Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01036)

2012
Annual Report

This annual report is printed on environmentally friendly paper

Contents

Corporate Information	2
Biographical Details of Directors and Senior Management	3
Management Discussion and Analysis	5
Report of the Directors	9
Corporate Governance Report	23
Independent Auditor's Report	34
Consolidated Income Statement	35
Consolidated Statement of Comprehensive Income	36
Consolidated Balance Sheet	37
Balance Sheet	38
Consolidated Statement of Changes in Equity	39
Consolidated Cash Flow Statement	40
Notes to the Financial Statements	42
List of Subsidiaries and Associates	94
Properties Held for Investment Purpose	99
Five-Year Financial Summary	100

Corporate Information

BOARD OF DIRECTORS

Executive Directors
ZHANG Xu
QUE Dong Wu

Non-Executive Directors
WANG Wen Jin
CHAN Chi Yu

Independent Non-Executive Directors
CHAN Wai Hei, William
CHUNG Wai Sum, Patrick
SHIUM Soon Kong

AUDIT COMMITTEE
CHAN Wai Hei, William *(Chairman)*
WANG Wen Jin
CHUNG Wai Sum, Patrick

REMUNERATION COMMITTEE
SHIUM Soon Kong *(Chairman)*
QUE Dong Wu
CHAN Wai Hei, William

NOMINATION COMMITTEE
CHUNG Wai Sum, Patrick *(Chairman)*
ZHANG Xu
SHIUM Soon Kong

CHIEF FINANCIAL OFFICER
LUK Chi Chung, Peter

COMPANY SECRETARY
LAI Ivy

AUDITOR
KPMG

LEGAL ADVISORS TO THE COMPANY
Reed Smith Richards Butler *(as to Hong Kong Laws)*
Maples and Calder *(as to Cayman Islands Laws)*

PRINCIPAL BANKER
Bank of China (Hong Kong) Limited

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

PRINCIPAL PLACE OF BUSINESS
55th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Telephone:	(852) 2309 8888
Fax:	(852) 2328 8097
Email:	vkoverseas.ir@vanke.com

WEBSITE
http://www.vankeoverseas.com

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhang Xu, aged 50, was appointed Executive Director of the Company in July 2012. He is also a member of the Nomination Committee of the Board of Directors of the Company. Mr. Zhang joined China Vanke Co., Ltd. ("China Vanke"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, in November 2002. He is currently a Vice President of China Vanke responsible for investment and operation. Mr. Zhang has over 15 years of experience in real estate business. He graduated from Troy State University, United States in June 2001 with a Professional Master of Business Administration.

Ms. Que Dong Wu, aged 46, was appointed Executive Director of the Company in July 2012. She is also a member of the Remuneration Committee of the Board of Directors of the Company. Ms. Que joined China Vanke, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, in May 1993 and is currently the Managing Director of the Hong Kong Division of China Vanke responsible for China Vanke's operation in Hong Kong. She is also a member of the Project Approval Decision Committee and the Project Operation Committee of China Vanke. Ms. Que has over 15 years of experience in corporate finance and real estate investment. She graduated from Fudan University, PRC in July 1999 with a Master of Economics.

NON-EXECUTIVE DIRECTORS

Mr. Wang Wen Jin, aged 46, was appointed Non-Executive Director of the Company in July 2012. He is also a member of the Audit Committee of the Board of Directors of the Company. Mr. Wang joined China Vanke, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, in November 1993 and is currently an Executive Vice President of China Vanke responsible for financial controlling. He is also a member of the Project Approval Decision Committee and the Project Operation Committee of China Vanke. Mr. Wang has over 15 years of experience in finance and investment. He graduated from Zhongnan University of Economics (currently known as Zhongnan University of Economics and Law), PRC in June 1994 with a Master of Economics and was certified as a Registered Accountant of the PRC in May 1998.

Mr. Chan Chi Yu, aged 58, was appointed Non-Executive Director of the Company in July 2012. Mr. Chan was a director of China Vanke, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, from May 1997 to April 2008 and has become a consultant of China Vanke since April 2008. Mr. Chan has received various training in accounting, business administration, corporate governance and security brokerage. He is a fellow member of The Hong Kong Institute of Directors, a full member of The Hong Kong Management Association and also an affiliated member of The Association of International Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Hei, William, aged 55, was appointed Independent Non-Executive Director of the Company in September 2012. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Board of Directors of the Company. Mr. Chan has over 30 years of experience in accounting and finance. He has been working for Messrs. Li, Tang, Chen & Co., Certified Public Accountants (Practicing) since June 1980 and has been admitted as a partner from April 1989. Mr. Chan graduated from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) in July 1980 with a Diploma in Accounting. Mr. Chan was the President of The Hong Kong Institute of Accredited Accounting Technicians Limited (which is a wholly-owned subsidiary of the Hong Kong Institute of Certified Public Accountants) from 1992 to 1995. Mr. Chan is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Institute of Chartered Accountants in England and Wales, a member of The Society of Chinese Accountants and Auditors of Hong Kong, a fellow member of The Chartered Association of Certified Accountants, a fellow member of The Taxation Institute of Hong Kong and a fellow member of The Hong Kong Institute of Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Mr. Chung Wai Sum, Patrick, aged 64, was appointed Independent Non-Executive Director of the Company in September 2012. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Board of Directors of the Company. Mr. Chung has over 30 years of experience in real estate development. He is currently an executive director and the managing director of HKC (Holdings) Limited (Stock code: 00190). Mr. Chung joined CITIC Pacific Limited (Stock code: 00267) in 1992 and was an executive director responsible for the company's property, environmental and infrastructure development in Hong Kong and Shanghai. He was also a founding director of substantial developments such as the Western Harbour Tunnel, the South East New Territories Land Fill, the Festival Walk, CITIC Tower and was an executive director of Hong Kong Resort Company Limited (the developer of Discovery Bay, which is a 640 hectares new town on Lantau Island, Hong Kong). Privately he has devoted his time to community service. He was the Chairman of The Adventure-Ship from 2005 to 2010. Mr. Chung obtained a Master of Science Degree (Real Estate) from The University of Hong Kong in December 2005. He is a fellow of The Royal Institution of Chartered Surveyors (United Kingdom), The Institute of Chartered Secretaries and Administrators (United Kingdom) and The Hong Kong Institute of Chartered Secretaries.

Mr. Shium Soon Kong, aged 58, was appointed Independent Non-Executive Director of the Company in September 2012. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board of Directors of the Company. Mr. Shium has over 30 years of experience in real estate investment and operations. Mr. Shium started his career with Singapore's public housing authority, the Housing and Development Board. He was a Principal Officer in its Estates & Lands Division when he left in 1995. In the same year, he joined Pidemco Land Limited (the predecessor of CapitaLand Limited) as Vice President until early 1999. He subsequently joined Xin Rou Properties Pte. Ltd., a Singapore real estate company, as the director for its real estate investment portfolio from 1999 to 2001. Mr. Shium was the Senior Vice President in GIC Real Estate Pte. Ltd. from 2001 to 2008; and was the President of Ping An Real Estate Co., Ltd. from January 2009 till early 2012. Currently, he is a director of Thong Ching Pte. Ltd., an investment company in Singapore, and the director for business development in Raffles Medical Group, an integrated medical and healthcare company registered in Singapore and listed on the Singapore Exchange (SGX). Mr. Shium obtained a Bachelor of Science Honours Degree in Estate Management from The University of Singapore (the predecessor of National University of Singapore) in May 1979 and a Master of Science Degree in Urban Land Appraisal from University of Reading in the United Kingdom in December 1982.

SENIOR MANAGEMENT

Mr. Luk Chi Chung, Peter, aged 48, is the Chief Financial Officer of the Company. Mr. Luk joined the Company as the Chief Financial Officer in June 2008, left in July 2012 and was employed by Vanke Property (Hong Kong) Company Limited ("Vanke HK"), a substantial shareholder within the meaning of Part XV of the Securities and Futures Ordinance, as the Chief Financial Officer of Vanke HK and the Company in November 2012. He has 25 years of experience in the accounting field. He obtained a Bachelor Degree in Mathematics from The University of Hong Kong in November 1986 and a Master of Business Administration Degree from the Australian Graduate School of Management in June 2001. Mr. Luk is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Chartered Association of Certified Accountants, The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Management Discussion and Analysis

CHANGE OF CONTROLLING SHAREHOLDER

On 13 May 2012, Wing Tai Properties Limited ("Wing Tai Properties") entered into an agreement (the "Share Sale Agreement") with Vanke Property (Hong Kong) Company Limited ("Vanke HK") pursuant to which Wing Tai Properties agreed to sell and Vanke HK agreed to purchase or procure Wkland Investments Company Limited ("Wkland Investments") to purchase Wing Tai Properties' entire direct and indirect shareholding interest in the Company at a cash consideration of HK$5.6197 per share. The transactions contemplated under the Share Sale Agreement (the "Transactions") included sale and purchase of up to 205,835,845 shares of the Company, a group reorganisation (the "Group Reorganisation"), a distribution in specie by the Company of shares in a private company holding all assets of the Group other than various units and the carpark podium in Regent Centre (the "Distribution In Specie") and the payment of a special cash dividend of HK$0.7803 per share (the "Special Cash Dividend").

The Transactions were approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 9 July 2012. Completion of the Share Sale Agreement (the "Share Sale Completion") took place immediately following completion of the Group Reorganisation, completion of the Distribution In Specie and payment of the Special Cash Dividend on 16 July 2012. As a result, Wkland Investments became the registered shareholder of 205,835,845 shares of the Company and was required to make an unconditional mandatory cash offer to acquire all the shares of the Company not already owned by it, Vanke HK and their respective concerted parties at a price of HK$5.6197 per share (the "Listco Offer"). Upon the close of the Listco Offer on 13 August 2012, Wkland Investments became interested in 221,771,833 shares of the Company, representing approximately 85.4% of the issued share capital of the Company.

On 21 August 2012, Wkland Investments as the seller entered into an agreement with CITIC Securities Corporate Finance (HK) Limited as the placing agent, pursuant to which 27,007,867 shares of the Company were placed to independent placees at a price of HK$5.6197 per share. Completion of the placing took place on 24 August 2012. Since then, Wkland Investments has been interested in 194,763,966 shares of the Company, representing 75.0% of the issued share capital of the Company, and the public float of the Company has been restored to 25.0%.

China Vanke Co., Ltd. ("China Vanke"), a joint stock company with limited liability incorporated in the People's Republic of China and the issued shares of which are listed on the Shenzhen Stock Exchange, has become the ultimate holding company of the Company with effect from 16 July 2012. Wkland Investments is a wholly-owned subsidiary of Vanke HK, which in turn is an indirect wholly-owned subsidiary of China Vanke.

BUSINESS REVIEW

Following completion of the Group Reorganisation and the Distribution In Specie, the Group is only engaged in the business of holding, and the operation and management of, various portions of Regent Centre in Kwai Chung (the "Continuing Operations"). Other assets and businesses comprising (i) the rental business in relation to Landmark East in Kwun Tong, W Square in Wan Chai, Winner Godown Building in Tsuen Wan, Shui Hing Centre in Kowloon Bay and Units 505–510, 5/F, Tower B of Regent Centre in Kwai Chung and the property management business, (ii) the warehousing business, (iii) investment holding and (iv) property development activities undertaken by the Group (collectively, the "Discontinued Operations") were distributed to the shareholders of the Company on 16 July 2012. Results relating to the Discontinued Operations for the year ended 31 December 2012 have been presented as a single amount in the Group's consolidated income statement in accordance with Hong Kong Financial Reporting Standards and certain comparative figures have been re-presented to conform to the current year's presentation.

The Group's turnover for the year was HK$78 million (2011: HK$66 million), comprising revenue from units and car parking spaces in Regent Centre. The Group's profit for the year was HK$507 million (2011: HK$2,472 million), comprising profit from Continuing Operations of HK$163 million (2011: HK$139 million) and profit from Discontinued Operations of HK$344 million (2011: HK$2,333 million).

BUSINESS REVIEW *(continued)*

Continuing operations

The Group owns certain units and the carpark podium in Regent Centre (the "Property") situated at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong with a gross floor area of approximately 657,000 square feet, representing approximately 64% of the total gross floor area of Regent Centre. The Property was fair valued at HK$1,260 million as at 31 December 2012 (31 December 2011: HK$1,129 million).

Turnover and segment profit from the Property amounted to HK$78 million (2011: HK$66 million) and HK$59 million (2011: HK$50 million), respectively. During the year, the Property was leased up satisfactorily with an increase in both average occupancy and passing rent. Occupancy of the Property was 93% as at 31 December 2012.

Excluding the change in fair value of investment properties and gain on disposal of investment properties, net profit from Continuing Operations for the year was HK$33 million (2011: HK$35 million). The drop in net profit was mainly due to legal and professional fees of HK$10 million being incurred in relation to the Transactions.

Discontinued Operations

The results of the Discontinued Operations were consolidated up to 16 July 2012, the date of completion of the Distribution In Specie. Excluding the change in fair value of investment properties and gain on bargain purchase of an associate, net profit from Discontinued Operations for the period from 1 January 2012 to 16 July 2012 amounted to HK$308 million (2011 full year: HK$408 million). On a full year basis, the Discontinued Operations recorded an increase in profitability as compared to the prior year. The increase was mainly due to strong leasing performance in Landmark East, the Group's previous flagship property in Kowloon East, and an exceptional profit of HK$79 million released from the investment revaluation reserve to the consolidated income statement upon derecognition of investment in an available-for-sale financial asset.

All assets and liabilities relating to the Discontinued Operations were distributed to the shareholders on 16 July 2012. The distribution with a consolidated net asset value of HK$10,270 million was reflected as an appropriation of reserves during the year.

EMPLOYEES

The Group had no employees as at 31 December 2012 (31 December 2011: 259 employees). All former employees were employed by companies within the Discontinued Operations (the "Privateco Group"). To ensure continuing operation of the Group's existing businesses without interruption, the Group entered into a management agreement with Cherrytime Investments Limited, a wholly-owned subsidiary of Wing Tai Properties, in relation to ongoing provision of administrative, property management, brokerage, agency and leasing services by the Privateco Group to the Group in a manner and on terms consistent with the provision of such services over the twelve months immediately preceding the date of the Share Sale Agreement. The agreement, with effect from the date of the Share Sale Completion, is terminable by either party on giving one month's notice. Total remuneration amounting to HK$2,247,000 was paid for such services provided by the Privateco Group during the year. Vanke HK, as the holding company of the Company, also provides administrative support to the Group on a cost basis.

The Group is in course of recruiting employees and will fill up vacant positions through selection of candidates having the right caliber. In so doing, the Group will align remuneration and benefit packages with pay levels and practices prevailing in the market and recognise individual responsibility and performance. All eligible employees in Hong Kong will be enrolled to a defined contribution mandatory provident fund scheme.

FINANCIAL REVIEW

Gearing

The Group's shareholders' equity as at 31 December 2012 was HK$1,279 million (31 December 2011: HK$11,319 million). The decrease was mainly due to completion of the Distribution In Specie, the payments of the 2011 final dividend and the Special Cash Dividend during the year. All non-controlling interests have either been bought out or distributed as part of the Group Reorganisation (31 December 2011: HK$38 million).

As a condition precedent to the Share Sale Completion, all corporate guarantees and securities given by the remaining entities within the Group (including but not limited to the Company) were released and discharged in full and all banking facilities and other indebtedness relating to the remaining entities within the Group (including but not limited to the Company) were repaid in full and cancelled at the time of Share Sale Completion.

On 28 December 2012, the Group obtained a three-year term and revolving loan facility up to an aggregate amount of HK$600 million (the "Facility") for general working capital purpose. The Facility was undrawn as at 31 December 2012. As a result, the Group did not have any outstanding bank borrowings as at 31 December 2012 (31 December 2011: HK$2,192 million). Bank balances and cash amounted to HK$50 million as at 31 December 2012 (31 December 2011: HK$647 million), which decrease was mainly due to completion of the Distribution In Specie.

The Group is in a healthy financial condition. Net gearing ratio, being net borrowings as a percentage of total equity, was nil as at 31 December 2012 (31 December 2011: 14%, calculated based on net borrowings of HK$1,545 million and total equity, including non-controlling interests, of HK$11,357 million).

Treasury policies

The Group principally operates in Hong Kong and, as a result, has minimal exposure to exchange rate fluctuation. In previous years, the Group entered into interest rate swap contracts (the "IRS Contracts") to hedge its floating interest rate exposure. The purpose of the IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The IRS Contracts were entered into by members of the Privateco Group. Following completion of the Distribution In Specie, the Group ceased to be liable for any payment obligation under the IRS Contracts.

