
Other income and gains		**246**	241
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		**(933)**	(815)
Raw materials and consumables used		**(758)**	(770)
Staff costs		**(581)**	(575)
Depreciation and amortisation expenses		**(23)**	(23)
Subcontracting, external labour costs and other expenses		**(4,170)**	(3,685)
Dividend income from available-for-sale investments		**17**	10
Fair value changes on investment properties		**242**	275
Finance costs		**(314)**	(238)
Gain on disposal of available-for-sale investments		**134**	–
Gain on disposal of interest in a jointly controlled entity		**–**	44
Gain on disposals of subsidiaries		**504**	341
Gain on transfer of property inventories to investment properties		**–**	292
Share of results of jointly controlled entities		**177**	83
Share of results of associates		**24**	53
Profit before taxation		**1,008**	1,133
Taxation	3	**(142)**	(145)
Profit for the year from continuing operations		**866**	988
Discontinued operations			
Profit (loss) for the year from discontinued operations	4	**8**	(53)
Profit for the year		**874**	935
Attributable to:			
Owners of the Company		**848**	910
Non-controlling interests		**26**	25
		874	935
Earnings per share	6		
From continuing and discontinued operations			
Basic		**HK$1.73**	HK$1.86
Diluted		**HK$1.73**	HK$1.86
From continuing operations			
Basic		**HK$1.71**	HK$1.97
Diluted		**HK$1.71**	HK$1.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 **HK$ million**	2011 HK$ million
Profit for the year	**874**	935
Other comprehensive income (expense)		
Gain (loss) on fair value changes of available-for-sale investments	**176**	(190)
Exchange differences arising on translation of financial statements of foreign operations	**(19)**	308
Share of exchange differences of jointly controlled entities	**1**	205
Share of exchange differences of associates	**–**	20
Recognition of actuarial loss	**(34)**	(125)
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of available-for-sale investments	**(141)**	–
– upon disposal of interest in a jointly controlled entity	**(4)**	(23)
– upon disposal of subsidiaries	**(92)**	(14)
– upon disposal of property inventories, net of deferred tax of HK$2 million (2011: HK$3 million)	**(5)**	(16)
Other comprehensive (expense) income for the year	**(118)**	165
Total comprehensive income for the year	**756**	1,100
Total comprehensive income attributable to:		
Owners of the Company	**730**	1,074
Non-controlling interests	**26**	26
	756	1,100

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2012 HK$ million	31 December 2011 HK$ million
Non-current Assets			
Investment properties		**4,065**	3,609
Property, plant and equipment		**72**	77
Prepaid lease payments		**41**	44
Interests in jointly controlled entities		**871**	4,562
Available-for-sale investments		**84**	324
Interests in associates		**511**	495
Club memberships		**1**	1
Amounts due from jointly controlled entities		**1,861**	1,162
Amounts due from associates		**860**	828
Restricted bank deposits		**–**	185
		8,366	11,287
Current Assets			
Inventories		**29**	21
Prepaid lease payments		**1**	1
Properties held for sale		**1,896**	428
Properties under development for sale		**2,569**	3,641
Debtors, deposits and prepayments	7	**1,567**	1,557
Amounts due from customers for contract work		**321**	323
Amounts due from jointly controlled entities		**797**	995
Amounts due from associates		**393**	313
Amounts due from related companies		**308**	241
Taxation recoverable		**25**	12
Restricted bank deposits		**1,214**	910
Bank balances, deposits and cash			
– Cash and cash equivalents		**1,854**	2,410
– Other bank balances		**196**	–
		11,170	10,852
Assets classified as held for disposal		**4,152**	92
		15,322	10,944
Current Liabilities			
Creditors and accrued charges	8	**2,376**	1,803
Sales deposits received		**1,301**	721
Amounts due to customers for contract work		**347**	186
Amounts due to jointly controlled entities		**65**	45
Amounts due to associates		**1**	–
Amounts due to related companies		**64**	–
Amounts due to non-controlling shareholders of subsidiaries		**4**	11
Taxation payable		**109**	117
Bank and other borrowings due within one year		**4,786**	6,134
		9,053	9,017
Net Current Assets		**6,269**	1,927
Total Assets Less Current Liabilities		**14,635**	13,214
Capital and Reserves			
Share capital		**492**	490
Reserves		**10,094**	9,512
Equity attributable to owners of the Company		**10,586**	10,002
Non-controlling interests		**70**	66
		10,656	10,068
Non-current Liabilities			
Bank and other borrowings		**3,293**	2,427
Defined benefit liabilities		**112**	90
Other payables		**116**	202
Deferred tax liabilities		**458**	427
		3,979	3,146
		14,635	13,214

