WING TAI PROPERTIES LIMITED

永泰地產有限公司

STOCK CODE 股份代號 369

WINGTAIASIA

ANNUAL REPORT 年報 2012

On the cover: Seymour 懿峯

WE DON'T JUST BUILD,
WE CRAFT.

We develop and
manage properties in ways
that will bring out their
intrinsic value.

To accomplish this,
we craft excellence and
comfort into these properties,
building on their unique
characteristics and potential.

We believe this is how true value
can be realized for our owners,
residents and investors.

Seymour 懿峯

CONTENTS

4
FINANCIAL HIGHLIGHTS

	The Group		
	2012	2011	
For the year ended 31 December	HK$'M	HK$'M (re-presented)	*% Change*
Revenue	2,961.5	2,513.5	↑18%
Gross profit	1,257.1	1,155.4	↑9%
Profit from operations	4,836.1	2,941.5	↑64%
Profit for the year	4,787.4	2,735.9	↑75%
Profit attributable to equity holders of the Company	4,730.3	2,212.9	↑114%
Earnings per share for profit attributable to equity holders of the Company			
Basic	HK$3.55	HK$1.67	↑113%
Diluted	HK$3.54	HK$1.66	↑113%
At 31 December	HK$'M	HK$'M	
Total assets	25,361.9	21,836.8	↑16%
Equity attributable to equity holders of the Company	18,373.4	12,947.7	↑42%
Total equity	18,375.4	15,382.7	↑19%
Dividends per ordinary share			
Interim	HK4.2 cents	HK3.8 cents	↑11%
Final	HK9.3 cents	HK7.7 cents	↑21%
Total	HK13.5 cents	HK11.5 cents	↑17%

GROUP'S MAJOR INVESTMENTS

Property

Assets	Group's Effective Interest
Landmark East	100%
W Square	100%
Shui Hing Centre	100%
Winner Godown Building	100%
Lanson Place Hotel, Hong Kong	100%
Lanson Place Jinlin Tiandi Residences, Shanghai	23.4%
Lanson Place Central Park Residences, Beijing (33 units)	100%
Seymour	30%
Providence Bay	15%
Providence Peak	15%
The Graces • Providence Bay	15%
The Warren	100%
The Pierre	100%
Ko Shan Road	50%
Kau To (Sha Tin Town Lot 567)	35%
Kau To (Sha Tin Town Lot 565)	35%
Belle Vue Residences, Singapore	30%
A property in Lujiazui, Shanghai	50%

Management Services	
Lanson Place Hospitality Management	100%
Wing Tai Properties Development	100%

Apparel

Unimix Group	100%
Shui Hing Textiles Group	100%

CHAIRMAN'S STATEMENT

Dear Shareholders,

2012 was an exciting and fruitful year for the Group as we continued our path of expansion. We made great strides in optimising our corporate structure and consolidating our business platform with a balanced and diversified property portfolio. Our strategic initiatives have successfully strengthened our financial capability, giving us flexibility to weather uncertainties and drive sustainable growth as a premium property group. These results were the culmination of the disciplined execution of the Group's strategies and expansion plans over the past few years.

The Group's revenue in 2012 was HK$3.0 billion, up 18%, and our net profit increased by 114% to HK$4.7 billion. The Board of Directors proposed to declare a final dividend of HK9.3 cents per share, together with an interim dividend of HK4.2 cents per share, making a total dividend of HK13.5 cents per share, a 17% increase from 2011.

We continued our transformation with the disposal of our non-core apparel branded business, Gieves & Hawkes. The transaction provided an attractive return to our shareholders and generated immediate cash inflow and potential long-term monetary entitlements for the Group. By employing an efficient and integrated restructuring scheme, we acquired approximately 90% of Winsor Properties' assets at a discount and with minimal acquisition funding. We completed the restructuring by disposing the listed holding company at a premium. As a result, we realised a total immediate accretion of HK$919.0 million to shareholders' equity as well as eliminated the holding company discount, while shareholders of Winsor Properties also monetized their investment at an attractive premium. With a simple and clear corporate structure now, and the quality investment properties directly under our control generating stable and growing recurring earnings, the Group has stronger financial capacity and flexibility to support its growth.