Capital commitments

The Group had no significant capital commitments as at 31 December 2012 (31 December 2011: nil).

Contingent liabilities and financial guarantees

The Group had no significant contingent liabilities as at 31 December 2012.

In the prior year, there was a guarantee given on a pro rata and several basis by the Company for banking facilities granted to an associate. The guarantee in the amount of HK$228 million was released upon completion of the Distribution In Specie.

Pledge of assets

The Group's investment properties with a carrying value of HK$1,260 million as at 31 December 2012 (31 December 2011: certain of the Group's assets with a carrying value of HK$12,258 million) were pledged to secure banking facilities of the Group.

OUTLOOK

The outlook of the Hong Kong economy is expected to remain stable in 2013 on the back of continued economic growth in the Mainland China, despite uncertainties on the pace of recovery of the United States economy and the persistent sovereign debt crisis in Europe. Under such economic environment, the Group's property in Hong Kong is expected to maintain a high level of occupancy and produce a stable income stream to the Group.

In July 2012, China Vanke, the largest residential property developer in the Mainland China, made its first significant move overseas by acquiring a controlling stake in the Company. With the support from China Vanke, the Group will seek for suitable opportunities to expand its business activities from property investment to property development in Hong Kong, in order to generate value and deliver sustainable returns to shareholders in the long run.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.03 per share (2011: HK$0.47 per share). Subject to the passing of the relevant resolution at the Annual General Meeting of the Company to be held on 23 May 2013, the final dividend will be payable to the shareholders on or about 7 June 2013.

On behalf of the Board

Zhang Xu
Director

Hong Kong, 22 February 2013

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2012.

CHANGE OF NAME

As approved by the shareholders at the Extraordinary General Meeting of the Company held on 31 December 2012, the English name of the Company was changed from "Winsor Properties Holdings Limited" to "Vanke Property (Overseas) Limited" with effect from 31 December 2012, the date of passing of the relevant special resolution, and a new Chinese name of 「萬科置業(海外)有限公司」 was adopted with effect from 2 January 2013, the date of issue of the Certificate of Incorporation on Change of Name bearing such dual foreign name by the Registrar of Companies in the Cayman Islands.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries are set out on pages 94 to 97.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 35.

During the year, the Directors recommended a distribution in specie of shares in a private company (the "Privateco") to the shareholders of the Company on the basis of one Privateco share for every share in the Company held (the "Distribution In Specie") and the payment of a special cash dividend of HK$0.7803 per share (the "Special Cash Dividend"). The Distribution In Specie and the payment of the Special Cash Dividend were approved by the independent shareholders at the Extraordinary General Meeting of the Company held on 9 July 2012 and completed on 16 July 2012.

During the board meeting on 22 February 2013, the Directors recommended a final dividend of HK$0.03 per share totalling HK$7,791,000, which will be payable on or about 7 June 2013 if approved by the shareholders at the Annual General Meeting of the Company to be held on 23 May 2013.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 39 and note 27 to the financial statements respectively.

DISTRIBUTABLE RESERVES

During the year, the contributed surplus of the Company had been fully utilised for the purpose of effecting the Distribution In Specie and the payment of the Special Cash Dividend.

Total distributable reserves of the Company, as represented by the retained profits of the Company, amounted to HK$351,212,000 as at 31 December 2012.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$10,000.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, property, plant and equipment amounting to HK$7,745,000 and investment properties amounting to HK$11,075,780,000 were distributed to the shareholders of the Company as a result of the completion of the Distribution In Specie.

Details of these and other movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements respectively.

Particulars of the properties held by the Group for investment purpose as at 31 December 2012 are set out on page 99.

MANAGEMENT CONTRACTS

On 18 June 2012, Future Best Developments Limited ("Future Best"), a wholly-owned subsidiary of the Company, entered into a management agreement with Cherrytime Investments Limited ("Cherrytime" together with its subsidiaries the "Cherrytime Group") in relation to the provision of management and administration services by the relevant members of the Cherrytime Group to the Group immediately after the completion of the Distribution In Specie on a basis consistent with the provision of those services over the preceding twelve months, including as to pricing (the "Management Agreement"). The agreement is terminable by either party on giving one month's notice.

Cherrytime is a wholly-owned subsidiary of Wing Tai Properties Limited ("Wing Tai Properties", the former controlling shareholder of the Company) in which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Chow Wai Wai, John, Au Hing Lun, Dennis and Fung Ching Man, Janet have beneficial shareholding interests. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Chow Wai Wai, John and Au Hing Lun, Dennis, the former Directors, are also directors of Wing Tai Properties. The Management Agreement constituted a special deal under the Takeovers Code and was approved by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "SFC Executive") and also the independent shareholders at the Extraordinary General Meeting of the Company held on 9 July 2012.

During the year, a total remuneration of HK$2,247,000 was paid in relation to administrative, property management, brokerage, agency and leasing services provided by the Cherrytime Group to the Group during the period from 17 July 2012 to 31 December 2012.

DIRECTORS

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

Executive Directors

Zhang Xu (appointed on 24 July 2012)
Que Dong Wu (appointed on 24 July 2012)
Chow Wai Wai, John (resigned on 1 September 2012)
Au Hing Lun, Dennis (resigned on 1 September 2012)
Chen Chou Mei Mei, Vivien (resigned on 1 September 2012)

Non-Executive Directors

Wang Wen Jin (appointed on 24 July 2012)
Chan Chi Yu (appointed on 24 July 2012)
Cheng Wai Chee, Christopher (resigned on 1 September 2012)
Cheng Wai Sun, Edward (resigned on 1 September 2012)

Independent Non-Executive Directors

Chan Wai Hei, William (appointed on 1 September 2012)
Chung Wai Sum, Patrick (appointed on 1 September 2012)
Shium Soon Kong (appointed on 1 September 2012)
Christopher Patrick Langley (resigned on 1 September 2012)
Lo Ka Shui (resigned on 1 September 2012)
Haider Hatam Tyebjee Barma (resigned on 1 September 2012)

Alternate Director

Fung Ching Man, Janet, alternate to Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward (ceased on 1 September 2012).

Cheng Wai Chee, Christopher, Lo Ka Shui, Chen Chou Mei Mei, Vivien retired by rotation and were re-elected Directors at the Annual General Meeting of the Company held on 18 May 2012.

During the year, Wing Tai Properties disposed of its entire equity interest in the Company to Wkland Investments Company Limited ("Wkland Investments"). Wkland Investments is an indirect wholly-owned subsidiary of China Vanke Co., Ltd. ("China Vanke"). As a result of the change of controlling shareholder of the Company, Zhang Xu, Que Dong Wu, Wang Wen Jin and Chan Chi Yu were appointed as Directors on 24 July 2012. Chow Wai Wai, John, Au Hing Lun, Dennis, Chen Chou Mei Mei, Vivien, Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Christopher Patrick Langley, Lo Ka Shui, Haider Hatam Tyebjee Barma resigned as Directors and Fung Ching Man, Janet ceased to be Alternate Director on 1 September 2012. Chan Wai Hei, William, Chung Wai Sum, Patrick and Shium Soon Kong were further appointed as Directors on 1 September 2012.

Pursuant to Article 99 of the Company's Articles of Association, all existing Directors will retire at the forthcoming Annual General Meeting of the Company to be held on 23 May 2013 and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Group are set out on pages 3 to 4.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2012, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Interests in the Company

	Number of ordinary shares held					
Name of Director	**Interests held as beneficial owner**	**Interests held by spouse**	**Interests held by controlled corporations**	**Other interests**	**Total interests**	**Percentage of issued share capital**
Chung Wai Sum, Patrick	200,000	–	–	–	200,000	0.08%

Note:

1. *The total number of ordinary shares of the Company in issue as at 31 December 2012 was 259,685,288.*

(b) Interests in an associated corporation, China Vanke

	Number of ordinary shares held						
Name of Director	**Interests held as beneficial owner**	**Interests held by spouse**	**Interests held by controlled corporations**	**Other interests**	**Number of underlying shares held under equity derivatives** *(Note 1)*	**Total Interests**	**Percentage of issued share capital** *(Note 2)*
Zhang Xu	459,039	–	–	–	750,000	1,209,039	0.01%
Que Dong Wu	1,175,700	–	–	–	750,000	1,925,700	0.02%
Wang Wen Jin	1,343,591	–	–	–	2,200,000	3,543,591	0.04%
Chan Chi Yu	–	–	500,203	–	–	500,203	0.04%

Notes:

1. *These represented interests in shares options granted by China Vanke to its directors and employees as beneficial owners, details of which are set out in the sub-section (c) headed "Underlying shares in China Vanke".*

2. *The total number of ordinary A shares of China Vanke in issue as at 31 December 2012 was 9,680,597,650, and the total number of ordinary B shares of China Vanke in issue as at 31 December 2012 was 1,314,955,468. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(c) Underlying shares in China Vanke

Pursuant to a share option scheme of China Vanke adopted on 25 April 2011 (the "China Vanke Share Option Scheme"), senior management and key staff of China Vanke and its subsidiaries (the "China Vanke Group") were granted options at nil consideration to subscribe for an aggregate of 110,000,000 A shares of China Vanke. Each option gives the holder the right to subscribe for one A share of China Vanke.

Details of the outstanding options granted to the Directors under the China Vanke Share Option Scheme are as follows:

Name of Director	Exercise period	Exercise price	Number of entitled shares as at 31/12/2012
		RMB	
Zhang Xu	12 July 2012 to 24 April 2014	8.66	300,000
	1 May 2013 to 24 April 2015	8.66	225,000
	1 May 2014 to 24 April 2016	8.66	225,000
			750,000
Que Dong Wu	12 July 2012 to 24 April 2014	8.66	300,000
	1 May 2013 to 24 April 2015	8.66	225,000
	1 May 2014 to 24 April 2016	8.66	225,000
			750,000
Wang Wen Jin	12 July 2012 to 24 April 2014	8.66	880,000
	1 May 2013 to 24 April 2015	8.66	660,000
	1 May 2014 to 24 April 2016	8.66	660,000
			2,200,000

All the interests in the shares disclosed under this section represent long position in the shares of the Company or its associated corporations. Save as disclosed herein, as at 31 December 2012, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a share option scheme of Wing Tai Properties adopted on 10 June 2003 (the "Wing Tai Properties Share Option Scheme"), the board of directors of Wing Tai Properties may in its absolute discretion grant options to directors and employees of Wing Tai Properties and its subsidiaries (the "Wing Tai Properties Group") to subscribe for shares of Wing Tai Properties at an exercise price to be determined by the directors of Wing Tai Properties in accordance with the rules of the scheme.

Pursuant to a share incentive scheme of Wing Tai Properties adopted on 17 June 2005 (the "Wing Tai Properties Share Incentive Scheme"), the board of directors of Wing Tai Properties or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Wing Tai Properties Group to subscribe in cash at par for shares of Wing Tai Properties.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Au Hing Lun, Dennis and Fung Ching Man, Janet had been awarded with rights to subscribe for shares of Wing Tai Properties, the former controlling shareholder of the Company, under the Wing Tai Properties Share Incentive Scheme. No options had been granted to the Directors under the Wing Tai Properties Share Option Scheme.

Save for the above and the China Vanke Share Option Scheme, at no time during the year was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the year.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO shows that as at 31 December 2012 the Company has been notified of the following interests or short positions in the shares of the Company:

Name of substantial shareholder	Long position/ short position	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives *(Note 2)*	Total number of shares in which the shareholder is interested	Percentage of shareholding
China Vanke *(Note 1)*	Long position	–	–	194,763,966	–	–	194,763,966	75.0%
CITIC Securities Company Limited *(Note 2)*	Long position	–	–	11,400,000	–	12,000,000	23,400,000	9.01%

Notes:

1. *The 194,763,966 shares are held by China Vanke through Wkland Investments, which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of Vanke Property (Hong Kong) Company Limited. Vanke Property (Hong Kong) Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.*

2. *The 11,400,000 shares out of the total 23,400,000 shares are held by Dragon Stream Investment Limited and the remaining 12,000,000 shares are held by CSI Capital Management Limited. Both Dragon Stream Investment Limited and CSI Capital Management Limited are direct wholly-owned subsidiaries of CITIC Securities International Company Limited, which in turn is a direct wholly-owned subsidiary of CITIC Securities Company Limited.*

SUFFICIENCY OF PUBLIC FLOAT

Immediately after the close of the mandatory unconditional cash offer (the "Listco Offer") by Wkland Investments for all the issued shares of the Company on 13 August 2012, there were 37,913,455 shares of the Company, representing approximately 14.60% of the total issued share capital, being held by the public. Accordingly, the Company could not fulfill the minimum public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules, and trading in the shares on the Stock Exchange was suspended from 9:00 a.m. on 14 August 2012. On 21 August 2012, Wkland Investments entered into a placing agreement to sell 27,007,867 Shares to independent third parties. The placement was completed on 24 August 2012 and, as a result, the public float of the Company has been restored to 25%. Trading in the shares of the Company was resumed with effect from 9:00 a.m. on 27 August 2012.

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the Company's shares in public hands as at the latest practicable date prior to the issue of this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS

(a) On 14 March 2005, the Company and Wing Tai Properties entered into a memorandum of agreement whereby the Company and Wing Tai Properties agreed to form a 20:80 joint venture in the name of Pangold Development Limited ("Pangold") for the investment in and development of the property known as Forfar at 2 Forfar Road, Hong Kong. The Company nominated Allied Effort Limited ("Allied Effort"), a former wholly-owned subsidiary of the Company, to hold the Group's 20% interest in Pangold and a shareholders' agreement of Pangold was entered into on 14 July 2005.

(b) On 20 December 2005, Winprop Pte. Ltd. ("Winprop"), a former wholly-owned subsidiary of the Company, and Wing Tai Land Pte. Ltd. ("WTL"), a wholly-owned subsidiary of Wing Tai Holdings Limited, entered into a memorandum of agreement whereby Winprop and WTL agreed to form a 30:70 joint venture in the name of Winquest Investment Pte. Ltd. ("Winquest") in respect of the residential development known as Belle Vue Residences at 15–23 Oxley Walk, Singapore. WTL subsequently sold 10% of Winquest to an independent third party, and a shareholders' agreement of Winquest was entered into on 28 February 2006.

(c) On 20 April 2011, Begin Land Limited ("Begin Land"), a former wholly-owned subsidiary of the Company, as landlord entered into an offer letter with Wing Tai Corporation Limited ("Wing Tai Corporation") as tenant in respect of the leasing of 15th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a term of three years commencing from 16 May 2011.

(d) On 6 May 2011, the Company acquired the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye"), a former wholly-owned subsidiary of the Company, from independent third parties. Dragon Eye held 40% equity interest in Fore Prosper Limited ("Fore Prosper") and the remaining 60% interest in Fore Prosper was held by Success Grab Investments Limited ("Success Grab"), a wholly-owned subsidiary of Wing Tai Properties. Fore Prosper owns the property at 133 Leighton Road, Causeway Bay, Hong Kong at which Lanson Place Hotel is situated. On 6 May 2011, the Company also entered into a supplemental deed with Wing Tai Properties pursuant to which Wing Tai Properties had given certain representations and warranties relating to Fore Prosper in favour of the Company and a deed of adherence and amendments to shareholders' agreement with Success Grab, Dragon Eye, Wing Tai Properties and Fore Prosper pursuant to which the Company had undertaken to adhere to and be bound by the provisions of the shareholders' agreement dated 23 June 2004 relating to Fore Prosper.

DIRECTORS' INTERESTS IN CONTRACTS *(continued)*

Wing Tai Holdings Limited was a substantial shareholder of the Company within the meaning of Part XV of the SFO immediately before the change of controlling shareholder of the Company in July 2012. Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included indirect interests in more than one-third of the issued shares of Wing Tai Holdings Limited.

Wing Tai Properties was the Company's ultimate holding company immediately before the change of controlling shareholder of the Company in July 2012. Cheng Wai Chee, Christopher, Chow Wai Wai, John, Cheng Wai Sun, Edward, Au Hing Lun, Dennis and Fung Ching Man, Janet have beneficial shareholding interests in Wing Tai Properties. Cheng Wai Chee, Christopher, Chow Wai Wai, John, Cheng Wai Sun, Edward and Au Hing Lun, Dennis, the former Directors, are executive directors of Wing Tai Properties whereas Fung Ching Man, Janet, the former Alternate Director, is the company secretary and chief financial officer of Wing Tai Properties.

Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward have beneficial shareholding interests in Wing Tai Corporation. Cheng Wai Chee, Christopher is also a director of Wing Tai Corporation.