Notes:

1. Basis of preparation

In the current year, the Group has applied, for the first time, the following amendments to standards, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial period beginning on 1 January 2012.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

As a result of the application of the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", the Directors of the Company reviewed the Group's portfolio of investment properties, which is located in the People's Republic of China ("PRC"), and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is rebutted. Therefore, deferred taxation in relation to the investment properties continues to be measured based on the tax consequences of recovering through use. The application of the amendments has had no material effect on the consolidated financial statements of the Group for the current or prior accounting years.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

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

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

HKFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

1. Basis of preparation (continued)

The five new or revised standards on consolidation, joint arrangements, associates and disclosures, namely HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Early application is permitted provided that all of these five new or revised standards are applied early at the same time. These new or revised standards will be applied in the Group's consolidated financial statements for the financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) – Int 12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The Directors of the Company anticipated that the application of HKFRS 10 will have no material impact on the amount reported in the consolidated financial statements.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities are currently accounted for using the equity method of accounting under HKAS 31.

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

The Directors of the Company are in the process of assessing the potential impact of the remaining mentioned new or revised standards and amendments; and anticipate that the application of these new and revised standards, amendments or interpretation will have no material impact on the results and financial position of the Group.

2. Segment information

For management reporting purposes, the Group is currently organised into three operating divisions based on business nature. These divisions are the basis on which the Group reports information to its chief operating decision makers, who are the Executive Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

1. Property – property development for sale and investment and provision of property asset management services

2. Construction and building maintenance – construction, interior fit-out, renovation and maintenance of building premises, sales of building materials and provision of related consultancy services

3. Other businesses – venture capital investment, cement operations not through Lafarge Shui On Cement Limited ("LSOC") and others

2. Segment information (continued)

The cement operations through LSOC were classified as discontinued operations in the current year. The segment information reported in this note 2 does not include any amounts for the discontinued operations in the current and prior years, which are described in detail in note 4. The cement operations not through LSOC are now included under the "Other businesses" operating segment. Accordingly, segment information for prior year has been re-presented.

An analysis of the Group's reportable segment revenue and segment results from continuing operations by reportable and operating segment is as follows:

For the year ended 31 December 2012

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Sales of goods	**948**	**183**	**–**	**1,131**
Rental income	**52**	**–**	**–**	**52**
Revenue from rendering of services	**84**	**39**	**1**	**124**
Construction contract revenue	**–**	**5,136**	**–**	**5,136**
Revenue from external customers	**1,084**	**5,358**	**1**	**6,443**
Inter-segment revenue	**–**	**341**	**–**	**341**
	1,084	**5,699**	**1**	**6,784**
Share of jointly controlled entities/associates' revenue	**1,402**	**1**	**81**	**1,484**
Total segment revenue	**2,486**	**5,700**	**82**	**8,268**

Inter-segment revenue is charged at mutually agreed prices.

	Property	Construction and building maintenance	Other businesses	Total
Reportable segment results	**1,208**	**256**	**(40)**	**1,424**
Unallocated items:				
Other income				**7**
Finance costs				**(314)**
Other corporate expenses				**(109)**
Consolidated profit before taxation from continuing operations				**1,008**
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	**(774)**	**–**	**–**	**(774)**
Depreciation and amortisation	**(17)**	**(4)**	**(1)**	**(22)**
Interest income	**38**	**4**	**3**	**45**
Imputed interest income on loans to jointly controlled entities/associates	**28**	**–**	**–**	**28**
Dividend income from available-for-sale investments	**17**	**–**	**–**	**17**
Fair value changes on investment properties	**242**	**–**	**–**	**242**
Gain on disposal of available-for-sale investments	**134**	**–**	**–**	**134**
Gain on disposal of leasehold land	**–**	**89**	**–**	**89**
Gain on disposal of subsidiaries	**492**	**–**	**12**	**504**
Reversal of impairment loss recognised in respect of interests in jointly controlled entities	**–**	**–**	**21**	**21**
Share of results of jointly controlled entities				
Cement operations in Guizhou	**–**	**–**	**(4)**	**(4)**
Venture capital investments	**–**	**–**	**(73)**	**(73)**
Property development	**254**	**–**	**–**	**254**
Imputed interest expense	**(6)**	**–**	**–**	**(6)**
Others	**–**	**6**	**–**	**6**
				177
Share of results of associates				
Property development	**46**	**–**	**–**	**46**
Imputed interest expense	**(22)**	**–**	**–**	**(22)**
				24