The Group proactively diversified its funding source to tap the regional capital market by setting up the US$1 billion Unsecured Medium Term Note Programme ("MTN Programme") in November 2012. A S$170 million tranche of 10-year unrated fixed rate debut bonds was immediately launched in the public market, receiving a positive response. A follow-on HK$480 million tranche of unrated 10-year fixed rate bonds was placed in the private market. Given such strong endorsement of our credibility for long-term bonds among debt investors, the MTN Programme will continue to serve as one of our financing platforms, allowing us to access a broader investor base as well as lengthen and stagger our financing maturity profile.

As of 31 December 2012, we had a land bank of approximately 2.95 million square feet, of which 19% was in residential developments and 81% in investment properties and hospitality. The Group has a stable and visible pipeline of luxury residential development projects targeted for completion in the coming years. Projects launched for sales continued to achieve good results. 97% of the units of The Pierre at the Mid-Levels were pre-sold within a short 2-week timeframe. The remaining units of Seymour and The Warren attracted good market response. The three developments in Tai Po made good progress. Over 53% and 80% of units have been sold to date at Providence Bay and Providence Peak respectively. The third development, The Graces, has obtained the pre-sale permit.

We continue to replenish our land bank through land acquisitions through a cautious yet proactive approach. Our successful bid for two residential sites at the prestigious Kau To area in Shatin through a 35% joint venture has strengthened our high-end residential development portfolio. With an aggregate GFA of 460,000 square feet, the sites will be earmarked for low-density luxury apartments and houses scheduled for completion in 2016.

Our portfolio of investment properties covering the Grade-A office, industrial and hospitality segments continued to generate healthy and diversified recurring income which accounted for over 22% of our total revenue. During the year, our investment properties recorded a fair value gain of HK$3.7 billion. Our office and industrial properties recorded high leasing rates with positive rental reversions, while maintaining almost full occupancy. At our flagship property Landmark East, we achieved close to full occupancy with spot rent continuing to increase. Approximately 16% of leases were renewed with an average rental reversion of approximately 70%.

For all the success we have had in the past year, we have proven that our long-term strategies are effective in enhancing our competitive position. We are well on track with our development roadmap, and the future holds great potential for us as an integrated property group – one known for developing and investing in premium residential, commercial and hospitality properties in Hong Kong, as well as other prime locations in gateway cities. With a balanced asset portfolio and a robust capital structure backed by diversified funding sources, we are confident that we will continue to enhance and unlock more value for our shareholders.

I would like to take this opportunity to thank our shareholders, employees and business partners for their continued support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 22 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2012, the Group reported a consolidated profit attributable to equity holders of HK$4,730.3 million, compared with HK$2,212.9 million in 2011. The 114% increase in profit was mainly due to a higher fair value gain from investment properties, gain on disposal of subsidiaries, higher aggregate sales of residential properties being recognised and growing rental income from investment properties. The Group's revenue was HK$2,961.5 million, an increase of 18% compared with HK$2,513.5 million in 2011.

Property

The Group's property division, which includes property development, property investment and management, as well as hospitality investment and management, recorded a segment profit of HK$4,619.5 million in 2012, an increase of 54% compared with HK$ 3,005.8 million in 2011. The fair value gain of the investment properties was HK$3,652.4 million for the year under review, compared with HK$2,105.0 million in 2011.

Property Developments

The Group has a 15% interest in the Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188. Around 73% of the units of Town Lot No. 188, Providence Peak and 51% of the units of Town Lot No. 186, Providence Bay had been pre-sold as at 31 December 2012. Presale consent has also been obtained for Town Lot No. 187, The Graces. Occupation permits of all the sites were obtained in the second half of 2012 and revenue attributable to the Group of HK$1,560.0 million arising from Providence Peak and Providence Bay was recognised in 2012. Delivery of the sold units is scheduled to complete in 2013.

Revenue from the sale of two units at Forfar, the Group's wholly-owned project, of HK$208.9 million was recognised in 2012. The development is completely sold out with the exception of a few car-parking spaces.

Revenue from sale of six units at Seymour of HK$113.4 million, being 30% attributable to the Group, was recognised in 2012. Over 90% of residential units at the development have been sold to-date.

The Warren, located on Warren Street, Causeway Bay, is a residential project wholly-owned by the Group. The gross floor area of the development approximates 73,700 square feet and is Hong Kong's first-ever "Lanson Place Lifestyle Services" Residence at which services provided by Lanson Place can be offered to residents. The Warren was launched for pre-sale and over 68% of the units have been sold as at 31 December 2012. Superstructure works are in progress. The project is scheduled for completion in 2014.