As a result of the completion of the Distribution In Specie, Allied Effort, Begin Land, Dragon Eye and Winprop ceased to be subsidiaries whereas Fore Prosper, Pangold and Winquest ceased to be associates of the Company on 16 July 2012.

Save as disclosed above and in the sections headed "Management Contracts" and "Connected Transactions", no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Set out below is information disclosed pursuant to Rule 8.10(2) of the Listing Rules.

(a) The following Directors are also directors and/or officers of China Vanke as set out in the table below.

Name of Director	Position held in China Vanke
Zhang Xu	*Vice President*
Que Dong Wu	*Managing Director of the Hong Kong Division*
Wang Wen Jin	*Executive Vice President*
Chan Chi Yu	*Consultant*

China Vanke and its subsidiaries (excluding the Group) are principally engaged in property development and investment in the Mainland China. Chan Chi Yu does not participate in the routine businesses of China Vanke and the Group. Wang Wen Jin does not participate in the routine businesses of the Group. Also, China Vanke is a company listed on the Shenzhen Stock Exchange with an independent management team and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group was capable of carrying on its businesses at arm's length and independently of any possible competing businesses with China Vanke.

During the year, the Directors did not aware of any competing businesses between China Vanke and the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(b) The following former Directors and Alternate Director are also directors and/or officers of Wing Tai Properties as set out in the table below.

Name of Director/Alternate Director	Position held in Wing Tai Properties
Chow Wai Wai, John	*Executive Director*
Au Hing Lun, Dennis	*Executive Director*
Cheng Wai Chee, Christopher	*Chairman*
Cheng Wai Sun, Edward	*Deputy Chairman and Chief Executive*
Fung Ching Man, Janet	*Company Secretary and Chief Financial Officer*

Wing Tai Properties and its subsidiaries (excluding the Group) are principally engaged in property development, hospitality investment and management, garment manufacturing and investing activities. Wing Tai Properties Group (excluding the Group) may also be involved from time to time in property investment and management activities.

Immediately before completion of the Distribution In Specie, the Company and its subsidiaries were principally engaged in property investment and management, warehousing and investment holding. The Group had also been involved from time to time in property development activities. Immediately after completion of the Distribution In Specie, the Company and its subsidiaries are principally engaged in property investment and management.

Chow Wai Wai, John did not participate in the routine businesses of Wing Tai Properties during the period from 1 January 2012 to 15 July 2012 and in the routine businesses of the Group from 16 July 2012 to 31 August 2012. Au Hing Lun, Dennis did not participate in the routine businesses of the Group during the period from 16 July 2012 to 31 August 2012. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Fung Ching Man, Janet did not participate in the routine businesses of the Group. Also, Wing Tai Properties is a company listed in Hong Kong with an independent management team and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group was capable of carrying on its businesses at arm's length and independently of any possible competing businesses with Wing Tai Properties.

(c) Although the disclosure requirements under Rule 8.10(2) of the Listing Rules do not apply to Independent Non-Executive Directors, Lo Ka Shui disclosed for the sake of transparency that, being the chairman, managing director and a substantial shareholder of Great Eagle Holdings Limited ("GEHL") and a non-executive director and the chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust ("Champion REIT")), he is to be considered as having interests in GEHL and Champion REIT under Rule 8.10(2) of the Listing Rules. Businesses of GEHL and Champion REIT consist of property investment and management and may be regarded as competing businesses to the Group.

As an Independent Non-Executive Director, Lo Ka Shui did not participate in the routine businesses of the Group. Also, GEHL and Champion REIT whose shares/units are listed in Hong Kong have independent management teams and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group was capable of carrying on its businesses at arm's length and independently of such competing businesses.

CONNECTED TRANSACTIONS

The following is a summary of the connected transactions between the Group and connected persons during the year which are required to be disclosed pursuant to Chapter 14A of the Listing Rules:

Connected Transaction

On 18 June 2012, Future Best, Parex International Limited ("Parex") and WK Property Financial Limited ("WKPFL", formerly known as Winsor Properties Financial Services Limited) entered into a share sale agreement pursuant to which Parex agreed to sell and Future Best agreed to purchase approximately 4.76% of the issued share capital of WKPFL at a cash consideration equal to 1/21 of the consolidated net asset value of WKPFL and its subsidiary on the completion date of the agreement (the "Parex Share Acquisition"). Contemporaneously with the Parex Share Acquisition, WKPFL was required to (i) repay all the outstanding shareholders' loans that were owed to Parex by WKPFL (the "Parex Shareholders' Loan Repayment"), (ii) procure Chericourt Company Limited ("Chericourt"), its wholly-owned subsidiary, to declare and pay dividends to WKPFL comprising all or substantially all of Chericourt's distributable reserves, and declare and pay dividends to the shareholders of WKPFL comprising all of its distributable reserves, including the reserves distributed to it by Chericourt (collectively, the "WKPFL Dividend Payment").

Parex is a company wholly-owned by Cheng Wai Chee, Christopher, Cheng Wai Keung and Cheung Wai Wing, Edmund. As (i) Cheng Wai Chee, Christopher was a Director and interested in the shares of the Company through his spouse at the time of signing of the agreement, and (ii) Cheng Wai Keung and Cheng Wai Wing, Edmund are brothers of Cheng Wai Chee, Christopher, Parex was an associate of a Director and thus a connected person of the Company under the Listing Rules at the relevant time.

The Parex Share Acquisition was subject to the reporting and announcement requirements under the Listing Rules but was exempt from the independent shareholders' approval requirements. The Parex Share Acquisition, the Parex Shareholders' Loan Repayment and the WKPFL Dividend Payment constituted special deals under the Takeovers Code and were approved by the SFC Executive and also the independent shareholders of the Company at the Extraordinary General Meeting of the Company on 9 July 2012.

The Parex Share Acquisition was completed on 16 July 2012. Since then, WKPFL has become a wholly-owned subsidiary of the Company. A total consideration of HK$69,573,000 was paid to Parex, comprising Parex Share Acquisition of HK$14,333,000, Parex Shareholders' Loan Repayment of HK$32,498,000 and WKPFL Dividend Payment to Parex of HK$22,742,000.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions

(a) On 20 July 2009, Begin Land, a former wholly-owned subsidiary of the Company, as landlord entered into a preliminary tenancy agreement with Wing Tai Properties (Hong Kong) Limited ("WTPHKL"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the leasing of 27th Floor of Two Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a term of approximately thirty-one months commencing from January 2010 (the "Landmark East Tenancy Agreement").

The Landmark East Tenancy Agreement constituted a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPHKL was a connected person of the Company at the time of signing of the agreement.

The total amount of HK$2,064,000 received by the Group under the Landmark East Tenancy Agreement during the year is within the annual cap as set out in the Company's announcement dated 20 July 2009.

(b) On 31 March 2011, Chericourt, a subsidiary of the Company, as landlord entered into a licence agreement with Cateavon Limited ("Cateavon") as tenant in respect of the licensing of Unit 720 of Tower A of Regent Centre, No. 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong for a term of one year commencing from April 2011 (the "Regent Centre Tenancy Agreement").

The Regent Centre Tenancy Agreement constituted a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as Cateavon was a connected person of the Company at the time of signing of the agreement.

The total amount of HK$22,000 received by the Group under the Regent Centre Tenancy Agreement during the year is within the annual cap as set out in the Company's announcement dated 31 March 2011.

(c) On 28 June 2011, Winnion Limited ("Winnion"), a former wholly-owned subsidiary of the Company, as landlord entered into a tenancy renewal confirmation with Wing Tai Properties Development Limited ("WTPDL"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the renewal of tenancy of 25th Floor and penthouse of W Square for a term of one year commencing from July 2011 (the "W Square Tenancy Agreement (A)").

The W Square Tenancy Agreement (A) constituted a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPDL was a connected person of the Company at the time of signing of the agreement.

The total amount of HK$2,074,000 received by the Group under the W Square Tenancy Agreement (A) during the year is within the annual cap as set out in the Company's announcement dated 28 June 2011.

(d) On 23 September 2011, Winnion as landlord entered into offer letters with True Synergy Limited ("True Synergy"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the leasing of 4th Floor and 6th Floor of W Square for a term of one year commencing from October 2011 (the "W Square Tenancy Agreements (B)").

The W Square Tenancy Agreements (B) constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as True Synergy was a connected person of the Company at the time of signing of the agreement.

The total amount of HK$1,816,000 received by the Group under the W Square Tenancy Agreements (B) during the year is within the annual cap as set out in the Company's announcement dated 23 September 2011.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions *(continued)*

(e) On 18 June 2012, (i) Begin Land and WTPHKL renewed the Landmark East Tenancy Agreement (the "Renewed Landmark East Tenancy Agreement") for a term of 3 years commencing from 25 July 2012, (ii) Winnion and WTPDL renewed the W Square Tenancy Agreement (A) (the "Renewed W Square Tenancy Agreement (C)") for a term of 1 year commencing from 9 July 2012, and (iii) Winnion as landlord and True Synergy as tenant entered into a new tenancy agreement in respect of the leasing of 6th Floor of W Square for a term of nine months and eight days commencing from 1 October 2012 (the "New W Square Tenancy Agreement (D)").

Each of the Renewed Landmark East Tenancy Agreement, the Renewed W Square Tenancy Agreement (C) and the New W Square Tenancy Agreement (D) constituted a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPHKL, WTPDL and True Synergy were connected persons of the Company at the time of signing of the agreements. The Renewed Landmark East Tenancy Agreement, the Renewed W Square Tenancy Agreement (C) and the New W Square Tenancy Agreement (D) constituted special deals under the Takeovers Code and were approved by the SFC Executive and also the independent shareholders of the Company at the Extraordinary General Meeting of the Company on 9 July 2012.

The total amount of HK$89,000 received by the Group under the Renewed W Square Tenancy Agreement (C) is within the annual cap as set out in the Company's announcement dated 19 June 2012. There was no income derived from the Renewed Landmark East Tenancy Agreement and the New W Square Tenancy Agreement (D), as the commencement date for such agreements fell beyond 16 July 2012 (i.e. the date of completion of the Distribution In Specie). As a result of the completion of the Distribution In Specie, Begin Land and Winnion ceased to be subsidiaries of the Company on 16 July 2012.

The Independent Non-Executive Directors of the Company have reviewed and confirmed that the above continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 20 to 21 of this Annual Report in accordance with Rule 14A.38 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 28 December 2012, WKPFL as borrower and a bank as lender entered into a facility agreement (the "Facility Agreement") pursuant to which a term and revolving loan facility of up to an aggregate amount of HK$600 million (the "Loan Facility") with a final maturity date falling three years after the date of the Facility Agreement has been provided by the bank for the purpose of financing the general working capital requirements of any members of the Group. Pursuant to a guarantee executed by the Company in favor of the bank for its provision of the Loan Facility, the Company has covenanted that Vanke Property (Hong Kong) Company Limited shall own at least 51% of beneficial interest in the issued share capital of Future Best throughout the life of the facility. Failure to comply with this covenant will result in an event of default under the Facility Agreement.

As at 31 December 2012, there was no amount outstanding under the Loan Facility.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to its five largest customers and suppliers respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 100 of this Annual Report.

AUDITOR

On 20 December 2012, PricewaterhouseCoopers tendered their resignation as auditor of the Company. KPMG was appointed by the Directors as the new auditor to fill the casual vacancy arising from the resignation of PricewaterhouseCoopers and to hold office until the conclusion of the forthcoming Annual General Meeting of the Company on 23 May 2013.

As a result, the financial statements have been audited by KPMG who will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

On behalf of the Board

Zhang Xu
Director

Hong Kong, 22 February 2013

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Listing Rules during the year ended 31 December 2012, except for the following deviations:

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and in writing.

Cheng Wai Chee, Christopher resigned as Chairman and Chow Wai Wai, John resigned as Managing Director both with effect from 1 September 2012. From 1 September 2012 onwards, the Company has not appointed Chairman of the Board and Managing Director. The duties of chairman and chief executive under code provisions A.2.2 to A.2.9 are shared amongst Zhang Xu and Que Dong Wu, the Executive Directors.

The Board will consider appointing Chairman and Managing Director at an appropriate stage when the Group has increased the size of operation.

Code provision A.4.2

Code provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment.

The existing Directors did not offer themselves for appointment at the Extraordinary General Meeting of the Company held on 31 December 2012. Instead, they will retire at the Annual General Meeting of the Company to be held on 23 May 2013 (the "2013 AGM") in accordance with the Company's Articles of Association and offer themselves for re-election by shareholders of the Company thereat.

Code provision A.5.2

Code provision A.5.2 stipulates that the nomination committee is required to make recommendations to the Board on the appointment of directors.

Lo Ka Shui, Haider Hatam Tyebjee Barma and Cheng Wai Chee, Christopher, the former members of the Nomination Committee, resigned with effect from 1 September 2012. A Nomination Committee Meeting had not been held by the former committee members regarding the appointment of Chan Wai Hei, William, Chung Wai Sum, Patrick and Shium Soon Kong as Independent Non-Executive Directors with effect from 1 September 2012. Instead, their appointment was discussed and approved by the Directors at a board meeting of the Company held on 1 September 2012.

Code provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements,

(i) Lo Ka Shui, a former Independent Non-Executive Director, did not attend the Annual General Meeting of the Company held on 18 May 2012 (the "2012 AGM") and the Extraordinary General Meeting of the Company held on 9 July 2012; and

(ii) Cheng Wai Sun, Edward, a former Non-Executive Director, did not attend the 2012 AGM.

Other Non-Executive Directors and Independent Non-Executive Directors had been present at the respective general meetings to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE *(continued)*

Code provision F.1.3

Code provision F.1.3 stipulates that the company secretary should report to the board chairman and/or the chief executive.

During the period from 1 April 2012 (i.e. the effective date of this code provision) to 9 September 2012, the Company Secretary reported to the Chief Financial Officer as the Board believed that such arrangement would facilitate review, supervision, cooperation and coordination of works.

Commencing from 10 September 2012, Ms. Ivy Lai, the Company Secretary, reports to Que Dong Wu, an Executive Director. Ms. Lai is not an employee of the Group but is given access to both Que Dong Wu and Luk Chi Chung, Peter, the Chief Financial Officer, from time to time in order to have an up-to-date knowledge about the Group's affairs.

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 as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2012. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the Corporate Governance Code) in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

The Board of Directors of the Company (the "Board") is responsible for determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group's business operations are properly planned, authorised, undertaken and monitored. The implementation of strategies and policies and day-to-day operations of the Group's business are delegated to the management led by the Executive Directors. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board's decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

During the year ended 31 December 2012, the Board reviewed the amendments to the Listing Rules in relation to corporate governance and the revised Corporate Governance Code and adopted the following terms of reference, policies and procedures which are of relevance to the Group:

- terms of reference for the Board;
- revised terms of reference for the Remuneration Committee;
- revised terms of reference for the Nomination Committee;
- revised terms of reference for the Audit Committee;
- corporate governance policy for the Company;
- nomination policy for directors of the Company;
- shareholder communication policy; and
- procedures for shareholders to propose a person for election as a director of the Company.

BOARD OF DIRECTORS *(continued)*

Due to the change of controlling shareholder of the Company, Cheng Wai Chee, Christopher, Chow Wai Wai, John, Christopher Patrick Langley, Lo Ka Shui, Haider Hatam Tyebjee Bama, Cheng Wai Sun, Edward, Chen Chou Mei Mei, Vivien, Au Hing Lun, Dennis resigned as Directors and Fung Ching Man, Janet ceased to be Alternate Director with effect from 1 September 2012. Zhang Xu and Que Dong Wu were appointed as Executive Directors whereas Wang Wen Jin and Chan Chi Yu were appointed as Non-Executive Directors with effect from 24 July 2012. Chan Wai Hei, William, Chung Wai Sum, Patrick and Shium Soon Kong were appointed as Independent Non-Executive Directors with effect from 1 September 2012.

Board Composition: The Board as now constituted comprises two Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of the Annual Report.

In accordance with rule 3.13 of the Listing Rules, each of the Independent Non-Executive Directors had confirmed his independence with The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has provided an annual confirmation of his independence to the Company. Based on the assessment performed by the Nomination Committee, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Six board meetings were held during the year ended 31 December 2012 and the attendance of each Director is set out in the section "Attendance to Meetings" of this report. Another board meeting was held on 22 February 2013 for the purpose of, amongst other things, approving the Group's audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2012.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is responsible for:

- providing leadership for the Board;
- ensuring that the Board functions effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- ensuring the provision of adequate information, which must be complete and reliable, to Directors in a timely manner;
- ensuring that good corporate governance practices and procedures are established;
- facilitating the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors; and
- ensuring effective communication with the shareholders.