2. Segment information (continued)

For the year ended 31 December 2011 (re-presented)

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Sales of goods	991	16	–	1,007
Rental income	47	–	–	47
Revenue from rendering of services	118	20	2	140
Construction contract revenue	–	4,706	–	4,706
Revenue from external customers	1,156	4,742	2	5,900
Inter-segment revenue	–	239	–	239
	1,156	4,981	2	6,139
Share of jointly controlled entities/associates' revenue	88	6	154	248
Total segment revenue	1,244	4,987	156	6,387

Inter-segment revenue is charged at mutually agreed prices.

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment results	1,246	118	106	1,470
Unallocated items:				
Other income				5
Finance costs				(238)
Other corporate expenses				(104)
Consolidated profit before taxation from continuing operations				1,133
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	(758)	–	–	(758)
Depreciation and amortisation	(17)	(4)	(1)	(22)
Interest income	60	3	5	68
Imputed interest income on loans to jointly controlled entities/associates	75	–	–	75
Dividend income from available-for-sale investments	10	–	–	10
Fair value changes on investment properties	275	–	–	275
Impairment loss recognised in respect of interests in jointly controlled entities	–	–	(4)	(4)
Gain on disposal of subsidiaries	337	–	4	341
Gain on disposal of interest in a jointly controlled entity	–	–	44	44
Gain on transfer of property inventories to investment properties	292	–	–	292
Share of results of jointly controlled entities				
Cement operations in Guizhou	–	–	7	7
Venture capital investments	–	–	53	53
Property development	78	–	–	78
Imputed interest expense	(54)	–	–	(54)
Others	–	(1)	–	(1)
				83
Share of results of associates				
Property development	74	–	–	74
Imputed interest expense	(21)	–	–	(21)
				53

3. Taxation

	2012 HK$ million	2011 HK$ million
Continuing operations		
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**14**	13
PRC Enterprise Income Tax	**61**	37
PRC Land Appreciation Tax	**59**	46
	134	96
Deferred taxation	**8**	49
	142	145

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

PRC Enterprise Income Tax is calculated at 25% (2011: 25%) on the estimated assessable profits for the year.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs, business taxes and all property development expenditure. The tax is incurred upon transfer of property ownership.

4. Discontinued operations

Pursuant to the Group's strategic decision to divest its 45% interest in LSOC, the Group has initiated various exit plans to actively locate buyers and engaged in negotiations with interested parties. Though the divestment did not come to fruition in 2012 due to unexpected adverse market conditions, the Group remains committed to its plan to exit entirely from its investment in LSOC. In December 2012, an agreement was reached with the other shareholder of LSOC, and various plans have been initiated and implemented to facilitate the exit of the Group from this joint venture. The Directors of the Company are of the view that it is highly probable that the exit will take place by the end of 2013; therefore, the Group's interest in LSOC, amounting to HK$4,060 million at 31 December 2012, has been accounted for as "Assets classified as held for disposal" in the consolidated statement of financial position at 31 December 2012, and the Group's cement operations through LSOC have been classified as discontinued operations for the year ended 31 December 2012. The prior year figures have been re-presented for conformity with current year presentation.

Profit for the year from discontinued operations attributable to owners of the Company is HK$8 million (2011: loss of HK$53 million), which include other income of HK$8 million (2011: HK$8 million) and share of results of jointly controlled entities of nil (2011: share of loss of HK$61 million).

5. Dividends

	2012 HK$ million	2011 HK$ million
Dividends recognised as distribution during the year:		
Final dividend in respect of the year ended 31 December 2011: HK$0.40 per share (2011: in respect of 2010 of HK$0.40 per share)	**196**	196
Interim dividend in respect of the year ended 31 December 2011 at HK$0.25 per share	**–**	122
	196	318
Proposed:		
Final dividend in respect of the year ended 31 December 2012: HK$0.50 per share (2011: in respect of 2011 of HK$0.40 per share)	**246**	196

The final dividend in respect of the year ended 31 December 2012 of HK$0.50 per share has been proposed by the Directors and is subject to approval by the shareholders of the Company at its forthcoming annual general meeting.