The Pierre, located on Coronation Terrace, Mid-Levels West, is a residential project wholly-owned by the Group. The gross floor area of the development approximates 40,000 square feet. Over 97% of the units were sold within two weeks during the initial launch in September 2012. Superstructure works are in progress. The project is scheduled for completion in 2014.

The Group has a 50% interest in the Ko Shan Road residential project. The project is located near the Ho Man Tin MTR station that is currently under construction and has a gross floor area of approximately 153,000 square feet. The Group is the lead project manager and the lead sales and marketing manager. The project is scheduled for completion in 2015.

In August 2012 and January 2013, the Group through a consortium acquired two premier residential development sites at Kau To, Shatin. The two sites have an aggregate gross floor area of approximately 460,000 square feet. The Group has a 35% interest in each of the two sites. The Group will act as a joint project manager and the lead sales and marketing manager for two developments. These projects are scheduled for completion between 2016 and 2017.

The Group has a 30% interest in Belle Vue Residences, a luxury residential development in Singapore. 95% of the units have been sold, of which 13% were sold in 2012.

Property Investment and Management

As at 31 December 2012, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 0.7 million square feet of industrial buildings in the urban areas, had an aggregate fair market valuation of HK$14,148.0 million.

Landmark East is the Group's flagship property located in Kowloon East. As at 31 December 2012, the property achieved occupancy of about 98%, with only approximately 60 tenants occupying over 1.3 million square feet of office space. In 2012, approximately 16% of leases were renewed with an average rental reversion of approximately 70%. Approximately 51% of the leases will expire or subject to rent review in 2013.

W Square comprises approximately 129,000 square feet of office and retail spaces and is located on Hennessy Road in the heart of Wan Chai. As at 31 December 2012, W Square achieved an occupancy rate of 100%. In 2012, approximately 15% of leases were renewed with an average rental reversion of approximately 12%. Approximately 29% of the leases will expire in 2013.

The Group has two industrial buildings, Winner Godown Building and Shui Hing Centre, with an aggregate gross floor area of approximately 684,000 square feet. As at 31 December 2012, the two properties achieved an average occupancy of about 98%. In 2012, approximately 37% of leases were renewed with an average rental reversion of approximately 14%. Approximately 58% of the leases will expire in 2013.

The Group has a 50% interest in the Lujiazui project. The property is located in Lujiazui at Pudong, Shanghai and comprises 97 apartment units and a gross floor area of approximately 210,000 square feet. The Group is the lead project manager and lead sales and marketing manager. Interior fitting out works are in progress. The project is scheduled for completion in early 2014.

Hospitality Investment and Management

The Group's hospitality business under Lanson Place management recorded a steady growth in average rental rate in 2012 as compared to 2011, despite the refurbishment of Lanson Place Hotel. As at 31 December 2012, Lanson Place Central Park Residences in Beijing achieved occupancy of over 95%. Lanson Place Jinlin Tiandi Residences in Shanghai achieved occupancy of approximately 90%. The Lanson Place Hotel, our luxury boutique hotel in Hong Kong, continues to be well-recognised by travellers, being crowned "Asia's Leading Boutique Hotel" in the World Travel Awards 2012.

Apparel

The Group's garment manufacturing operations recorded a segment profit of HK$8.2 million in 2012, compared with HK$14.1 million in 2011. The segment revenue was HK$400.6 million in 2012, compared with HK$440.1 million in 2011.

In April 2012, the Group disposed its entire equity interest in Gieves & Hawkes Group, its non-core branded products distribution business, to Trinity Limited. The disposal is for an initial cash consideration of £32.5 million (approximately HK$407.8 million). In addition, the Group is entitled to subsequent payments over 18 years, capped at £60 million (approximately HK$747.0 million) depending on revenue growth from the existing licensed territories.

The Group completed the disposal in May 2012 and recorded a disposal gain of HK$275.6 million in 2012.

Investing Activities

The Group's investment activities reported a segment profit of HK$84.8 million in 2012, compared with HK$34.4 million in 2011. The increase in profit represents mainly gain on disposal of non-core investments of HK$51.1 million in 2012.

Key Events

On 14 May 2012, the Group announced a series of transactions (the "Transactions") that allowed Winsor's independent shareholders to realise their investments at a premium and on an all-cash basis.