The Chief Executive Officer is responsible, under delegated authority from the Board, for the day-to-day management and running of the Group's businesses and implementation of the strategies and policies set by the Board.

The Company has not appointed a Chairman of the Board and the Chief Executive Officer following the resignation of Cheng Wai Chee, Christopher, the former Chairman, and Chow Wai Wai, John, the former Managing Director. The roles of the Chairman of the Board and the Chief Executive Officer set out above have been taken up by Zhang Xu and Que Dong Wu, the Executive Directors.

NON-EXECUTIVE DIRECTORS

Non-Executive Directors are appointed for an initial term of one year, which may be terminated by either side, on no less than one month's notice. Independent Non-Executive Directors are appointed for an initial term of three years, which may be terminated by either side, on no less than one month's notice. All Non-Executive Directors, including the Independent Non-Executive Directors, are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

INDUCTION, UPDATES AND TRAINING

All newly appointed Directors during the year have been given an induction regarding the businesses and operation of the Group as well as their duties and responsibilities under the relevant rules and regulations. The Company Secretary and the Chief Financial Officer are responsible for keeping the Directors abreast of the changes of the Listing Rules, legal and other regulatory requirements and the Group's businesses and governance policies. Monthly updates are provided to the Directors for the purpose of giving them a balanced and understandable assessment of the Group's performance, position and prospects.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. Each Director is required to submit his/her training record to the Company on an annual basis. The Company Secretary and the Chief Financial Officer will also assist the Directors to fulfill the training requirement by keeping the Directors notified on details of the relevant seminars and training courses from time to time.

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 8 to the financial statements.

Principles of Remuneration Policy:

The major principles of the Group's remuneration policy are:

- no individual is involved in determining his own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performing individuals.

Remuneration of Executive Directors: Each of the Executive Directors received a fee of HK$200,000 per annum for being a director of the Company. No other remuneration is payable to the Executive Directors for the time being.

Remuneration of Non-Executive Directors, including the Independent Non-Executive Directors: Each of the Non-Executive Directors received a fee of HK$150,000 per annum for being a director of the Company. All Non-Executive Directors, other than Wang Wei Jin, are entitled to an allowance of HK$10,000 for attending each meeting. No other remuneration is payable to the Non-Executive Directors for the time being.

Remuneration Committee: The Company established a Remuneration Committee with written terms of reference on 1 April 2005. Due to the change of controlling shareholder of the Company, Haider Hatam Tyebjee Barma resigned as chairman of the committee and Christopher Patrick Langley and Chow Wai Wai, John resigned as members of the committee with effect from 1 September 2012. On the same day, Shium Soon Koong was appointed as chairman of the committee and Que Dong Wu and Chan Wai Hei, William were appointed as other members of the committee. As a result, the committee is now constituted by two Independent Non-Executive Directors and one Executive Director, with the chairmanship being assumed by an Independent Non-Executive Director.

REMUNERATION OF DIRECTORS *(continued)*

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The latest terms of references of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee held one meeting in January 2012:

- to determine the discretionary bonuses to be awarded to the Executive Directors and the Group's executive staff for the year 2011;
- to determine the base pay of the Executive Directors and the Group's executive staff for the year 2012; and
- to review the fee scale regarding Directors' fees and remuneration of board committees.

The attendance of each member of the Remuneration Committee to its meeting is set out in the section "Attendance to Meetings" of this report.

NOMINATION OF DIRECTORS

The Board, through the Nomination Committee, reviews its structure, size and composition from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's businesses. Pursuant to the Company's Articles of Association, all Directors newly appointed by the Board shall hold office until the next annual general meeting. They shall then be eligible for re-election and thereafter subject to retirement by rotation at least once in every three years.

Nomination Committee: The Company established a Nomination Committee with written terms of reference on 29 March 2007. Due to the change of controlling shareholder of the Company, Lo Ka Shui resigned as chairman of the committee and Haider Hatam Tyebjee Barma and Cheng Wai Chee, Christopher resigned as members of the committee with effect from 1 September 2012. On the same day, Chung Wai Sum, Patrick was appointed chairman of the committee and Zhang Xu and Shium Soon Kong were appointed as other members of the committee. As a result, the committee is now constituted by two Independent Non-Executive Directors and one Executive Director, with the chairmanship being assumed by an Independent Non-Executive Director.

The principal duties and functions of the Nomination Committee are:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors; and
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Managing Director.

NOMINATION OF DIRECTORS *(continued)*

The latest terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

The Nomination Committee held two meetings in March and July 2012:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- to assess the independence of Independent Non-Executive Directors;
- to recommend to the Board the re-appointment of retiring Directors at the 2012 AGM;
- to determine a policy for the nomination of directors; and
- to recommend to the Board the appointment of Zhang Xu, Que Dong Wu, Wang Wen Jin and Chan Chi Yu as Directors.

Any shareholder who wishes to nominate any person for election as a director at the Company's general meeting may make a written submission to the Company at its principal place of business in Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background. Details of the nomination procedures are available on the Company's website.

The attendance of each member of the Nomination Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

ACCOUNTABILITY AND AUDIT

Financial Reporting: The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on page 34 of the Annual Report.

Internal Control: The Board is responsible for maintaining sound and effective internal controls to safeguard the Group's assets. Procedures have been designed to provide reasonable assurance regarding risk management and the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of the financial reporting; and
- compliance with applicable laws and regulations.

Before the change of the controlling shareholder of the Company, the Group's internal audit function was carried out by the internal audit department of Wing Tai Properties Limited ("Wing Tai Properties"). The Group's system of internal control was being reviewed by the internal auditor on a continuing basis to ensure its effectiveness. An annual internal audit plan was prepared on a risk-based approach to ensure the key businesses and operation risks were adequately addressed. The internal auditor reported its findings and recommendations to the Audit Committee at committee meetings and took follow-up actions to ensure proper implementation of the recommendations.

ACCOUNTABILITY AND AUDIT *(continued)*

The internal audit function has been ceased upon the change of the controlling shareholder of the Company. The Audit Committee commissioned an audit firm to carry out an independent review of the Group's existing system of internal control, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Based on the review carried out by the audit firm as well as the findings from the former internal auditor and the external auditor in the course of the year end audit, the Board is satisfied that the Group has maintained sound and effective internal controls during the year ended 31 December 2012.

Audit Committee: The Company established an Audit Committee with written terms of reference on 17 December 1998. Due to the change of controlling shareholder of the Company, Christopher Patrick Langley resigned as chairman of the committee and Haider Hatam Tyebjee Barma and Cheng Wai Chee, Christopher resigned as members of the committee with effect from 1 September 2012. On the same day, Chan Wai Hei, William was appointed chairman of the committee and Wang Wen Jin and Chung Wai Sum, Patrick were appointed as other members of the committee. As a result, the committee is now constituted by two Independent Non-Executive Directors and one Non-Executive Director, with the chairmanship being assumed by an Independent Non-Executive Director.

The principal duties and functions of the Audit Committee are:

- to recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and to assess the independence of the external auditor;
- to review the Group's interim and annual financial statements;
- to oversee the Group's financial reporting system and internal control procedures; and
- to discuss issues arising from the audits and any matters raised by the external auditor.

The latest terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee held four meetings during the year ended 31 December 2012:

- to review the effectiveness of the system of internal controls of the Group;
- to review the financial statements and the accounting policies and practices adopted by the Group with management and the external auditor;
- to consider the independence and remuneration of the external auditor;
- to discuss the external auditor's audit plan and findings;
- to discuss the internal auditor's audit plan and findings;
- to consider the resignation of PricewaterhouseCoopers ("PwC") as the external auditor; and
- to recommend to the Board the appointment of KPMG as the external auditor to fill the casual vacancy arising from resignation of PwC.

The attendance of each member of the Audit Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

AUDITORS' REMUNERATION

On 20 December 2012, KPMG was appointed as the external auditor to fill the casual vacancy arising from the resignation of PwC and to hold such office until conclusion of the 2013 AGM. Remuneration in respect of audit and non-audit services provided by PwC and KPMG during the year ended 31 December 2012 is analysed as follows:

Services rendered:	**Remuneration** HK$'000
Audit services	1,040
Non-audit services	2,073

ESTABLISHMENT OF A BOARD COMMITTEE AND AN INDEPENDENT BOARD COMMITTEE

At a board meeting held on 27 April 2012, the Board resolved to establish the following committees in relation to the sale and purchase of no more than 205,835,845 shares of the Company by Wing Tai Properties to Wkland Investments Company Limited:

(i) A board committee comprising any two of Chen Chou Mei Mei, Vivien, Christopher Patrick Langley, Lo Ka Shui and Haider Hatam Tyebjee Barma for the purpose of implementing the transactions approved at the board meeting held on 27 April 2012 (the "Transactions");

(ii) An independent board committee comprising Christopher Patrick Langley, Lo Ka Shui and Haider Hatam Tyebjee Barma for the purpose of advising the independent shareholders of the Company about the terms of the Transactions and the subsequent offer to be made by CITIC Securities Corporate Finance (HK) Limited on behalf of Wkland Investments Company Limited for all remaining shares in the Company.

Cheng Wai Chee, Christopher, Chow Wai Wai, John, Cheng Wai Sun, Edward and Au Hing Lun, Dennis, being interested parties, had abstained from voting at the matters considered at the board meeting held on 27 April 2012.

The board committee held two meetings in May and June 2012. During the year, the independent board committee held four meetings with CIMB Securities, the Company's financial adviser in relation to the Transactions, and Somerley Limited, the Company's independent financial adviser in relation to the Transactions.

The attendance of each member of the board committee and the independent board committee to the respective committee meetings is set out in the section "Attendance to Meetings" of this report.

COMMUNICATION WITH SHAREHOLDERS

The Company adopted a shareholder communication policy on 28 March 2012 to promote effective communication of the Company with its shareholders. Information relating to the Group is mainly disseminated to the shareholders through publication of notices, announcements and circulars at the websites of the Company and the Stock Exchange and despatch of interim reports, annual reports and circulars to the shareholders. Annual general meetings and other general meetings are held in compliance with the Listing Rules' and legal requirements to provide a forum for shareholders to exchange their views with the Board. Directors will be present at the meeting to answer questions from shareholders.

In May 2012, the 2012 AGM was held for the shareholders to consider and approve the results of the Group for the year ended 31 December 2011, the payment of a final dividend for the year ended 31 December 2011, the re-appointment of the external auditor and the retiring Directors, the granting of a share issue mandate and a share repurchase mandate to the Board. In July 2012, an extraordinary general meeting was held for the independent shareholders to consider and approve the Transactions involving, amongst other things, the payment of a special cash dividend and a distribution in specie of shares in a private company. In December 2012, an extraordinary general meeting was held for the shareholders to consider and approve the change of name of the Company. All resolutions tabled at the general meetings have been duly passed by way of poll, with the poll results being subsequently posted on the websites of the Company and the Stock Exchange.

The attendance of each Director at the general meetings is set out in the section "Attendance to Meetings" of this report.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting on requisition by shareholders

Under Article 72 of the Company's Articles of Association, general meetings could be convened by such requisitionists, as provided by Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). In accordance with Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up capital of the Company which as at the date of the deposit carries the right of voting at general meetings of the Company, may require the directors of the Company to convene an extraordinary general meeting ("EGM"). The written requisition must state the objects of the meeting and must be signed by the shareholder(s) concerned and deposited at the registered office/principal place of business in Hong Kong of the Company. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned. If the directors of the Company do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the said date. The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of the Company.

Procedures for directing shareholders' enquiries to the Board

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

The Board of Directors
Vanke Property (Overseas) Limited
55th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong
Email: vkoverseas.ir@vanke.com
Telephone: (852) 2309 8888
Fax: (852) 2328 8097

The Board and/or relevant board committees of the Company will consider the enquiries and concerns raised by the shareholders and reply as appropriate.

Procedures for putting forward proposals at general meetings by shareholders

A shareholder who wishes to propose a resolution must requisition the convening of a general meeting in accordance with Article 72 of the Company's Articles of Association.

Without prejudice to the foregoing, any shareholder who wishes to nominate any person for election as a director at the Company's general meeting shall make a written submission to the Company at its principal place of business in Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background.

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

The Company's Memorandum and Articles of Association have been amended to reflect the change of English name of the Company from Winsor Properties Holdings Limited to Vanke Property (Overseas) Limited with effect from 31 December 2012 and the adoption of 萬科置業(海外)有限公司 as its new Chinese name in place of 南聯地產控股有限公司 with effect from 2 January 2013. The amended Memorandum and Articles of Association have been posted on the websites of the Company and the Stock Exchange. Save as aforesaid, there has been no change in the Company's constitutional documents since 1 January 2012.

ATTENDANCE TO MEETINGS

The attendance of individual Directors at the Board and Committee Meetings during the year ended 31 December 2012 is set out below.

	Board Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Audit Committee Meetings	Board Committee Meetings	Independent Board Committee Meetings
Name of Director						
Executive Directors						
Zhang Xu (appointed on 24 July 2012)	3/3	–	–	–	–	–
Que Dong Wu (appointed on 24 July 2012)	3/3	–	–	–	–	–
Chow Wai Wai, John (resigned on 1 September 2012)	4/4	1/1	–	–	–	–
Chen Chou Mei Mei, Vivien (resigned on 1 September 2012)	2/4	–	–	–	1/2	–
Au Hing Lun, Dennis (resigned on 1 September 2012)	4/4	–	–	–	–	–
Non-Executive Directors						
Wang Wen Jin (appointed on 24 July 2012)	3/3	–	–	2/2	–	–
Chan Chi Yu (appointed on 24 July 2012)	3/3	–	–	–	–	–
Cheng Wai Chee, Christopher (resigned on 1 September 2012)	4/4	–	1/2	0/2	–	–
Cheng Wai Sun, Edward (resigned on 1 September 2012)	4/4	–	–	–	–	–
Independent Non-Executive Directors						
Chan Wai Hei, William (appointed on 1 September 2012)	1/1	–	–	2/2	–	–
Chung Wai Sum, Patrick (appointed on 1 September 2012)	1/1	–	–	2/2	–	–
Shium Soon Kong (appointed on 1 September 2012)	1/1	–	–	–	–	–
Christopher Patrick Langley (resigned on 1 September 2012)	4/4	1/1	–	2/2	2/2	4/4
Lo Ka Shui (resigned on 1 September 2012)	2/4	–	2/2	–	1/2	4/4
Haider Hatam Tyebjee Barma (resigned on 1 September 2012)	3/4	1/1	2/2	2/2	2/2	4/4
Alternate Director						
Fung Ching Man, Janet (resigned on 1 September 2012)	3/4	–	–	2/2	–	–

Note: The attendance of each Director is determined by reference to the number of Board and Committee Meetings he/she is eligible to attend during his/her tenure as Director/Alternate Director.

ATTENDANCE TO MEETINGS *(continued)*

The attendance of individual Directors at the General Meetings during the year ended 31 December 2012 is set out below.