6. Earnings per share

From continuing and discontinued operations

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

	2012	2011
	HK$ million	HK$ million (re-presented)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	**848**	910
Number of shares:	**Million**	Million
Weighted average number of ordinary shares for the purpose of basic earnings per share	**491**	489
Effect of dilutive potential ordinary shares:		
Share options	**–**	1
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**491**	490

The computation of the diluted earnings per share for the current and prior years does not assume the exercise of certain of the Company's share options, of which the relevant exercise price was higher than the average market price of shares of the Company for the year when those options were outstanding.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data and the denominators detailed above for both basic and diluted earnings per share.

	2012	2011
	HK$ million	HK$ million
Earnings:		
Profit for the year attributable to the owners of the Company	**848**	910
Add: (Profit) loss for the year from discontinued operations	**(8)**	53
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**840**	963

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.02 per share (2011: loss of HK$0.11 per share), based on the profit for the year from the discontinued operations of HK$8 million (2011: loss of HK$53 million) and the denominators detailed above for both basic and diluted earnings per share.

7. Debtors, deposits and prepayments

The Group maintains a defined credit policy. The general credit term ranges from 30 to 90 days.

Included in debtors, deposits and prepayments are debtors with an aged analysis (based on invoice date) at the end of the reporting period as follows:

	31 December 2012 HK$ million	31 December 2011 HK$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	**804**	753
91 days to 180 days	**57**	85
181 days to 360 days	**40**	6
Over 360 days	**30**	15
	931	859
Less: amounts classified as amounts due from jointly controlled entities, associates and related companies	**(381)**	(240)
Retention receivable	**190**	160
Consideration receivables in respect of disposal of subsidiaries/ a jointly controlled entity	**40**	90
Deposit for acquisition of property projects	**7**	51
Prepayments, deposits and other receivables (note)	**780**	637
	1,567	1,557

Note: Included in prepayments, deposits and other receivables are receivables of HK$363 million (2011: HK$314 million) due from China Central Properties Limited's former subsidiaries (the "Debtor"), which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK$148 million (2011: HK$148 million) carries interest at prevailing market rates. In December 2011, a court in the PRC issued a notice to attach the aforesaid property interest for two years until December 2013 to cause the Debtor to settle part of the outstanding receivable in the amount of RMB120 million (approximately HK$148 million) and its related interests. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 9(d)). In the opinion of the Directors of the Company, these receivables will be fully settled and the guarantee provided by the Company will be released either after completion of the transfer of the legal title to the aforesaid property interest to the Debtor or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

8. Creditors and accrued charges

The aged analysis of creditors (based on invoice date) of HK$771 million (2011: HK$682 million), which are included in the Group's creditors and accrued charges, is as follows:

	31 December 2012 HK$ million	31 December 2011 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**577**	550
31 days to 90 days	**41**	55
91 days to 180 days	**29**	14
Over 180 days	**124**	63
	771	682
Retention payable	**302**	305
Consideration payable in respect of acquisition of subsidiaries (note)	**249**	335
Provision for contract work	**568**	260
Other accruals and payables	**602**	423
	2,492	2,005
Less: amounts due for settlement after 12 months (note)	**(116)**	(202)
	2,376	1,803

Note: The amounts represent the outstanding considerations in respect of the acquisition of a subsidiary during the year ended 31 December 2012 and the remaining 20% equity interest in a jointly controlled entity during the year ended 31 December 2011. Out of the total outstanding considerations, a total of HK$133 million (2011: HK$133 million) will be settled within 1 year and the balance will be settled in 2 to 3 years, from the end of the reporting period.

9. Contingent liabilities

At 31 December 2012, the Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

(a) Standby documentary credit arranged with a bank amounting to HK$145 million (31 December 2011: RMB117 million (HK$144 million)) to secure a bank loan granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks amounting to HK$733 million (31 December 2011: HK$805 million) to secure bank loans granted to certain jointly controlled entities.

(c) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB110 million (HK$136 million) (31 December 2011: RMB110 million (HK$136 million)) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(d) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of China Central Properties Limited ("CCP") at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 7 for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by a supplemental restructuring deed dated 12 October 2012, whereby the New Lender agreed not to demand fulfillment of the Company's obligations under the Guarantee for two years, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$668 million) at 31 December 2012 (31 December 2011: RMB542 million (HK$669 million)) and the related interests is secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition after taking into consideration the possibility of the default of the parties involved. Accordingly, no value has been recognised in the consolidated statement of financial position.