The Transactions comprised the following:

1. Group reorganisation of Winsor ("Group Reorganisation") whereby its asset portfolio be separated and held under two entities: one entity consisting of its interests in Regent Centre and the second entity consisting of all other existing assets of Winsor ("Privateco");

2. Distribution of Privateco's unlisted shares ("Distribution in specie") and a special cash dividend payable to all of Winsor's shareholders;

3. Sale of the Group's entire 79.26% interest in the re-organised Winsor to Vanke Property (Hong Kong) Company Limited (the "Purchaser") (the "Disposal");

4. Unconditional mandatory cash offer by the Purchaser for all remaining Winsor shares at the same price received by the Group; and

5. Unconditional voluntary cash offer by the Group for the remaining unlisted shares in Privateco that it had not already own ("Privateco Offer").

In aggregate, Winsor's independent shareholders were entitled to HK$34 per Winsor share upon completion of the Transactions. Through the Transactions, the Group aimed to streamline the corporate structure and reduce the holding company's discount in the asset portfolio then held by Winsor and enhance the Group's financial strength.

On 9 July 2012, Winsor's independent shareholders approved the Group Reorganisation, Distribution in specie and payment of special cash dividend. The Company's shareholders approved the Disposal and Privateco Offer.

On 16 July 2012, the Disposal was completed.

The Privateco Offer commenced on 23 July 2012 and closed on 3 September 2012. Immediately after the Privateco Offer, the Group was interested in 99.17% of the issued shares of Privateco.

On 6 September 2012, the compulsory redemption of remaining shares of Privateco not held by the Group took place ("Compulsory Redemption"). Immediately after the Compulsory Redemption on 20 September 2012, the Group was interested in 100% of the issued shares of Privateco.

The related gain on the Disposal amounting to HK$237.4 million and gain on bargain purchase through Privateco Offer and Compulsory Redemption amounting to HK$681.6 million were credited to the Group's consolidated income statement and reserve respectively in the second half of 2012, resulting in an aggregate accretion of HK$919.0 million to the Group's shareholders' equity.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totaled HK$18,375.4 million as at 31 December 2012 (31 December 2011: HK$15,382.7 million). The increase by HK$2,992.7 million was mainly resulted from the profit for the year of HK$4,787.4 million and gain on bargain purchase of HK$681.6 million arising from acquisition of non-controlling interests through Privateco Offer and Compulsory Redemption, offset by the decrease in non-controlling interests of HK$2,433.0 million, distribution of 2011 final dividend and 2012 interim dividend totaled HK$158.6 million.

As at 31 December 2012, the Group's bank and other borrowings totaled HK$5,095.5 million (31 December 2011: HK$5,188.7 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2012		31 December 2011	
	HK$ million		HK$ million	
Repayable:				
Within one year	**1,584.8**	**31%**	1,704.6	33%
Between one to two years	**1,259.0**	**25%**	1,023.3	20%
Between two to five years	**1,048.5**	**20%**	2,288.6	44%
After five years	**1,203.2**	**24%**	172.2	3%
	5,095.5	**100%**	5,188.7	100%

The Group has diversified its funding source by setting up the US$1 billion Unsecured Medium Term Note Program in November 2012. The maturity profile was lengthened after issuing a S$170 million 10-year unrated fixed rate bond in November.

As at 31 December 2012, the Group's net borrowings (bank and other borrowings less bank balances and cash) was HK$3,834.6 million (31 December 2011: HK$4,212.1 million), representing 20.9% of the Group's net assets (31 December 2011: 27.4%). The decrease in gearing ratio was mainly attributable to profit for the year. Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bond is on a fixed rate basis.

The Group's bank balances and cash as well as unutilised revolving loan facilities are set out as follows:

	31 December 2012 HK$ million	31 December 2011 HK$ million
Bank balances and cash	1,260.9	976.6
Unutilised revolving loan facilities	2,346.4	2,291.7
	3,607.3	3,268.3

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong dollars, Renminbi, United States dollars, Singapore dollars and UK pounds. For transactions in other foreign currencies, the Group will closely monitor the exposure, and if consider appropriate, hedge to the extent desirable.

Contingent Liabilities

At 31 December 2012, the Group had contingent liabilities of HK$112.5 million as at 31 December 2012 (31 December 2011: HK$112.8 million) in respect of a guarantee given by the Company for banking facilities granted to an associated company. The guarantee was given severally and in proportional to the Group's equity interest in the associated company. In addition, the Group had contingent liabilities of HK$1,069.3 million as at 31 December 2012 (31 December 2011: Nil) in respect of guarantees given by the Company to fixed rate bond holders.