	Annual General Meeting on 18 May	Extraordinary General Meeting on 9 July	Extraordinary General Meeting on 31 December
Name of Director			
Executive Directors			
Zhang Xu (appointed on 24 July 2012)	–	–	√
Que Dong Wu (appointed on 24 July 2012)	–	–	√
Chow Wai Wai, John (resigned on 1 September 2012)	√	√	–
Chen Chou Mei Mei, Vivien (resigned on 1 September 2012)	√	√	–
Au Hing Lun, Dennis (resigned on 1 September 2012)	√	×	–
Non-Executive Directors			
Wang Wen Jin (appointed on 24 July 2012)	–	–	√
Chan Chi Yu (appointed on 24 July 2012)	–	–	√
Cheng Wai Chee, Christopher (resigned on 1 September 2012)	√	√	–
Cheng Wai Sun, Edward (resigned on 1 September 2012)	×	√	–
Independent Non-Executive Directors			
Chan Wai Hei, William (appointed on 1 September 2012)	–	–	√
Chung Wai Sum, Patrick (appointed on 1 September 2012)	–	–	√
Shium Soon Kong (appointed on 1 September 2012)	–	–	√
Christopher Patrick Langley (resigned on 1 September 2012)	√	√	–
Lo Ka Shui (resigned on 1 September 2012)	×	×	–
Haider Hatam Tyebjee Barma (resigned on 1 September 2012)	√	√	–
Alternate Director			
Fung Ching Man, Janet (resigned on 1 September 2012)	√	√	–

Independent Auditor's Report

KPMG

Independent auditor's report to the shareholders of Vanke Property (Overseas) Limited
(Formerly known as "Winsor Properties Holdings Limited")
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vanke Property (Overseas) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 98, which comprise the consolidated and company balance sheets as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 22 February 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000 Re-presented
Continuing operations:			
Turnover	4	**77,574**	66,373
Cost of services		**(17,645)**	(17,421)
Gross profit		**59,929**	48,952
Other income	5	**379**	1,457
Leasing and marketing expenses		**(377)**	(46)
Administrative expenses		**(17,393)**	(7,055)
Increase in fair value of investment properties		**130,240**	103,314
Gain on disposals of investment properties		**–**	1,312
Operating profit		**172,778**	147,934
Finance income	6(a)	**–**	48
Finance costs	6(a)	**(654)**	(1,268)
Profit before taxation	6	**172,124**	146,714
Taxation charge	7(a)	**(9,233)**	(7,016)
Profit for the year from continuing operations		**162,891**	139,698
Discontinued operations:			
Profit for the year from discontinued operations	12	**344,543**	2,332,696
Profit for the year		**507,434**	2,472,394
Attributable to:			
Shareholders of the Company	10		
— Continuing operations		**161,718**	133,196
— Discontinued operations		**344,475**	2,332,042
		506,193	2,465,238
Non-controlling interests			
— Continuing operations		**1,173**	6,502
— Discontinued operations		**68**	654
		1,241	7,156
		507,434	2,472,394
		HK$	HK$
Earnings per share — basic and diluted	13		
— Continuing operations		**0.62**	0.51
— Discontinued operations		**1.33**	8.98

The notes on pages 42 to 98 form part of these financial statements. Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000 Re-presented
Profit for the year	**507,434**	2,472,394
Other comprehensive income for the year (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	**6,283**	(5,627)
Exchange differences released upon repayment of loans from an associate	**–**	(44,122)
Changes in fair value of available-for-sale financial assets	**106,599**	(128,185)
Transferred to consolidated income statement upon derecognition of an available-for-sale financial asset	**(79,073)**	–
Share of hedging reserve of an associate	**(1,774)**	(3,174)
Cash flow hedges		
— Fair value losses	**(7,010)**	(33,326)
— Realised upon settlement	**21,415**	44,105
	46,440	(170,329)
Total comprehensive income for the year	**553,874**	2,302,065
Attributable to:		
Shareholders of the Company		
— Continuing operations	**161,718**	133,196
— Discontinued operations	**390,915**	2,161,713
	552,633	2,294,909
Non-controlling interests		
— Continuing operations	**1,173**	6,502
— Discontinued operations	**68**	654
	1,241	7,156
Total comprehensive income for the year	**553,874**	2,302,065

There is no tax effect relating to each of the components in the other comprehensive income.

The notes on pages 42 to 98 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	14	**–**	9,031
Investment properties	15	**1,259,590**	12,167,930
Interests in associates	17	**–**	735,513
Available-for-sale financial assets	18	**–**	319,402
Held-to-maturity investments	19	**–**	65,835
Deferred tax assets	26	**1,994**	4,020
Derivative financial instruments	23	**–**	179
		1,261,584	13,301,910
Current assets			
Inventories		**–**	362
Trade and other receivables	20	**15,883**	40,676
Held-to-maturity investments	19	**–**	29,252
Tax recoverable		**17**	435
Bank balances and cash	21	**50,151**	647,478
		66,051	718,203
Current liabilities			
Trade and other payables and accruals	22	**(20,248)**	(215,567)
Bank loans due within one year, secured	24	**–**	(561,682)
Derivative financial instruments	23	**–**	(42,130)
Tax payable		**(2,503)**	(26,334)
		(22,751)	(845,713)
Net current assets/(liabilities)		**43,300**	(127,510)
Total assets less current liabilities		**1,304,884**	13,174,400
Non-current liabilities			
Bank loans due after one year, secured	24	**–**	(1,630,100)
Amount due to a non-controlling shareholder	25	**–**	(32,498)
Amounts due to associates	17	**–**	(23,552)
Derivative financial instruments	23	**–**	(62,942)
Deferred tax liabilities	26	**(25,940)**	(68,125)
		(25,940)	(1,817,217)
NET ASSETS		**1,278,944**	11,357,183
CAPITAL AND RESERVES			
Share capital	27(b)	**2,596**	2,596
Reserves		**1,276,348**	11,316,471
Total equity attributable to shareholders of the Company		**1,278,944**	11,319,067
Non-controlling interests		**–**	38,116
TOTAL EQUITY		**1,278,944**	11,357,183

Approved and authorised for issue by the Board of Directors on 22 February 2013.

Zhang Xu
Director

Que Dong Wu
Director

The notes on pages 42 to 98 form part of these financial statements.

Balance Sheet

At 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current asset			
Interests in subsidiaries	16	**327,651**	3,149,111
Current assets			
Other receivables	20	**2,522**	1,623
Tax recoverable		**17**	–
Bank balances and cash	21	**25,523**	100
		28,062	1,723
Current liabilities			
Other payables and accruals	22	**(1,905)**	(1,977)
Tax payable		**–**	(2)
		(1,905)	(1,979)
Net current assets/(liabilities)		**26,157**	(256)
NET ASSETS		**353,808**	3,148,855
CAPITAL AND RESERVES			
Share capital		**2,596**	2,596
Reserves		**351,212**	3,146,259
TOTAL EQUITY	27(a)	**353,808**	3,148,855

Approved and authorised for issue by the Board of Directors on 22 February 2013.

Zhang Xu
Director

Que Dong Wu
Director

The notes on pages 42 to 98 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Note	Share capital HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to shareholders of the Company								
Balance at 1 January 2012		**2,596**	**519,151**	**211,431**	**17,629**	**(100,952)**	**10,669,212**	**11,319,067**	**38,116**	**11,357,183**
Changes in equity for 2012:										
Profit for the year		**–**	**–**	**–**	**–**	**–**	**506,193**	**506,193**	**1,241**	**507,434**
Other comprehensive income		**–**	**–**	**27,526**	**6,283**	**12,631**	**–**	**46,440**	**–**	**46,440**
Total comprehensive income		**–**	**–**	**27,526**	**6,283**	**12,631**	**506,193**	**552,633**	**1,241**	**553,874**
Final dividend approved in respect of the previous year	11(b)	**–**	**–**	**–**	**–**	**–**	**(122,052)**	**(122,052)**	**–**	**(122,052)**
Special cash dividend declared in respect of the current year	11(a)	**–**	**(202,632)**	**–**	**–**	**–**	**–**	**(202,632)**	**–**	**(202,632)**
Dividend paid to a non-controlling shareholder		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,742)**	**(22,742)**
Acquisition of additional interest in subsidiaries from a non-controlling shareholder		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,333)**	**(14,333)**
Distributed businesses	1 & 12	**–**	**(316,519)**	**(238,957)**	**(23,912)**	**88,321**	**(9,777,005)**	**(10,268,072)**	**(2,282)**	**(10,270,354)**
Balance at 31 December 2012		**2,596**	**–**	**–**	**–**	**–**	**1,276,348**	**1,278,944**	**–**	**1,278,944**

	Note	Share capital HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to shareholders of the Company								
Balance at 1 January 2011		2,596	519,783	339,616	67,378	(108,557)	8,622,067	9,442,883	30,851	9,473,734
Changes in equity for 2011:										
Profit for the year		–	–	–	–	–	2,465,238	2,465,238	7,156	2,472,394
Other comprehensive income		–	–	(128,185)	(49,749)	7,605	–	(170,329)	–	(170,329)
Total comprehensive income		–	–	(128,185)	(49,749)	7,605	2,465,238	2,294,909	7,156	2,302,065
Special dividend approved in respect of the previous year	11(b)	–	–	–	–	–	(259,685)	(259,685)	–	(259,685)
Final dividend approved in respect of the previous year	11(b)	–	–	–	–	–	(109,068)	(109,068)	–	(109,068)
Interim dividend declared in respect of the current year	11(a)	–	–	–	–	–	(49,340)	(49,340)	–	(49,340)
Partial disposal of a subsidiary		–	(632)	–	–	–	–	(632)	632	–
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	(523)	(523)
Balance at 31 December 2011		2,596	519,151	211,431	17,629	(100,952)	10,669,212	11,319,067	38,116	11,357,183

The notes on pages 42 to 98 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**538,187**	2,512,371
Adjustments for:		
Gain on bargain purchase	**–**	(69,387)
Share of profits less losses of associates	**(92,507)**	(151,221)
Finance costs	**38,721**	71,603
Finance income	**(3,313)**	(5,718)
Amortised income from held-to-maturity investments	**(5,988)**	(9,028)
Depreciation of property, plant and equipment	**1,288**	2,632
Dividend income from listed and unlisted available-for-sale financial assets	**(9,739)**	(36,010)
Impairment loss on amount due from an associate	**2,565**	–
Impairment loss on trade receivables	**31**	–
Transferred to consolidated income statement upon derecognition of an available-for-sale financial asset	**(79,073)**	–
Exchange differences released upon repayment of loans from an associate	**–**	(44,122)
Fair value loss on derivative financial instruments	**1,574**	17,186
Gain on disposal of investment properties	**–**	(1,312)
Loss/(gain) on disposal of property, plant and equipment	**141**	(11)
Increase in fair value of investment properties	**(166,866)**	(1,958,533)
Interest income from held-to-maturity investments	**–**	(617)
Interest income on loans to associates	**–**	(3,177)
Foreign exchange gain, net	**(178)**	–
Operating profit before changes in working capital	**224,843**	324,656
Decrease/(increase) in inventories	**1**	(304)
(Increase)/decrease in trade and other receivables	**(8,083)**	7,219
Increase/(decrease) in trade and other payables and accruals	**7,626**	(59,210)
Cash generated from operations	**224,387**	272,361
Interest paid	**(38,721)**	(71,434)
Hong Kong Profits Tax paid	**(2,882)**	(27,145)
Overseas tax paid	**–**	(288)
Net cash generated from operating activities	**182,784**	173,494

Consolidated Cash Flow Statement *(continued)*

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Investing activities		
Purchase of property, plant and equipment	**(143)**	(415)
Additions to investment properties	**(574)**	(32,768)
Proceeds from disposal of investment properties	**–**	25,293
Proceeds from disposal of property, plant and equipment	**–**	3
Income received from held-to-maturity investments	**250**	1,117
Bank interest received	**3,313**	4,520
Dividends received from listed and unlisted available-for-sale financial assets	**9,739**	18,989
Cash distribution from an unlisted available-for-sale financial asset	**27,365**	–
Amounts repaid and advanced by associates	**13,087**	346,511
Dividends received from associates	**87,232**	76,243
Acquisitions of held-to-maturity investments	**(31,166)**	(48,825)
Acquisitions of interests in associates	**–**	(229,097)
Acquisitions of interests in subsidiaries from a non-controlling shareholder	**(14,333)**	–
Amount advanced by an investee company	**–**	111
Cash outflow in relation to Distribution In Specie (note 12)	**(74,901)**	–
Net cash generated from investing activities	**19,869**	161,682
Financing activities		
Proceeds from new bank loans	**254,600**	558,825
Repayment of bank loans	**(673,400)**	(423,750)
Repayment of amount due to a non-controlling shareholder	**(32,498)**	–
Dividends paid	**(324,684)**	(418,093)
Dividend paid to a non-controlling shareholder	**(22,742)**	(523)
Net cash used in financing activities	**(798,724)**	(283,541)
Net (decrease)/increase in cash and cash equivalents	**(596,071)**	51,635
Cash and cash equivalents at 1 January	**647,478**	595,167
Effect of foreign exchange rate changes	**(1,256)**	676
Cash and cash equivalents at 31 December	**50,151**	647,478
Analysis of the balances of cash and cash equivalents at 31 December		
Bank balances and cash (note 21)	**50,151**	647,478

The notes on pages 42 to 98 form part of these financial statements.

1 GENERAL INFORMATION

Vanke Property (Overseas) Limited (the "Company", formerly known as "Winsor Properties Holdings Limited") is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 55/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

On 13 May 2012, Wing Tai Properties Limited ("Wing Tai Properties") entered into an agreement (the "Share Sale Agreement") relating to the sale of no more than 205,835,845 shares of the Company to Vanke Property (Hong Kong) Company Limited ("Vanke HK") or Wkland Investments Company Limited ("Wkland Investments"), a wholly-owned subsidiary of Vanke HK, at a price of HK$5.6197 per share. As conditions precedent to completion of the Share Sale Agreement, the Company was required, among other things, to carry out a group reorganisation (the "Group Reorganisation"), to effect a distribution in specie of shares in a wholly-owned subsidiary of the Company (the "Privateco") (the "Distribution In Specie") and to pay a special cash dividend of HK$0.7803 per share to the shareholders of the Company (the "Special Cash Dividend"). The transactions contemplated under the Share Sale Agreement (the "Transactions") were approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 9 July 2012. Upon satisfaction of other conditions, completion of the Share Sale Agreement took place on 16 July 2012.

Pursuant to the Group Reorganisation, the Company, among other things, reorganised its subsidiaries into two sub-groups, the Remaining Group and the Privateco Group. The Remaining Group is engaged in the business of holding or relating to all those units and car park podium in Regent Centre owned by the Group prior to the Group Reorganisation (excluding Units 505–510, 5/F, Tower B of Regent Centre, which is owned by a member of the Privateco Group) (the "Retained Businesses"). The Privateco Group is engaged in all businesses of the Group prior to the Group Reorganisation, other than the Retained Businesses (the "Distributed Businesses").

Upon completion of the Share Sale Agreement, Wkland Investments became the registered shareholder of 205,835,845 shares of the Company, representing approximately 79.26% of the issued share capital of the Company.

The Privateco Group having a net asset value of HK$10,270,354,000 as at 16 July 2012 was distributed to the shareholders of the Company, whose names appeared on the register of members of the Company on 13 July 2012 (the "Record Date Shareholders"), by way of the Distribution In Specie and the Special Cash Dividend totalling HK$202,632,430 was made to the Record Date Shareholders.

On 23 July 2012, CITIC Securities Corporate Finance (HK) Limited ("CITIC") on behalf of Wkland Investments made an unconditional mandatory cash offer to acquire all the issued shares in the Company other than those shares already owned or agreed to be acquired by Vanke HK, Wkland Investments and parties acting in concert with any of them at a price of HK$5.6197 per share (the "Listco Offer").

The Listco Offer was closed on 13 August 2012 with valid acceptances in respect of a total of 15,935,988 shares, representing 6.14% of the total issued share capital of the Company. Upon completion of the Listco Offer, Wkland Investments was interested in 221,771,833 shares of the Company, representing approximately 85.4% of the issued share capital of the Company.

On 21 August 2012, Wkland Investments entered into a placing agreement with CITIC pursuant to which CITIC agreed to place on a fully underwritten basis 27,007,867 shares of the Company held by Wkland Investments to independent placees at a price of HK$5.6197 per share. Completion of the placing took place on 24 August 2012. Immediately after completion of the placing, Wkland Investments is interested in 194,763,966 shares of the Company, representing 75.0% of the issued share capital of the Company.

1 GENERAL INFORMATION *(continued)*

As approved by way of special resolutions at an extraordinary general meeting of the Company held on 31 December 2012, the English name of the Company was changed from "Winsor Properties Holdings Limited" to "Vanke Property (Overseas) Limited" with effect from 31 December 2012, the date of passing the relevant special resolution, and 「萬科置業(海外)有限公司」 was adopted as its new Chinese name to replace 「南聯地產控股有限公司」 with effect from 2 January 2013, the date of issue of the Certificate of Incorporation on change of name bearing such dual foreign name by the Registrar of Companies in the Cayman Islands.

The Company is an investment holding company. Following the completion of the Distribution In Specie, the principal subsidiaries of the Company are engaged in property investment and management. China Vanke Co., Ltd., a joint stock company with limited liability company incorporated in the People's Republic of China and the issued shares of which are listed on the Shenzhen Stock Exchange, has become the ultimate holding company of the Company upon completion of the Share Sale Agreement.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These include the amendments to HKAS 12, *Income taxes — Deferred tax: Recovery of underlying assets*, which the Group has early adopted in preparing its financial statements for the year ended 31 December 2010. None of the other amendments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current period.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below.

— investment properties (see note 2(i));

— financial instruments classified as available-for-sale financial assets (see note 2(f)); and

— derivative financial instruments (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(o) or (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see notes 2(e) and (l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less impairment losses (see note 2(l)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(l)).

Investments in securities which do not fall into the above category are classified as available-for-sale financial assets. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(u)(iii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(u)(iv). When these investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss is transferred from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(h)).