10. Events after the reporting period

On 28 February 2013, the Group entered into an agreement for the disposal of the entire issued share capital of Gifted Leader Limited (an indirect wholly-owned subsidiary of the Company), which indirectly owns a land parcel for property development in Guangzhou for a consideration of RMB300 million (HK$371 million). The disposal is expected to generate a gain of approximately RMB30 million (HK$37 million) to the Group on completion. Details of this transaction are set out in an announcement of the Company dated 28 February 2013.

FINANCIAL REVIEW

FINANCIAL RESULTS

The Group's turnover was HK$6,443 million for the year ended 31 December 2012, a 9% increase from the previous year. Consolidated profit after taxation and non-controlling interests was HK$848 million, a 7% decrease compared to the previous year.

Dividend

The Directors of the Company recommend the payment of a final dividend of HK$0.50 per share for the year ended 31 December 2012 (2011: HK$0.40 per share). Subject to shareholders' approval at the forthcoming annual general meeting (the "AGM"), the final dividend will be paid on 26 July 2013 to shareholders whose names appear on the Company's register of members on 28 June 2013.

Closure of Register of Members

For ascertaining the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2013 to Thursday, 30 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM of the Company to be held on 30 May 2013, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 27 May 2013.

For ascertaining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2012, the register of members of the Company will be closed from Monday, 24 June 2013 to Friday, 28 June 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 21 June 2013.

Turnover and Profits

Certain of the Group's property business, cement operations and venture capital investments are conducted through jointly controlled entities and associates. The HK$6,443 million turnover for the year has not included the Group's share of the turnover of these jointly controlled entities and associates. An analysis is as follows:

	Year ended 31 December 2012 HK$ million	Year ended 31 December 2011 HK$ million (Re-presented)
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**5,358**	4,742
Property	**1,084**	1,156
Others	**1**	2
Total	**6,443**	5,900
Jointly controlled entities and associates		
Property	**1,402**	88
Cement and others	**82**	160
Total	**1,484**	248
Total	**7,927**	6,148

Turnover from construction and building maintenance work increased as a result of a substantial expansion of workload in Hong Kong and the Mainland during the year. Revenue from the property business during the year mainly came from the recognition of strata-title sales of residential units of Guangzhou Parc Oasis and Shenyang Project Phase I, and office units of Chongqing Creative Concepts Center. In 2011, the turnover was mainly from the en-bloc disposal of the Qianxinian Building in Chongqing and the recognition of strata-title sales of residential and office units of Chongqing Creative Concepts Center and Shenyang Project Phase I. In addition, certain of the Group's property projects are developed through jointly controlled entities. The Beijing Centrium Residence project and the Shanghai Four Seasons Place project, in which the Group has a 52.5% and 70% interest respectively, began to recognise property sales revenue in the second half of 2012. Together with the 22% owned Dalian Tiandi project, the Group's share of property sales revenue from these joint development projects increased to HK$1,402 million for 2012, from HK$88 million in the previous year.

Following the strategic decision of the Group to divest its 45% interest in LSOC, the Group's interest in LSOC was accounted for as "Assets classified as held for disposal" with effect from 1 January 2012. In accordance with applicable accounting standards, the Group has discontinued to equity account for the results of this cement joint venture. Accordingly, the Group's 45% share of LSOC's loss for the current year, amounting to HK$359 million, has not been included in the Group's results for the year.

An analysis of the profit attributable to shareholders is set out below:

	Year ended 31 December 2012 HK$ million	Year ended 31 December 2011 HK$ million
Property		
Project fee income	**84**	118
Profit from property sales and net rental income	**134**	226
Gain on disposal of subsidiaries	**492**	337
Fair value gain on investment properties, net of deferred tax provision	**185**	446
Share of results of jointly controlled entities and associates	**300**	152
Net operating expenses	**(233)**	(233)
	962	1,046
Construction		
Operating profit	**163**	118
Land resumption compensation	**89**	-
	252	118
Cement operations		
LSOC	**8**	(41)
Guizhou cement	**(4)**	5
Impairment losses – reversal / (provision)	**21**	(16)
Gain on disposal of cement plants	**-**	56
	25	4
Investment in SOL		
Dividend income	**17**	10
Net gain on disposal of shares	**134**	-
	151	10
Venture capital investments	**(73)**	53
Net finance costs	**(262)**	(165)
Corporate overheads and others	**(96)**	(107)
Taxation	**(85)**	(24)
Non-controlling interests	**(26)**	(25)
Total	**848**	910

Property

Project fee income from jointly controlled entities and associates decreased to HK$84 million following the gradual completion of certain of the property projects managed by the Group.