Pledge of Assets

At 31 December 2012, the Group's advances to associates/jointly controlled entities of HK$526.5 million (31 December 2011: HK$2,192.6 million) were subordinated to loan facilities of associates/jointly controlled entities and assigned. The shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to financial institutions.

At 31 December 2012, certain of the Group's investment properties, other properties, plant and equipment, other financial assets, properties for sale, pledges bank deposits and deposits and loan receivables with total carrying values of HK$17,737.3 million were pledged to secure credit facilities for the Group.

PROSPECTS

Despite the weak recovery of the global economy, China's growth story is likely to stay on track, which we believe will continue to benefit our business growth in Hong Kong and Southeast Asia. The government's recent policies on Hong Kong's property market, including the Buyer's Stamp Duty (BSD) and the Double Stamp Duty (DSD), have made potential property buyers more cautious. While it takes time for the market to adjust to these cooling measures, the government's moves to increase land supply in Hong Kong, while interest rates are low, will continue to contribute to a favorable environment for the Group's business development. While we remain vigilant to any near-term market volatility, we are now in a better position to weather market challenges, being backed by a stronger and more robust capital structure in addition to our balanced asset portfolio.

Amid the recent government measures in the property market, we will closely monitor the market development while preparing the launching of our projects. Given our established development pipeline, we believe it will contribute to a stable stream of earnings and cash flow in the coming years. In addition, we will continue to grow our residential property development operations by replenishing our land bank in a cautious but proactive manner.

We believe our diversified property investment business in the commercial and hospitality sectors will continue to provide stable recurring income which is set to grow, in particular with major investment properties now wholly owned by the Group after the completion of our restructuring scheme on Winsor Properties. We expect positive rental reversion from our Hong Kong leasing properties, which will continue to boost our leasing revenue. In particular, Landmark East has a significant number of leases up for renewal or rent review, which were concluded when the market was slow in 2009 to 2010. The development will benefit from the continued strong demand for Grade A office space in Kowloon East. The earnings base of our hospitality properties will be further expanded with our new luxurious serviced residences in Kuala Lumpur's Bukit Ceylon, scheduled to commence operations in the second quarter of 2013. We will continue to acquire and enhance our investment portfolio with quality assets and build upon our strong and quality tenant base.

Despite current market uncertainties, we will stay disciplined. Through prudent financial management and our diversified financing sources, while leveraging our strengthened balance sheet and solid business platform, we will grow our presence in the luxury residential, prime commercial and hospitality property sectors, and actively capture the opportunities that arise.

EMPLOYEES

As at 31 December 2012, the Group had about 1,500 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group.

Employees, including directors, are eligible under the Company's share incentive scheme in which the incentive shares are generally exercisable in stages within a period of ten years.

OTHERS

In respect of Code Provision C.1.4 of Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, discussion and analysis of the Group's performance in 2012 and corporate strategies are set out in "Chairman's Statement" on pages 6 and 7 and "Management Discussion and Analysis" on pages 8 to 12.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Dr. CHENG Wai Chee, Christopher *GBS OBE JP*, aged 64, was appointed Chairman of the Company in 1991. Dr. Cheng is a member of the Remuneration Committee and Nomination Committee of the Company. He is a director of certain members of the Group. Dr. Cheng is a director of several listed companies in Hong Kong, including NWS Holdings Limited, New World China Land Limited and Kingboard Chemical Holdings Limited. He is a director of DBS Group Holdings Limited which is listed in Singapore. Dr. Cheng holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong. He graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.

Dr. Cheng plays an active role in public service. He is a member of The Exchange Fund Advisory Committee and a member of Judicial Officers Recommendation Commission of the Government of HKSAR. He is also a Board Member of Overseers of Columbia Business School, a council member of The University of Hong Kong and a steward of The Hong Kong Jockey Club.

Dr. Cheng is a brother of Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis. He is a director of Wing Tai Corporation Limited, Renowned Development Limited, Wing Tai (Cheng) Holdings Limited and Brave Dragon Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”).

Mr. CHENG Wai Sun, Edward *SBS JP*, aged 57, was appointed executive director and Chief Executive in 1994 and Deputy Chairman of the Company in 2007. Mr. Cheng is a member of the Remuneration Committee and Nomination Committee of the Company and a director of a number of members of the Group. He is also an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master’s degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

Mr. Cheng has many years of public service experience in urban renewal, housing, finance, corruption prevention, technology and education. He is currently the Chairman of the University Grants Committee and a board member of the Airport Authority Hong Kong. Mr. Cheng is also a member of the Commission on Strategic Development of the Government of HKSAR. He is a Justice of the Peace, and has been awarded the Silver Bauhinia Star by the Hong Kong SAR Government.