(h) Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Hedging *(continued)*

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is transferred from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is transferred from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is transferred from equity to profit or loss immediately.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(k)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(k).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)):

— Plant and machinery;

— Leasehold improvements, furniture, fixtures and office equipment; and

— Motor vehicles.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

—	Plant and machinery	5–10 years
—	Leasehold improvements, furniture, fixtures and office equipment	5–10 years
—	Motor vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held for use in operating leases

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in note 2(u)(i).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(i)).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of assets

(i) Impairment of investments in debt equity securities and other receivables

Investments in debt equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in subsidiaries and associates recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(i) Impairment of investments in debt equity securities and other receivables (continued)

— For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale financial assets are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale financial assets and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale financial asset increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(r) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Property management and warehousing income is recognised when the relevant services are provided.

(iii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income is recognised as it accrues using the effective interest method.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Discontinued operations

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgements:

Valuation of investment properties

Investment properties are included in the balance sheet at their market value, which are assessed annually by external qualified valuers, after taking into consideration the net rental income allowing for reversionary income potential.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment properties.

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involved a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

Valuation of available-for-sale financial assets and derivative financial instruments

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries, recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries.

4 TURNOVER AND SEGMENT INFORMATION

Turnover recognised during the year are as follows:

	2012 HK$'000	2011 HK$'000 Re-presented
Continuing operations:		
Rental and property management	**77,574**	66,373
Discontinued operations:		
Rental and property management	**247,578**	396,185
Warehousing	**5,923**	15,772
	253,501	411,957

Operating segments

The Group's chief operating decision maker assesses the performance of the operating segment primarily based on segment profit. Segment profit represents the profit earned by the segment and excludes head office and corporate expenses (net of unallocated income), finance income, finance costs and taxation charge.

As a result of the Group Reorganisation as mentioned in note 1, the Group now only has one operating segment — rental and property management.

4 TURNOVER AND SEGMENT INFORMATION *(continued)*

Operating segments *(continued)*

The segment results from continuing operations are as follows:

	2012 **HK$'000**	2011 HK$'000 Re-presented
Rental and property management		
Turnover	**77,574**	66,373
Segment results before change in fair value and gain on disposal of investment properties	**59,218**	50,177
Increase in fair value of investment properties	**130,240**	103,314
Gain on disposal of investment properties	**–**	1,312
Segment results	**189,458**	154,803
Head office and corporate expenses (net of unallocated income)	**(16,680)**	(6,869)
Operating profit	**172,778**	147,934
Finance income	**–**	48
Finance costs	**(654)**	(1,268)
Profit before taxation from continuing operations	**172,124**	146,714
Taxation charge	**(9,233)**	(7,016)
Profit for the year from continuing operations	**162,891**	139,698

Geographical information

No geographical information is shown as the turnover and operating profit of the Group's continuing operations are all derived from activities in Hong Kong.

5 OTHER INCOME

	2012 HK$'000	2011 HK$'000 Re-presented
Continuing operations:		
Others	**379**	1,457
Discontinued operations:		
Dividend income from listed available-for-sale financial assets	**9,739**	18,537
Dividend income from unlisted available-for-sale financial assets	**–**	17,473
Interest income on loans to associates	**–**	3,177
Others	**930**	5,554
	10,669	44,741

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2012 HK$'000	2011 HK$'000 Re-presented
(a) Finance income and costs		
Continuing operations:		
Finance income		
Interest income on bank deposits and bank balances	**–**	(48)
Finance costs		
Interest expenses on bank loans and overdrafts	**654**	1,268
Discontinued operations:		
Finance income		
Interest income on bank deposits and bank balances	**(3,313)**	(5,670)
Finance costs		
Interest expenses on bank loans and overdrafts	**38,067**	70,335

6 PROFIT BEFORE TAXATION *(continued)*

Profit before taxation is arrived at after charging/(crediting): *(continued)*

	2012 HK$'000	2011 HK$'000 Re-presented
(b) Staff costs (including directors' emoluments)		
Continuing operations:		
Contributions to defined contribution plan	**48**	58
Salaries, wages and other benefits	**3,023**	4,226
	3,071	4,284
Discontinued operations:		
Contributions to defined contribution plan	**1,171**	2,028
Salaries, wages and other benefits	**28,001**	49,256
	29,172	51,284
(c) Others		
Continuing operations:		
Auditors' remuneration	**716**	956
Impairment loss on trade receivables	**31**	–
Depreciation	**20**	39
Loss on disposal of property, plant and equipment	**96**	–
Legal and professional fees directly attributable to the Transactions	**9,871**	–
Rentals receivable from investment properties less direct outgoings of HK$17,625,000 (2011 (Re-presented): HK$17,382,000)	**(59,949)**	(48,991)
Discontinued operations:		
Amortised income from held-to-maturity investments (note 19)	**(5,988)**	(9,028)
Auditors' remuneration	**324**	812
Depreciation	**1,268**	2,593
Direct operating expenses for generating warehousing income	**2,202**	5,789
Exchange differences released upon repayment of loans from an associate	**–**	(44,122)
Fair value loss on derivative financial instruments	**1,574**	17,186
Foreign exchange loss, net	**143**	1,350
Impairment loss on amount due from an associate	**2,565**	–
Interest income from held-to-maturity investments	**–**	(617)
Transferred to consolidated income statement upon derecognition of an available-for-sale financial asset	**(79,073)**	–
Loss/(gain) on disposal of property, plant and equipment	**45**	(11)
Operating lease charges: minimum lease payments — property rental	**1,896**	3,571
Rentals receivable from investment properties less direct outgoings of HK$47,840,000 (2011 (Re-presented): HK$83,251,000)	**(199,738)**	(312,934)

7 TAXATION CHARGE

(a) Taxation charge represents:

	2012 HK$'000	2011 HK$'000 Re-presented
Continuing operations:		
Current tax		
Hong Kong Profits Tax	**7,189**	6,175
Under/(over) provision in prior years	**20**	(25)
	7,209	6,150
Deferred tax		
Origination and reversal of temporary differences	**2,024**	866
	9,233	7,016
Discontinued operations:		
Current tax		
Hong Kong Profits Tax	**8,274**	9,524
Overseas taxation	**–**	120
Over provision in prior years	**(1,879)**	(2,244)
	6,395	7,400
Deferred tax		
Origination and reversal of temporary differences	**15,125**	25,561
	21,520	32,961

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

Overseas taxation was calculated at rates of tax applicable in countries in which the Group was assessed for tax.

Share of associates' taxation for the year ended 31 December 2012 of HK$14,550,000 (2011 (Re-presented): HK$21,934,000) is included in the share of profits less losses of associates.

7 TAXATION CHARGE *(continued)*

(b) Reconciliation between tax expense and profit before taxation from continuing operations at an applicable tax rate:

	2012 HK$'000	2011 HK$'000 Re-presented
Profit before taxation from continuing operations	172,124	146,714
Notional tax on profit before taxation calculated at 16.5% (2011: 16.5%)	28,400	24,208
Tax effect of non-deductible expenses	2,453	951
Tax effect of non-taxable income	(21,640)	(18,118)
Under/(over) provision in prior years	20	(25)
Actual tax expense from continuing operations	9,233	7,016

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2012				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Zhang Xu (appointed on 24 July 2012)	88	–	–	–	88
Ms. Que Dong Wu (appointed on 24 July 2012)	88	–	–	–	88
Mr. Chow Wai Wai, John (resigned on 1 September 2012)	26	1,620	406	161	2,213
Ms. Chen Chou Mei Mei, Vivien (resigned on 1 September 2012)	47	222	–	13	282
Mr. Au Hing Lun, Dennis (resigned on 1 September 2012)	26	–	–	1	27
	275	1,842	406	175	2,698
Non-Executive Directors					
Mr. Wang Wen Jin (appointed on 24 July 2012)	66	–	–	–	66
Mr. Chan Chi Yu (appointed on 24 July 2012)	66	40	–	–	106
Dr. Cheng Wai Chee, Christopher (resigned on 1 September 2012)	1,200	–	–	–	1,200
Mr. Cheng Wai Sun, Edward (resigned on 1 September 2012)	26	–	–	–	26
	1,358	40	–	–	1,398

8 DIRECTORS' REMUNERATION *(continued)*

	2012				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Independent Non-Executive Directors					
Mr. Chan Wai Hei, William (appointed on 1 September 2012)	50	30	–	–	80
Mr. Chung Wai Sum, Patrick (appointed on 1 September 2012)	50	30	–	–	80
Mr. Shium Soon Kong (appointed on 1 September 2012)	50	20	–	–	70
Mr. Christopher Patrick Langley (resigned on 1 September 2012)	285	–	–	–	285
Dr. Lo Ka Shui (resigned on 1 September 2012)	143	–	–	–	143
Mr. Haider Hatam Tyebjee Barma (resigned on 1 September 2012)	247	–	–	–	247
	825	80	–	–	905
	2,458	1,962	406	175	5,001

8 DIRECTORS' REMUNERATION (continued)

	2011				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Chow Wai Wai, John	40	2,829	1,273	285	4,427
Ms. Chen Chou Mei Mei, Vivien	40	410	–	22	472
Mr. Au Hing Lun, Dennis	40	–	–	2	42
Mr. Chung Hon Sing, John (retired on 24 May 2011)	16	272	–	–	288
	136	3,511	1,273	309	5,229
Non-Executive Directors					
Dr. Cheng Wai Chee, Christopher	1,800	–	–	–	1,800
Mr. Cheng Wai Sun, Edward	40	–	–	–	40
	1,840	–	–	–	1,840
Independent Non-Executive Directors					
Mr. Christopher Patrick Langley	310	–	–	–	310
Dr. Lo Ka Shui	130	–	–	–	130
Mr. Haider Hatam Tyebjee Barma	275	–	–	–	275
Lord Sandberg (retired on 24 May 2011)	24	–	–	–	24
	739	–	–	–	739
	2,715	3,511	1,273	309	7,808

9 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Two directors of the Company were included in the five individuals with the highest emoluments (2011: two). Details of directors' emolument are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three (2011: three) individuals is as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits in kind	**3,300**	5,074
Discretionary bonuses	**1,300**	1,330
Retirement scheme contributions	**200**	250
	4,800	6,654

The emoluments of the remaining three (2011: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2012	2011
HK$1,000,001–HK$1,500,000	**1**	–
HK$1,500,001–HK$2,000,000	**2**	1
HK$2,000,001–HK$2,500,000	**–**	2
	3	3

10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company includes a profit of HK$138,078,000 (2011: HK$316,781,000) which has been dealt with in the financial statements of the Company.

11 DIVIDENDS

(a) Dividends attributable to the year

	2012 HK$'000	2011 HK$'000
Special Cash Dividend declared and paid of HK$0.7803 per share (2011: nil) (note (i))	**202,632**	–
Interim dividend declared and paid of nil (2011: HK$0.19 per share paid on 29 September 2011)	**–**	49,340
Final dividend proposed after the balance sheet date of HK$0.03 per share (2011: HK$0.47 per share paid on 5 June 2012) (note (ii))	**7,791**	122,052
	210,423	171,392

Notes:

(i) The Distribution In Specie and the payment of the Special Cash Dividend were approved by the independent shareholders of the Company on 9 July 2012 and reflected as appropriations of reserves upon distribution/payment on 16 July 2012.

(ii) At a meeting held on 22 February 2013, the Directors recommended a final dividend of HK$0.03 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year 2013.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2012 HK$'000	2011 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.47 (2011: HK$0.42) per share	**122,052**	109,068
Special dividend in respect of the previous financial year, approved and paid during the year, of nil (2011: HK$1.00) per share	**–**	259,685
	122,052	368,753

12 DISCONTINUED OPERATIONS

As described in note 1 to the financial statements, the Privateco Group was distributed to the Record Date Shareholders on 16 July 2012. Thereafter, the Group is engaged in holding and leasing properties for industrial purpose. The Privateco Group is engaged in (i) holding and leasing properties for commercial and warehouse purpose; (ii) warehousing; and (iii) investment holding. Therefore, the businesses operated by the Privateco Group (i.e. Distributed Businesses) have been classified as discontinued operations.

(a) The results of the Distributed Businesses as included in the consolidated income statement for the years ended 31 December 2012 and 2011 are set out below.

	Note	2012 HK$'000	2011 HK$'000
Turnover	4	**253,501**	411,957
Cost of services		**(52,592)**	(93,376)
Gross profit		**200,909**	318,581
Other income	5	**10,669**	44,741
Leasing and marketing expenses		**(4,071)**	(8,768)
Administrative expenses		**(17,790)**	(35,301)
Increase in fair value of investment properties		**36,626**	1,855,219
Other gains, net		**81,967**	35,242
Operating profit		**308,310**	2,209,714
Finance income	6(a)	**3,313**	5,670
Finance costs	6(a)	**(38,067)**	(70,335)
		273,556	2,145,049
Share of profits less losses of associates		**92,507**	151,221
Gain on bargain purchase		**–**	69,387
Profit before taxation		**366,063**	2,365,657
Taxation charge	7(a)	**(21,520)**	(32,961)
Profit for the year from discontinued operations		**344,543**	2,332,696

12 DISCONTINUED OPERATIONS *(continued)*

(b) The net cash flows of the Distributed Businesses are as follows:

	2012 HK$'000	2011 HK$'000
Net cash generated from operating activities	**152,531**	136,330
Net cash generated from investing activities	**35,145**	163,511
Net cash used in financing activities	**(333,800)**	(273,767)
Net (decrease)/increase in cash and cash equivalents of the discontinued operations	**(146,124)**	26,074

(c) The assets and liabilities of the Distributed Businesses as at 16 July 2012 are set out below.

	Note	HK$'000
Property, plant and equipment	14	**7,745**
Investment properties	15	**11,075,780**
Interests in associates		**737,094**
Available-for-sale financial assets		**398,666**
Held-to-maturity investments	19	**132,088**
Deferred tax assets	26	**1,597**
Derivative financial instruments		**179**
Inventories		**361**
Trade and other receivables		**32,845**
Tax recoverable		**126**
Bank balances and cash		**74,901**
Total assets		**12,461,382**
Trade and other payables and accruals		**(202,945)**
Bank loans, secured		**(1,772,901)**
Derivative financial instruments		**(92,241)**
Tax payable		**(34,261)**
Amounts due to associates		**(29,775)**
Deferred tax liabilities	26	**(58,905)**
Total liabilities		**(2,191,028)**
Net assets		**10,270,354**

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company from the continuing operations and discontinued operations of HK$161,718,000 and HK$344,475,000 (2011 (Re-presented): HK$133,196,000 and HK$2,332,042,000), respectively, and 259,685,288 shares (2011: 259,685,288 shares) in issue during the year.

Diluted earnings per share for the continuing operations and discontinued operations equals to the basic earnings per share for the continuing operations and discontinued operations as the Company had no dilutive potential shares in issue during the year (2011: nil).

14 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Plant and machinery HK$'000	Leasehold improvements, furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1 January 2012	**1,038**	**17,615**	**1,238**	**19,891**
Additions	**–**	**143**	**–**	**143**
Disposals	**(20)**	**(1,236)**	**–**	**(1,256)**
Distributed Businesses (note 12)	**(1,018)**	**(16,522)**	**(1,238)**	**(18,778)**
At 31 December 2012	**–**	**–**	**–**	**–**
Accumulated depreciation:				
At 1 January 2012	**977**	**8,700**	**1,183**	**10,860**
Charge for the year	**5**	**1,228**	**55**	**1,288**
Disposals	**(20)**	**(1,095)**	**–**	**(1,115)**
Distributed Businesses (note 12)	**(962)**	**(8,833)**	**(1,238)**	**(11,033)**
At 31 December 2012	**–**	**–**	**–**	**–**
Net book value:				
At 31 December 2012	**–**	**–**	**–**	**–**

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) The Group *(continued)*

	Plant and machinery HK$'000	Leasehold improvements, furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1 January 2011	1,038	17,230	1,340	19,608
Additions	–	415	–	415
Disposals	–	(30)	(102)	(132)
At 31 December 2011	1,038	17,615	1,238	19,891
Accumulated depreciation:				
At 1 January 2011	959	6,336	1,064	8,359
Charge for the year	18	2,393	221	2,632
Disposals	–	(29)	(102)	(131)
At 31 December 2011	977	8,700	1,183	10,860
Net book value:				
At 31 December 2011	61	8,915	55	9,031

15 INVESTMENT PROPERTIES

	The Group	
	2012	2011
	HK$'000	HK$'000
Valuation:		
At 1 January	**12,167,930**	10,227,930
Additions	**574**	7,409
Disposals	**–**	(15,010)
Over provision of construction costs	**–**	(10,932)
Fair value gain	**166,866**	1,958,533
Distributed Businesses (note 12)	**(11,075,780)**	–
At 31 December	**1,259,590**	12,167,930

(a) The analysis of valuation of investment properties is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Leasehold land in Hong Kong:		
— long leases	**–**	1,270,000
— medium term leases	**1,259,590**	10,897,930
	1,259,590	12,167,930

(b) Investment properties were revalued as at 31 December 2012 on a market value basis calculated by reference to direct comparison method and direct capitalisation of existing net rental income allowing for reversionary market sale potential of the property. The valuations were carried out by an independent firm of surveyors, Vigers Appraisal & Consulting Ltd., who has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. At 31 December 2011, investment properties (other than agricultural lots) were revalued on a market value basis by Jones Lang LaSalle Limited, while the agricultural lots were revalued on a market value basis by B.I. Appraisals Limited.