Handover of the residential and office units to the buyers of Chongqing Creative Concepts Center and Shenyang Project Phase I has commenced since late 2010 and early 2011 respectively. Accordingly, property sales profit from these two projects decreased in 2012, which was partly compensated by the recognition of property sales of Guangzhou Parc Oasis upon handover of residential units starting from the second half of 2012. In 2011, the profit from property sales also included the en-bloc disposal of the Qianxinian Building in Chongqing. Rental income continued to be derived from the Group’s investment properties, Lakeville Regency Tower 18 in Shanghai and the retail portion of Chongqing Creative Concepts Center.

In November 2012, the Group disposed of its 20% interest in the Guizhou Zunyi project and recognised a net gain of HK$398 million in accordance with applicable accounting standards. In addition, certain property holding companies were disposed of during the year, and exchange gains totalling approximately HK$91 million previously recognised in translation reserve in the consolidated statement of financial position were released to income. In 2011, the net disposal gain of HK$337 million was the result of the disposal of the Group’s 49% interest in the Chengdu Centropolitan project in June.

The revaluation of the Group’s investment properties, including both completed and those under development, at the current year-end, produced a net gain of HK$185 million. The substantial valuation gain last year was mainly attributable to the re-designation of the retail portion of Chongqing Creative Concepts Center from inventory.

As mentioned above, the Group’s jointly developed projects, Beijing Centrium Residence and Shanghai Four Seasons Place commenced to recognise property sales profit from the second half of 2012, coupled with the contribution from Dalian Tiandi, share of net income from these jointly controlled entities and associates posted a significant increase to HK$300 million for 2012, from HK$152 million in the previous year.

Construction

Construction business reported higher operating profit on an increased turnover for 2012, and average net margin was increased to 3.0% of turnover, from 2.5% in the previous year.

In 2012, parcels of workshop land owned by the Group’s construction division were reverted to the Hong Kong SAR Government, and a net compensation of HK$89 million was included in the results of the construction segment.

Cement operations

As mentioned above, the Group no longer took up its share of results of LSOC from 1 January 2012. The HK$8 million income from LSOC in the current year represented advisory fee payable by LSOC to SOCAM. In 2011, LSOC reported an operating loss as margins were eroded by higher coal and power prices in its areas of operation, while pricing remained depressed due to over-capacities, particularly in Sichuan and Chongqing.

The reversal of HK$21 million impairment loss was the result of compensation received from the local government for closure of a wet kiln in Guizhou in 2010 under government regulations, for which provisions were made in previous years. In 2011, the impairment losses mainly represented the Group's 45% share of the provisions made by LSOC on its plant and equipment.

In 2011, the Group disposed of a dry production line and a 40.16% interest in a cement plant, both in Guizhou, as part of its exit plan and recognised total disposal gain of HK$56 million.

Investment in SOL

In December 2012, the Group disposed of approximately 2.01% of its then holding of 2.38% of the issued share capital of SOL, at a price of HK$3.60 per share, and recognised a net gain on disposal of HK$134 million.

Venture capital

The venture capital funds in which the Group invested recorded valuation losses on the funds' interests in a number of investee companies, including a manufacturer of biodegradable materials, a microelectronics company focusing on multi-media and communication semiconductor markets and a producer of sunlight readable LCD monitors for outdoor applications, all of which achieved lower-than-expected results for 2012.

In the previous year, the HK$53 million gain was largely attributable to the gain on disposal of all the shares in a listed infrastructure company in Hong Kong held by the fund at a substantial premium as a result of the take-over of the company by an independent buyer.

Net finance costs

Despite the decline in average bank borrowings in 2012, net finance costs increased to HK$262 million for the year, from HK$165 million for the previous year, as higher interest margins were charged by banks upon renewal of the loan facilities granted to the Group. There was also a decrease in interest income as a result of the decrease in the Group's average cash and deposit balances.