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis.

Mr. CHENG Man Piu, Francis, aged 60, was appointed executive director of the Company in 1991 and is also a director of a couple of members of the Group. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and an MBA degree. He is the Vice-Chairman of The Federation of Hong Kong Garment Manufacturers, a general committee member of The Chinese Manufacturers’ Association of Hong Kong and Textile Council of Hong Kong. Mr. Cheng is a member of the Assessment Panel for the DesignSmart Initiative and a member of The Accountancy Training Board of the Vocational Training Council.

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward. He is the Assistant Managing Director of Wing Tai Corporation Limited and a director of Renowned Development Limited and Wing Tai (Cheng) Holdings Limited. The said companies are substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. CHOW Wai Wai, John, aged 63, was appointed executive director of the Company in 2007. He is the Managing Director of the Group’s Property Investment and Management Division and a director of certain members of the Group. Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (Manager of the Singapore-listed Suntec Real Estate Investment Trust). Mr. Chow has over 30 years of experience in the property investment and management business.

Mr. Chow is the son of Mr. Chow Chung Kai and Mrs. Chow Yu Yue Chen, both of them are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. AU Hing Lun, Dennis, aged 53, was appointed executive director of the Company in 2004. He is the Managing Director of the Group's Property Division and is responsible for the Group's corporate finance function. Mr. Au is also a director of a number of members of the Group. He holds a Master of Business Administration degree and a Bachelor of Science degree. Mr. Au is a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. KWOK Ping Luen, Raymond *JP*, aged 59, was appointed non-executive director of the Company in 1991. He is Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP") (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong.

Mr. YUNG Wing Chung, aged 66, was appointed as non-executive director, an alternate director to Mr. Kwok Ping Luen, Raymond and a member of the Audit Committee of the Company in 2010. He is a Corporate Advisor of SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO). He also serves as director of SmarTone Telecommunications Holdings Limited, RoadShow Holdings Limited, YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company, Limited and Airport Freight Forwarding Centre Company Limited, and as an alternate director to Mr. Kwok Ping Luen, Raymond of Transport International Holdings Limited.

Prior to his joining SHKP in 1995, Mr. Yung had many years of work experience with a U.S. Bank in various managerial positions in Hong Kong and the United States.

Mr. HONG Pak Cheung, William, aged 58, was appointed non-executive director of the Company in 2002. Mr. Hong is an alternate Audit Committee member to Mr. Yung Wing Chung since February 2010. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. NG Tak Wai, Frederick, aged 55, acted as executive director from 1995 and was re-designated as non-executive director of the Company in April 2011. He graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with an MBA degree. Mr. Ng has held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. His background is in manufacturing operations and management information systems.

Mr. Ng is a director of certain subsidiaries of Wing Tai Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mrs. CHEN Chou Mei Mei, Vivien, aged 63, was appointed non-executive director of the Company in 2012 and has been with the Group since 2007. She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is a non-executive director of Agritrade Resources Limited and an independent non-executive director of Bingo Group Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Simon MURRAY *CBE*, aged 72, was appointed independent non-executive director of the Company in 1994. Mr. Murray is the Chairman of the Remuneration Committee of the Company. He is the Chairman of General Enterprise Management Services International Limited, a private equity fund management company. Mr. Murray has been the Executive Chairman of Asia Pacific for the Deutsche Bank Group. He is an independent non-executive director of Cheung Kong (Holdings) Limited and Orient Overseas (International) Limited. Mr. Murray is the non-executive Chairman of Glencore International plc, a non-executive director of Greenheart Group Limited, IRC Limited and Compagnie Financière Richemont SA (listed on SWX Swiss Exchange); He is also the Vice Chairman of Essar Energy plc (listed on the London Stock Exchange). Mr. Murray resigned as an independent director of Sino-Forest Corporation on 30 January 2013.

Mr. FANG Hung, Kenneth *GBS CBE JP*, aged 74, was appointed independent non-executive director of the Company in 1997. Mr. Fang is a member of the Audit Committee and the Remuneration Committee of the Company. He is the Chairman of Fang Brothers Knitting Limited and Yeebo (International Holdings) Limited and also the Deputy Managing Director of Nantong Jianghai Capacitor Co., Ltd (listed on the Shenzhen Stock Exchange). Mr. Fang is currently a non-executive director of Jiangsu Expressway Company Limited (listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and Xiezhong International Holdings Limited. He graduated from Massachusetts Institute of Technology, U.S.A. in 1961 with a Master's degree in Chemical Engineering. Mr. Fang was also conferred an Honorary Degree of Doctor of Business Administration by The Hong Kong Polytechnic University in 2005. He is an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association.