(c) The Group leases out investment properties under operating leases. The leases typically run for a period of 2 years. None of the leases includes contingent rentals.

(d) The gross carrying amount of investment properties held for use in operating leases is HK$1,259,590,000 (2011: HK$12,167,930,000).

(e) As at 31 December 2012, investment properties with a carrying amount of HK$1,259,590,000 has been pledged to secure banking facilities of the Group. The loan facility has not been drawn as at 31 December 2012.

15 INVESTMENT PROPERTIES *(continued)*

(f) Total future minimum lease income under non-cancellable operating leases is receivable as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**55,172**	443,820
After one year but within five years	**33,166**	627,710
After five years	**–**	9,374
	88,338	1,080,904

16 INTERESTS IN SUBSIDIARIES

	The Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	229,098
Amounts due from subsidiaries (note (a))	**327,651**	3,204,642
	327,651	3,433,740
Less: Impairment loss	**–**	(284,629)
	327,651	3,149,111

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(b) Particulars of the subsidiaries during the year are set out on pages 94 to 97.

17 INTERESTS IN ASSOCIATES

	The Group	
	2012	2011
	HK$'000	HK$'000
Share of net assets	**–**	696,144
Loans to and amounts due from associates (note (a))	**–**	39,369
	–	735,513
Amounts due to associates (note (b))	**–**	(23,552)

All the interests in associates belonged to the Privateco Group and were distributed to the Record Date Shareholders on 16 July 2012.

Notes:

(a) At 31 December 2011, the loans to and amounts due from associates were unsecured, and had no fixed terms of repayment. Except for an aggregate amount of HK$32,502,000 which was interest-free, the remaining balance carried interests at agreed rates between the parties.

(b) At 31 December 2011, the amounts due to associates were unsecured, interest-free and had no fixed terms of repayment.

(c) The share of assets, liabilities and results of associates attributable to the Group is summarised as follows:

	2012	2011
	HK$'000	HK$'000
Non-current assets	**–**	560,371
Current assets	**–**	512,726
Current liabilities	**–**	(114,165)
Non-current liabilities	**–**	(262,788)
	–	696,144
Turnover	**277,321**	343,534
Profits less losses after taxation	**92,507**	151,221

(d) Particulars of the associates during the year are set out on page 98.

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2012	2011
	HK$'000	HK$'000
Real estate investment trust listed outside Hong Kong	**–**	225,255
Unlisted equity investments	**–**	94,147
Total	**–**	319,402
Market value of listed investments	**–**	225,255

All available-for-sale financial assets belonged to the Privateco Group and were distributed to the Record Date Shareholders on 16 July 2012.

19 HELD-TO-MATURITY INVESTMENTS

	The Group	
	2012	2011
	HK$'000	HK$'000
Unlisted debt and other investments	**–**	95,087

The movements of held-to-maturity investments are as follows:

	2012	2011
	HK$'000	HK$'000
At 1 January	**95,087**	37,877
Exchange differences	**97**	(143)
Additions	**31,166**	48,825
Amortised to the income statement (note 6(c))	**5,988**	9,028
Coupon received	**(250)**	(500)
Distributed Businesses (note 12)	**(132,088)**	–
At 31 December	**–**	95,087
Analysed as:		
Current	**–**	29,252
Non-current	**–**	65,835
	–	95,087

All the held-to-maturity investments belonged to the Privateco Group and were distributed to the Record Date Shareholders on 16 July 2012.

20 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**650**	6,975	**–**	–
Less: Allowance for doubtful debts (note (b))	**(31)**	–	**–**	–
Trade receivables, net of provisions (note (a))	**619**	6,975	**–**	–
Amortised rent receivables	**594**	15,568	**–**	–
Other receivables	**11,744**	4,351	**2,005**	1,206
Deposits	**2,393**	9,100	**–**	34
Prepayments	**533**	4,682	**517**	383
	15,883	40,676	**2,522**	1,623

(a) The ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
0 to 30 days	**570**	1,650
31 to 90 days	**49**	5,033
Over 90 days	**–**	292
	619	6,975

The Group's credit policy is set out in note 29(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
At 1 January	**–**	–
Impairment loss recognised	**31**	–
At 31 December	**31**	–

20 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Impairment of trade receivables *(continued)*

At 31 December 2012, the Group's trade receivables of HK$31,000 (2011: nil) were individually determined to be impaired. The individually impaired receivables related to tenants who were in financial difficulties and management assessed that the receivables were expected to be not recoverable. Consequently, specific allowances for doubtful debts of HK$31,000 (2011: nil) were recognised. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Less than 1 month past due	**570**	1,650
1 to 3 months past due	**49**	5,033
Over 3 months past due	**–**	292
	619	6,975

Receivables that were past due but not impaired relate to a number of independent tenants who have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21 BANK BALANCES AND CASH

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks and other financial institutions	**–**	611,193	**–**	–
Cash at bank and in hand	**50,151**	36,285	**25,523**	100
	50,151	647,478	**25,523**	100

22 TRADE AND OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**–**	8,570	**–**	–
Other payables	**1,632**	71,392	**1,427**	1,420
Deposits received	**16,852**	123,380	**–**	–
Accruals	**1,764**	12,225	**478**	557
	20,248	215,567	**1,905**	1,977

The ageing analysis of trade payables is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
0 to 30 days	**–**	6,181
31 to 90 days	**–**	1,070
Over 90 days	**–**	1,319
	–	8,570

23 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group			
	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest rate swap contracts (note (a))				
— cash flow hedges	**–**	–	**–**	97,778
— not qualifying as hedges	**–**	–	**–**	7,294
	–	–	**–**	105,072
Derivative components in convertible bonds (note (b))	**–**	179	**–**	–
	–	179	**–**	105,072
Analysed as:				
Current	**–**	–	**–**	42,130
Non-current	**–**	179	**–**	62,942
	–	179	**–**	105,072

23 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

All the derivative financial instruments belonged to the Privateco Group and were distributed to the Record Date Shareholders on 16 July 2012.

(a) Interest rate swap contracts

At 31 December 2011, the aggregate notional principal amount of the interest rate swap contracts was HK$1,000,000,000. The portion of changes in the fair value of interest rate swap contracts not qualifying as hedges was recognised in the consolidated income statement and amounted to a loss of HK$1,365,000 for the year ended 31 December 2011.

(b) Derivative component in convertible bonds

At 31 December 2011, the convertible bonds held as held-to-maturity investments contained conversion and issuer redemption features and the fair value of HK$179,000 was valued by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer. The change in fair value of the derivative component had resulted in a loss of HK$15,821,000 being recognised in the consolidated income statement for the year ended 31 December 2011.

24 BANK LOANS, SECURED

	The Group	
	2012	2011
	HK$'000	HK$'000
Secured bank loans and repayable:		
— Within one year	–	561,682
— Between one and two years	–	991,600
— Between two and five years	–	638,500
	–	1,630,100
	–	2,191,782

Except for a secured bank loan of HK$85,000,000 at 31 December 2011 relating to the Remaining Group, all other bank loans belonged to the Privateco Group and were distributed to the Record Date Shareholders on 16 July 2012.

The bank loan of the Remaining Group was fully repaid in July 2012.

At 31 December 2011, the Group's bank loans were secured by certain investment properties, available-for-sale financial assets and held-to-maturity investments with carrying amounts of HK$12,022,180,000, HK$187,008,000 and HK$48,682,000 respectively.

25 AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

At 31 December 2011, the amount due to a non-controlling shareholder was unsecured and interest-free. The balance was fully repaid during the year.

26 DEFERRED TAX IN THE CONSOLIDATED BALANCE SHEET

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Future benefit of tax loss HK$'000	Total HK$'000
Deferred tax arising from:			
At 1 January 2011	140,813	(103,135)	37,678
Charged to profit or loss	14,732	11,695	26,427
At 31 December 2011	155,545	(91,440)	64,105
At 1 January 2012	**155,545**	**(91,440)**	**64,105**
Charged to profit or loss	**5,322**	**11,827**	**17,149**
Distributed Businesses (note 12)	**(134,179)**	**76,871**	**(57,308)**
At 31 December 2012	**26,688**	**(2,742)**	**23,946**

	2012 HK$'000	2011 HK$'000
Net deferred tax assets recognised on the balance sheet	**(1,994)**	(4,020)
Net deferred tax liabilities recognised on the balance sheet	**25,940**	68,125
	23,946	64,105

27 TOTAL EQUITY

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2012	**2,596**	**2,591,269**	**554,990**	**3,148,855**
Changes in equity for 2012:				
Profit and total comprehensive income for the year	**–**	**–**	**138,078**	**138,078**
Final dividend approved in respect of the previous year (note 11(b))	**–**	**–**	**(122,052)**	**(122,052)**
Special Cash Dividend declared in respect of the current year (note 11(a))	**–**	**(202,632)**	**–**	**(202,632)**
Distribution In Specie (note 1)	**–**	**(2,388,637)**	**(219,804)**	**(2,608,441)**
Balance at 31 December 2012	**2,596**	**–**	**351,212**	**353,808**
Balance at 1 January 2011	2,596	2,591,269	656,302	3,250,167
Changes in equity for 2011:				
Profit and total comprehensive income for the year	–	–	316,781	316,781
Special dividend approved in respect of the previous year (note 11(b))	–	–	(259,685)	(259,685)
Final dividend approved in respect of the previous year (note 11(b))	–	–	(109,068)	(109,068)
Interim dividend declared in respect of the current year (note 11(a))	–	–	(49,340)	(49,340)
Balance at 31 December 2011	2,596	2,591,269	554,990	3,148,855

27 TOTAL EQUITY *(continued)*

(b) Share capital

	2012		2011	
	No. of shares	Amount HK$'000	No. of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**750,000,000**	**7,500**	750,000,000	7,500
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**259,685,288**	**2,596**	259,685,288	2,596

(c) Nature and purpose of reserves

Pursuant to the Companies Law of the Cayman Islands and the Company's Articles of Association, the contributed surplus of the Company is available for distribution to shareholders in addition to retained earnings, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

The investment revaluation reserve represents the cumulative net change in fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policy in note 2(f).

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

The hedging reserve represents the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(h).

27 TOTAL EQUITY *(continued)*

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total bank borrowings (including current and non-current portions) less bank balances and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

The net debt-to-equity ratio at the balance sheet date is as follows:

		The Group	
		2012	2011
	Note	**HK$'000**	HK$'000
Bank borrowings	24	**–**	2,191,782
Less: Bank balances and cash	21	**(50,151)**	(647,478)
Net debt		**(50,151)**	1,544,304
Shareholders' equity		**1,278,944**	11,319,067
Non-controlling interests		**–**	38,116
Total equity		**1,278,944**	11,357,183
Net debt-to-equity ratio		**N/A**	13.6%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

28 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(i) During the year ended 31 December 2012, the Group distributed the shares of Privateco having a consolidated net asset value of HK$10,270,354,000 to the Record Date Shareholders.

(ii) During the year ended 31 December 2011, the Group's amounts due to associates of HK$193,734,000 were settled by dividends distributed by these associates.

(iii) During the year ended 31 December 2011, the Group's amount due to an investee company of HK$16,646,000 was settled by dividend distributed by that investee company.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and bank balances and cash. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all tenants requiring credit over a certain amount. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. Reminders are issued bi-weekly when trade receivables are overdue for 15 days, and legal actions will be taken when the trade receivables are overdue for two months. Normally, the Group does not obtain any collateral from tenants. The ageing of trade receivables at 31 December 2012 is summarised in note 20.

Cash is deposited with financial institutions with sound credit ratings to minimise credit exposure.

There is no significant concentration of credit risk within the Group.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

Cash management of the Company and its subsidiaries are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group

	Contractual undiscounted cash flow					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2012						
Trade and other payables and accruals	**20,248**	**–**	**–**	**–**	**20,248**	**20,248**
At 31 December 2011						
Bank loans, secured	591,366	1,013,677	647,147	–	2,252,190	2,191,782
Trade and other payables and accruals	215,567	–	–	–	215,567	215,567
Derivative financial instruments	42,130	38,376	24,566	–	105,072	105,072
Amount due to a non-controlling shareholder	–	–	–	32,498	32,498	32,498
Amounts due to associates	23,552	–	–	–	23,552	23,552
	872,615	1,052,053	671,713	32,498	2,628,879	2,568,471

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

The Company

	Contractual undiscounted cash flow					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2012						
Other payables and accruals	**1,905**	**–**	**–**	**–**	**1,905**	**1,905**
At 31 December 2011						
Other payables and accruals	1,977	–	–	–	1,977	1,977

(c) Interest rate risk

As at 31 December 2012, the Group has no significant interest bearing financial assets other than bank balances and cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 December 2011, the Group was exposed to changes in interest rates due to its bank borrowings. The bank loans had an average effective interest rate of 1.35% per annum. The Group managed its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract was the hedging instrument most commonly used by the Group to manage the interest rate exposure. The Group entered into debt obligations to support general corporate purposes including capital expenditure and working capital needs.

Cash flow interest rate risk

As at 31 December 2011, if interest rates on borrowings had been 25 basis points higher or lower with all other variables held constant, profit after taxation for the year would had been HK$2,215,000 lower or higher, mainly as a result of higher or lower interest expense on floating rate borrowings.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Interest rate risk *(continued)*

Fair value interest rate risk

As at 31 December 2011, if the interest yield curve for forward interest rates had been shifted up or down by 50 basis points with all other variables held constant:

— profit after taxation for the year would had been HK$975,000 higher or HK$1,001,000 lower, mainly as a result of gain or loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting; and

— equity would had been HK$13,858,000 higher or HK$11,522,000 lower, mainly as a result of an increase or a decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(d) Foreign currency risk

As at 31 December 2012, the Group owns assets and conducts its business primarily in Hong Kong with its cash flows substantially denominated in Hong Kong dollars, and has no significant exposures to foreign currency risk.

As at 31 December 2011, the Group was exposed to changes in foreign exchange rates due to its investment in foreign operations, whose net assets were exposed to foreign currency transaction risk.

The following table details the Group's exposure as at 31 December 2011 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure were shown in Hong Kong dollars, translated using the spot rate at the year end date.

	Singapore dollars HK$'000	United States dollars HK$'000	Renminbi HK$'000
Loans to and amounts due from associates	718	–	27,046
Available-for-sale financial assets	319,402	–	–
Held-to-maturity investments	–	48,682	–
Trade and other receivables	57	–	–
Bank balances and cash	7,719	1,727	–
Trade and other payables and accruals	(72)	–	–
Bank loans, secured	–	(48,682)	–
Gross exposure arising from recognised assets and liabilities	327,824	1,727	27,046

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Foreign currency risk *(continued)*

Management monitored exchange rate movements closely to ascertain if any material exposure may arise. The Group regarded the foreign exchange risk from fluctuation of currencies other than Singapore dollars was insignificant.

As at 31 December 2011, if Hong Kong dollars had strengthened or weakened by 5% against Singapore dollars with all other variables held constant, profit after taxation for the year would had been HK$283,000 lower or higher, mainly as a result of foreign exchange losses or gains on translation of bank balances denominated in Singapore dollars.

As at 31 December 2011, if Hong Kong dollars had strengthened or weakened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$32,458,000 lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets and interests in associates denominated in Singapore dollars.

(e) Equity price risk

As at 31 December 2011, the Group was exposed to equity securities price risk because the Group held available-for-sale financial assets. The Group was not exposed to commodity price risk. If market value of the Group's available-for-sale financial assets had increased or decreased by 10%, with all other variables held constant, equity would had been HK$22,525,000 higher or lower.