ASSETS BASE

The total assets and net assets of the Group are summarised as follows:

	31 December 2012 **HK$ million**	31 December 2011 HK$ million
Total assets	**23,688**	22,231
Net assets	**10,586**	10,002
	HK$	HK$
Net assets per share	**21.5**	20.4

Total assets of the Group increased by 6.6% to HK$23.7 billion at 31 December 2012, from HK$22.2 billion at 31 December 2011, while the net assets of the Group and the net assets per share increased by 5.8% and 5.3% respectively in 2012 due largely to the HK$848 million profit for the year.

An analysis of the total assets by business segments, which remained relatively stable, is set out below:

	31 December 2012 HK$ million	**%**	31 December 2011 HK$ million	%
Property	**15,633**	**66**	13,879	63
Cement	**4,627**	**20**	4,727	21
Construction	**2,274**	**10**	1,759	8
Investment in SOL shares	**84**	**-**	324	1
Others	**1,070**	**4**	1,542	7
Total	**23,688**	**100**	22,231	100

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company increased to HK$10,586 million on 31 December 2012, from HK$10,002 million on 31 December 2011, which was mainly attributable to the HK$848 million profit for the year.

Net bank borrowings of the Group represented bank and other borrowings, net of bank balances, deposits and cash, and amounted to HK$4,815 million on 31 December 2012. This compared with HK$5,056 million on 31 December 2011. The decrease in net bank borrowings during the year was mainly due to the gradual receipt of property sales proceeds and repayment of onshore project loans following completion of certain property projects.

The maturity profile of the Group's bank borrowings is set out below:

	31 December 2012 HK$ million	31 December 2011 HK$ million
Bank and other borrowings repayable:		
Within one year	**4,786**	6,134
After one year but within two years	**3,215**	2,131
After two years but within five years	**78**	296
Total bank and other borrowings	**8,079**	8,561
Bank balances, deposits and cash	**(3,264)**	(3,505)
Net bank borrowings	**4,815**	5,056

The short-term portion of bank borrowings, i.e. those repayable within one year, reduced from 72% of total bank borrowings on 31 December 2011 to 59% on 31 December 2012, after the successful renewal/refinancing of bank borrowings with tenors beyond the next twelve months.

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, decreased to 46% at 31 December 2012, from 51% at 31 December 2011, mainly as a result of the HK$848 million profit for the year as well as the decrease in net bank borrowings as explained above.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in the Chinese Mainland are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is at project level only where the sources of repayment are also Renminbi denominated. Given that income from operations in the Chinese Mainland is denominated in Renminbi, the Group expects that the steady appreciation of the Renminbi in the long run will have positive effect on the Group's business performance and financial status. Therefore, no hedging against Renminbi exchange risk has been arranged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 31 December 2012, the number of employees in the Group was approximately 1,100 (31 December 2011: 1,170) in Hong Kong and Macau, and 8,640 (31 December 2011: 8,860) in subsidiaries and jointly controlled entities in the Chinese Mainland. While staff costs are kept stable during the year, employee remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through executive development and management trainee programmes. Share options are granted annually by the Board of Directors to senior management and staff members as reward and long-term incentives. Likewise, in the Chinese Mainland, staff benefits are commensurate with market levels, with an emphasis on building the corporate culture and providing professional training and development opportunities for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre competent staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices and processes.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE CODES ON CORPORATE GOVERNANCE

Throughout the year ended 31 December 2012, the Company complied with all the code provisions of the Code on Corporate Governance Practices and its new edition effective 1 April 2012, the Corporate Governance Code (the "CG Code"), set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for their respective applicable period, except for the deviations explained below.

A code provision of the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of the individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in their daily business operations. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of the individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from the code provision. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice was formally adopted and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year.

PROPOSED AMENDMENTS TO BYE-LAWS

In order to bring the bye-laws of the Company (the "Bye-laws") in line with certain amendments made to the Companies Act 1981 of Bermuda and to provide flexibility to the Company in administration, the Board proposes to seek approval of the shareholders of the Company at its forthcoming AGM to be held on 30 May 2013 for the amendments to the Bye-laws by way of a special resolution.

A circular containing, among others, details of the proposed amendments to the Bye-laws and a notice of the AGM will be despatched to shareholders in due course.

By Order of the Board
SOCAM Development Limited
Lo Hong Sui, Vincent
Chairman

Hong Kong, 27 March 2013

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Kun To, Philip and Mr. Wong Fook Lam, Raymond; the Non-executive Director of the Company is Mr. Wong Yuet Leung, Frankie; and the Independent Non-executive Directors of the Company are Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses.

** For identification purpose only*

Website: www.socam.com