Mr. YEUNG Kit Shing, Jackson, aged 63, was appointed independent non-executive director of the Company in 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Yeung has over 25 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

Mr. Haider Hatam Tyebjee BARMA *GBS, CBE, ISO, JP*, aged 69, was appointed independent non-executive director of the Company in 2012 and has been with the Group since 2007. He is a member of the Nomination Committee of the Company. Mr. Barma graduated with a Bachelor of Arts degree from The University of Hong Kong and worked in the Government of Hong Kong for 30 years. After retiring from the civil service in 1996, Mr. Barma served as Chairman of the Public Service Commission from August 1996 to April 2005.

Mr. CHENG Hoi Chuen, Vincent *GBS, OBE, JP*, aged 64, was appointed as independent non-executive director and Chairman of the Nomination Committee of the Company in February 2013. He graduated with a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master's degree of Philosophy in Economics from The University of Auckland. Mr. Cheng is an independent non-executive director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, Hui Xian Asset Management Limited (the manager of the publicly listed Hui Xian Real Estate Investment Trust), China Minsheng Banking Corp., Ltd. and Shanghai Industrial Holdings Limited.

Mr. Cheng is the former chairman of The Hongkong and Shanghai Banking Corporation Limited and the former chairman of HSBC Bank (China) Limited.

Mr. Cheng is the Chairman of the University Council of The Chinese University of Hong Kong. He was a member of the Executive Council, the Legislative Council of the Hong Kong Government and Hong Kong Affairs Adviser to the People's Republic of China.

SENIOR MANAGEMENT

Ms. FUNG Ching Man, Janet, aged 50, joined the Group in 2007. She is the Chief Financial Officer and Company Secretary of the Company. Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. CHUNG Siu Wah, Henry, aged 58, is the Group Legal Counsel. He joined the Group in 1993. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant and a Chartered Secretary.

Mr. LEUNG Chun Keung, Andrew, aged 56 joined the Group in 2005. He is the Executive Director of China Investment and is responsible for overseeing the Group's investments in China. Prior to joining the Group, he was an executive director of Sunday Communications Limited. Mr. Leung graduated from The University of Hong Kong with an Honours Bachelor's degree in Laws and a Post Graduate Certificate in Laws and was qualified as a solicitor in New South Wales, Australia, the United Kingdom and Hong Kong.

Mrs. LI Kan Fung Ling, Karen, aged 51, is the Executive Director of Lanson Place, the hospitality management arm of the Group and also the Director of Corporate Development of the Group. Joining the Group in 1994, she has been responsible for the hospitality projects and the branding for the Group. She has over 25 years of international experience in strategic planning and operations with majority relating to luxurious residential and hotel projects. She has previously worked for Wharf Hotels Investment Limited (H.K.) and Hilton Hotels Corporation (Beverly Hills, U.S.A.). She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and a MBA degree in Finance and International Business from George Washington University, Washington, D.C.

Mr. Andreas L HOFER *FHKPU*, aged 73, is the Vice Chairman of Lanson Place, the hospitality management arm of the Group. He joined Lanson Place as Executive Director in 1996 and was part of the founding team. Mr. Hofer has extensive experience in the international hotel industry and was with the Mandarin Oriental Hotel Group for 22 years. He was the General Manager of the group's Flagship Hotel Mandarin Oriental, Hong Kong for many years, his last position with this group was Corporate Vice President South East Asia based in Singapore. Mr. Hofer was also Chairman of the Hong Kong Hotels Association. He joined Wharf Holdings in Hong Kong as President of their Marco Polo International Hotel Division prior to his appointment to a subsidiary of Singapore Land to oversee their hotel investments. Concurrent with his tenure as Vice Chairman of Lanson Place, Mr. Hofer is also the Executive Director of Hyde Park Land & Hospitality Management Ltd, a company registered in British Columbia, Canada.

Mr. Hofer was bestowed with a Fellowship from The Hong Kong Polytechnic University in 2007.

Mr. Marc Rudolf HEDIGER, aged 55, joined the Lanson Place Hospitality Management Limited, the hospitality management arm of the Group, as Chief Executive Officer in 2011.