(f) Fair values

Financial instruments carried at fair value

The table below analysed financial instruments carried at fair value by valuation method as at 31 December 2011. The different levels had been defined as follows:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Assets			
Available-for-sale financial assets	225,255	94,147	319,402
Derivative financial instruments	–	179	179
	225,255	94,326	319,581
Liabilities			
Derivative financial instruments	–	105,072	105,072

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) Fair values *(continued)*

Financial instruments carried at fair value (continued)

The fair value of financial instruments traded in active markets was based on quoted market prices as at 31 December 2011. A market was regarded as active if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group was the current bid price. These instruments were included in level 1. Instruments included in level 1 comprised primarily equity investments listed outside Hong Kong classified as available-for-sale financial assets.

The fair value of financial instruments that were not traded in an active market (for example, over-the-counter derivatives) as at 31 December 2011 was determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it was available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument was included in level 2. Instruments included in level 2 comprise primarily the derivative financial instruments and unlisted available-for-sale financial assets.

Fair values of financial instruments carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2012 and 2011.

(g) Estimation of fair values

The fair value of the derivative component in convertible bonds was estimated as at 31 December 2011, using binomial model, taking into account the relevant terms and conditions upon which the option was granted and the key assumptions as below.

Expected volatility:	26%
Expected dividend yield:	7%
Expected life of the option:	1.42 years
Risk free rate:	0.3%

The fair value of the issuer redemption option was estimated as at 31 December 2011, based on underlying convertible bonds with quoted market price available.

30 OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**–**	1,755

31 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group and the Company is analysed as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given in respect of banking facilities granted to subsidiaries (note (ii))	**–**	–	**600,000**	3,795,452
Guarantees given severally and in proportion to the Group's equity interest in respect of banking facilities granted to an associate (note (iii))	**–**	228,000	**–**	228,000
	–	228,000	**600,000**	4,023,452

Notes:

(i) The directors considered that it was not probable for a claim to be made against the Group and the Company under any of these guarantees as at the balance sheet date. All of the financial guarantee contracts as disclosed above had not been recognised in the financial statements of the Group and the Company as the directors considered that the fair values of these contracts were not significant to the Group.

(ii) At 31 December 2012, the Company had executed a guarantee in favour of a bank in respect of facilities granted to a subsidiary amounting to HK$600,000,000, of which the facility had not been utilised by the subsidiary at year end. At 31 December 2011, the Company had executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK$3,795,452,000, of which HK$2,143,100,000 had been utilised by the subsidiaries at year end.

(iii) At 31 December 2011, the Company had executed a guarantee in favour of a bank in respect of facilities granted to an associate amounting to HK$228,000,000, of which HK$226,000,000 had been utilised by the associate at year end.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

	2012 HK$'000	2011 HK$'000
Interest income from associates (note (i))	–	3,177
Rental and management fee income from related companies (note (ii) and (d))	9,617	13,457
Management and administrative fee paid to related companies (note (c))	2,247	–
Key management compensation (note (iii))	5,001	7,808

Notes:

(i) There was no outstanding interest-bearing advance to the associates during the year ended 31 December 2012. In the prior year, interest was charged on certain loans to and amounts due from associates at rates agreed between the mutual parties. All interest-bearing advances were fully repaid by the associates by 31 December 2011.

(ii) The rental and management fee income was charged at rates pursuant to the agreements entered into between the Group and the related companies.

(iii) Key management personnel represent the directors of the Company.

(b) As part of the Group Reorganisation, the Group was required to purchase the outstanding approximately 4.76% non-controlling interest in WK Property Financial Limited ("WKPFL", formerly known as "Winsor Properties Financial Services Limited") held by Parex International Limited ("Parex"), so that WKPFL would be indirectly wholly-owned by the Company and remain as part of the Group afterwards. Contemporaneously with completion of the acquisition of such non-controlling interest, the Group was required (1) to procure repayment of the entire outstanding shareholders' loans that were owed to Parex by WKPFL, as well as (2) to declare and pay all or substantially all of the distributable reserves in Chericourt Company Limited, a wholly-owned subsidiary of WKPFL, as dividends to WKPFL, and to declare and pay all or substantially all of the distributable reserves in WKPFL (including the reserves distributed to it by Chericourt Company Limited) as dividends to its shareholders, i.e. Parex and Future Best Developments Limited ("Future Best", a wholly-owned subsidiary of the Company within the Group before and after the Group Reorganisation). A share transfer agreement dated 18 June 2012 was entered into between Parex as vendor, Future Best as purchaser, and WKPFL in this regard. Parex is a company wholly-owned by Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Keung and Mr. Cheng Wai Wing, Edmund. Dr. Cheng Wai Chee, Christopher is a former director and was beneficially interested in the shares of the Company at the time of entering into the agreement. Mr. Cheng Wai Keung and Mr. Cheng Wai Wing, Edmund are brothers of Dr. Cheng Wai Chee, Christopher. The entering into of the agreement constituted a connected transaction under the Listing Rules and a special deal under the Takeovers Code and was approved by the independent shareholders of the Company on 9 July 2012. All specific rule requirements under the Listing Rules have been complied with for such transaction.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) On 18 June 2012, a management agreement was entered into between Cherrytime Investments Limited, a former subsidiary of the Group and the holding company of the Privateco Group, and Future Best in relation to the provision of administrative, property management, brokerage, agency and leasing services by group companies within the Privateco Group to the Group in a manner and on terms consistent with the provision of such services over the twelve months immediately preceding the date of the Share Sale Agreement. The Privateco Group remains as part of Wing Tai Properties after the completion of the Distribution In Specie. Dr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Au Hing Lun, Dennis and Mr. Cheng Wai Sun, Edward are former directors of and have beneficial interests in Wing Tai Properties. The entering into of the agreement constituted a special deal under the Takeovers Code and was approved by the independent shareholders of the Company on 9 July 2012.

(d) On 18 June 2012, six new tenancy agreements (the "New Tenancy Agreements") were entered into for the purpose of (i) renewing certain existing tenancy agreements between the Privateco Group as landlord and Wing Tai Properties's subsidiaries as tenant; (ii) renewing an existing tenancy agreement between the Remaining Group as landlord and a related party of the Company as tenant; and (iii) granting new tenancies between the Remaining Group as landlord and the Privateco Group as tenant. The entering into of the New Tenancy Agreements constituted continuing connected transactions of the Company under the Listing Rules and/or special deals under the Takeovers Code, and each of the New Tenancy Agreements was approved by the independent shareholders of the Company on 9 July 2012.

For details of note 32(b), (c) and (d), please refer to the announcement of the Company dated 19 June 2012 and the circular of the Company dated 20 June 2012. All specific rule requirements under the Listing Rules have been complied with for those New Tenancy Agreements which were classified as continuing connected transactions.

33 COMPARATIVE FIGURES

Following the completion of the Group Reorganisation and the Distribution In Specie as described in note 1 to the financial statements, the Distributed Businesses constitute discontinued operations under HKFRS 5, *Non-current assets held for sale and discontinued operations*. Certain comparative figures were re-presented so as to reflect the results of the continuing operations and discontinued operations.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. Of these, the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27 (2011), *Separate financial statements*	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments and standards is expected to be in the period of initial application and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position except for the following:

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

List of Subsidiaries and Associates

Name of subsidiary	Issued share capital		Proportion of ownership interest *(Note (a))* Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Subsidiaries relating to the Retained Businesses:						
Access Rich Limited	Ordinary	HK$1	100%	–	100%	Property investment
Chericourt Company Limited	Ordinary	HK$1,000,000	100% (2011: 95.24%)	–	100%	Property investment
Future Best Development Limited, British Virgin Islands ("B.V.I.")	Ordinary	US$1	100% (2011: nil)	100%	–	Investment holding
Hopewin Investments Limited	Ordinary	HK$1	100% (2011: nil)	–	100%	Inactive
Mainland Investments Group Limited, B.V.I.	Ordinary	US$1	100% (2011: nil)	100%	–	Investment holding
Mainlandcn I Company Limited, B.V.I.	Ordinary	US$1	100% (2011: nil)	–	100%	Investment holding
WK Parking Limited (formerly known as "Winsor Parking Limited")	Ordinary Deferred	HK$18,000,000 HK$2,000,000 (note (b))	100% –	– –	100% –	Property investment
WK Property Financial Limited (formerly known as "Winsor Properties Financial Services Limited")	Ordinary	HK$840	100% (2011: 95.24%)	–	100%	Investment holding and property investment
Subsidiaries relating to the Distributed Businesses:						
Adam Knitters Limited	Ordinary Deferred	HK$1,000 HK$200,000	100% –	– –	100% –	Property investment
Allied Effort Limited, B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding
Baudinet Investment Limited	Ordinary Deferred	HK$18 HK$2	100% –	– –	100% –	Property investment
Begin Land Limited	Ordinary Deferred	HK$90,000 HK$10,000	100% –	– –	100% –	Property investment
Cherrytime Investments Limited, B.V.I.	Ordinary	HK$0.01	100%	100%	–	Investment holding

Name of subsidiary	Issued share capital		Proportion of ownership interest *(Note (a))* Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Subsidiaries relating to the Distributed Businesses: *(continued)*						
Congenial Investments Limited, B.V.I.	Ordinary	US$1	100%	–	100%	Investment
Curlew International Limited, B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding
Dhandia Limited	Ordinary	HK$1,000	100%	–	100%	Investment holding
Dragon Eye Holding Limited, Cayman Islands	Ordinary	US$100	100%	–	100%	Investment holding
East Sun Estate Management Company Limited	Ordinary	HK$200	100%	–	100%	Property management
East Sun Textile Company, Limited	Ordinary Deferred	HK$20 HK$15,000,000	100% –	– –	100% –	Inactive
GG Air Cargo Centre Limited (formerly known as "Winsor Air Cargo Centre Limited")	Ordinary	HK$20	100%	–	100%	Inactive
Grandeur Investments Limited, B.V.I.	Ordinary	US$1	100%	–	100%	Property investment
Hilwin Properties Limited	Ordinary Deferred	HK$450,000 HK$50,000	100% –	– –	100% –	Investment holding and treasury investment
Honest Bond Limited	Ordinary	HK$1	100%	–	100%	Inactive
Le Cellier Storage Limited (formerly known as "Winsor Storage Limited")	Ordinary	HK$10,000	100%	–	100%	Wine storage
Libro Estates Limited	Ordinary Deferred	HK$90,000 HK$10,000	100% –	– –	100% –	Inactive
Tat Yeung Properties Investment Limited, B.V.I.	Ordinary	US$1,000	100%	–	100%	Investment holding
Unimix Properties Limited	Ordinary	HK$200	100%	–	100%	Inactive

Name of subsidiary	Issued share capital		Proportion of ownership interest *(Note (a))* Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Subsidiaries relating to the Distributed Businesses: *(continued)*						
W Billion Management Limited (formerly known as "Winsor Billion Management Limited")	Ordinary	HK$10	80%	–	80%	Property management
Wing Tai Properties Estate Agents Limited (formerly known as "Winsor Estate Agents Limited")	Ordinary	HK$20	100%	–	100%	Property agent
Wing Tai Properties Estate Management Limited (formerly known as "Winsor Estate Management Limited")	Ordinary	HK$2	100%	–	100%	Property management
Wing Tai Properties Investment (China) Limited (formerly known as "Winsor Properties (China) Limited"), B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding
Wing Tai Properties Investment Finance Limited (formerly known as "Winsor Properties Finance Limited")	Ordinary	HK$2	100%	–	100%	Group finance company
Wing Tai Properties Investment (Hong Kong) Limited (formerly known as "Winsor Properties (Hong Kong) Limited"), B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding

Name of subsidiary	Issued share capital		Proportion of ownership interest *(Note (a))* Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Subsidiaries relating to the Distributed Businesses: *(continued)*						
Wing Tai Properties Investment (Overseas) Limited (formerly known as "Winsor Properties (Overseas) Limited"), B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding
Winner Godown Limited	Ordinary	HK$1,500,000	70%	–	70%	Godown operation
Winnion Limited	Ordinary	HK$100	100%	–	100%	Property investment
Winprop Pte. Limited, Singapore	Ordinary	SGD2	100%	–	100%	Investment holding
Winwin Investment Pte. Limited, Singapore	Ordinary	SGD2	100%	–	100%	Inactive
Zak Holdings Limited, B.V.I.	Ordinary	US$1	100%	–	100%	Investment holding
Zofka Properties Limited	Ordinary	HK$90,000	100%	–	100%	Property investment
	Deferred	HK$10,000	–	–	–	

Name of associate	Issued share capital		Proportion of ownership interest *(Note (a))* Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Associates relating to the Distributed Businesses:						
China Merchants Cold Chain Logistics (China) Co., Limited, B.V.I.	Ordinary	US$1,000	30%	–	30%	Investment holding
China Merchants Cold Chain Logistics (Hong Kong) Co. Limited	Ordinary	HK$1	30%	–	30%	Investment holding
China Merchants International Cold Chain (Shenzhen) Co. Limited (foreign wholly-owned enterprise), Mainland China	Ordinary	US$5,000,000	30%	–	30%	Cold storage
Fore Prosper Limited	Ordinary	HK$100	40%	–	40%	Property investment
Javary Limited	Ordinary	HK$300	33.3%	–	33.3%	Property investment
Pangold Development Limited	Ordinary	HK$100	20%	–	20%	Property development
Suzhou World Trade Centre, Mainland China	Ordinary	US$6,500,000	24.8%	–	24.8%	Property investment
Tat Yeung Trading Company Limited, B.V.I.	Ordinary	US$2	50%	–	50%	Investment holding
Universal Plus Limited, B.V.I.	Ordinary	US$100	20%	–	20%	Investment holding
Winquest Investment Pte. Limited, Singapore	Ordinary	SGD1,000,000	30%	–	30%	Property development
Winwill Investment Pte. Limited, Singapore	Ordinary	SGD10	20%	–	20%	Investment holding

Notes:

(a) The proportion of ownership interest in subsidiaries relating to the Retained Businesses represented the Group's shareholding in the companies as at 31 December 2012 whereas the proportion of ownership interest in subsidiaries and associates relating to the Distributed Businesses represented the Group's shareholding in the companies immediately before completion of the Distribution in Specie.

(b) The deferred shares are held by Winner Company (Hong Kong) Limited and Tatkit (Nominees) Limited, companies in which a former director has beneficial interest. According to Memorandum and Articles of Association of WK Parking Limited, the holders of deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding up unless the assets of the company to be returned on winding up exceed the value of HK$100,000,000,000.

(c) Unless stated otherwise, all companies are incorporated in Hong Kong. Those companies incorporated in Mainland China and Singapore operate in their country of incorporation. Other companies operate principally in Hong Kong. None of the subsidiaries have issued any debt securities.

Properties Held for Investment Purpose

At 31 December 2012

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No.299 in D.D. No.444, Kwai Chung, New Territories, Hong Kong	2047	103,500	657,000 (remaining portion)	Industrial/ Godown	100%

Five-Year Financial Summary

Group results

	Year ended 31 December				
	2012 **HK$'000** **(Note (a))**	2011 HK$'000	2010 HK$'000	2009 HK$'000 (Note (b))	2008 HK$'000 (Note (b))
Turnover	**331,075**	478,330	403,708	290,332	232,645
Profit attributable to shareholders of the Company	**506,193**	2,465,238	2,460,044	484,757	92,130

Summary consolidated balance sheet

	At 31 December				
	2012 **HK$'000**	2011 HK$'000	2010 HK$'000	2009 HK$'000 (Note (b))	2008 HK$'000 (Note (b))
Non-current assets	**1,261,584**	13,301,910	11,596,004	10,123,470	9,594,251
Net current assets/(liabilities)	**43,300**	(127,510)	120,569	(516,748)	(1,005,665)
Total assets less current liabilities	**1,304,884**	13,174,400	11,716,573	9,606,722	8,588,586
Non-current liabilities	**(25,940)**	(1,817,217)	(2,242,839)	(2,580,583)	(2,059,859)
Net assets	**1,278,944**	11,357,183	9,473,734	7,026,139	6,528,727
Total equity attributable to shareholders of the Company	**1,278,944**	11,319,067	9,442,883	6,999,787	6,507,039
Non-controlling interests	–	38,116	30,851	26,352	21,688
Total equity	**1,278,944**	11,357,183	9,473,734	7,026,139	6,528,727

Notes:

(a) As described in note 1 to the financial statements, a significant portion of the Group's businesses was distributed and discontinued on 16 July 2012. No reclassification has been made in the financial summary to distinguish the results of continuing operations and discontinued operations.

(b) Comparatives in these years have been restated as a result of the adoption of HK-Int 5, *Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause* and HKAS 12 (Amendment), *Income taxes — Deferred tax: Recovery of underlying assets* in 2010.