Mr. Hediger has over 30 years of experience in the hospitality industry covering operations, branding, as well as business & project development. He was with Hyatt International Hotels for 17 years before joining HPL Holdings in Singapore, Movenpick Hotels and Shangri-La Hotels Worldwide at senior level. Prior to joining the Group, Mr. Hediger was Senior Vice President of Product and Development at New World Hospitality. He graduated from Ecole Hoteliere de Lausanne, Switzerland and holds a degree in Hotel Management.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

Details of the Company's principal subsidiaries, the Group's principal jointly controlled entities and associates at 31 December 2012 are set out in notes 42 to 44 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 51.

An interim dividend of HK4.2 cents (2011: HK3.8 cents) per share, amounting to a total of about HK$56 million, was paid to shareholders on 3 October 2012.

The Directors recommend the payment of a final dividend of HK9.3 cents per share for the year ended 31 December 2012 (2011: HK7.7 cents per share) to shareholders whose names appear on the register of members of the Company on 21 May 2013, which together with the interim dividend payment amounts to a total of approximately HK$180.2 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 5 June 2013.

SHARE CAPITAL

Movements in the Company's authorised and issued share capital are set out in note 32 to the financial statements.

RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 57 and those of the Company are set out in note 34 to the financial statements.

INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31 December 2012 on an open market value basis. Movements in the investment properties balance during the year are set out in note 15 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2012 is set out on pages 132 to 133.

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of the Group's other properties, plant and equipment as at 31 December 2012 are set out in note 16 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations totaling HK$0.2 million.

DIRECTORS AND DIRECTORS' SERVICES CONTRACTS

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

Executive Directors:

Cheng Wai Chee, Christopher *GBS OBE JP (Chairman)*
Cheng Wai Sun, Edward *SBS JP (Deputy Chairman and Chief Executive)*
Cheng Man Piu, Francis
Chow Wai Wai, John
Au Hing Lun, Dennis

Non-Executive Directors:

Kwok Ping Luen, Raymond *JP*
Yung Wing Chung *(also an alternate to Kwok Ping Luen, Raymond)*
Hong Pak Cheung, William
Loh Soo Eng *(resigned on 16 August 2012)*
Ng Tak Wai, Frederick
Chen Chou Mei Mei, Vivien *(appointed on 15 September 2012)*

Independent Non-Executive Directors:

Simon Murray *CBE*
Fang Hung, Kenneth *GBS CBE JP*
Yeung Kit Shing, Jackson
Haider Hatam Tyebjee Barma *GBS CBE ISO JP (appointed on 1 September 2012)*
Cheng Hoi Chuen, Vincent *GBS OBE JP (appointed on 1 February 2013)*

In accordance with Bye-law 100(A) of the Company's Bye-laws and Code A.4.2 of Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), Cheng Wai Sun, Edward, Yung Wing Chung, Fang Hung, Kenneth and Hong Pak Cheung, William will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Yung Wing Chung has indicated his intention not to offer himself for re-election.

In accordance with the Bye-law 103(B) of the Company's Bye-laws and Code A.4.2 of the CG Code, Haider Hatam Tyebjee Barma, Chen Chou Mei Mei, Vivien and Cheng Hoi Chuen, Vincent shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PUBLIC FLOAT

As at the latest practical date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2012, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules are as follows:

Interests in the Company

	Number of shares held						
Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives *(Note d)*	Aggregate interests	Approx. percentage of the issued share capital *(Note a)*
Cheng Wai Chee, Christopher	7,450,566	–	–	462,488,185 *(Note b)*	2,211,000	472,149,751	35.44%
Cheng Wai Sun, Edward	7,349,234	–	–	462,488,185 *(Note b)*	2,211,000	472,048,419	35.43%
Cheng Man Piu, Francis	–	–	–	462,488,185 *(Note b)*	–	462,488,185	34.71%
Chow Wai Wai, John	200,002	–	–	–	–	200,002	0.02%
Au Hing Lun, Dennis	2,364,747	–	–	–	959,250	3,323,997	0.25%
Kwok Ping Luen, Raymond	–	–	–	9,224,566 *(Note c)*	–	9,224,566	0.69%
Ng Tak Wai, Frederick	551,557	1,016,000	–	–	40,500	1,608,057	0.12%

Notes:

(a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2012 was 1,332,257,279.

(b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders' Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.

(c) Kwok Ping Luen, Raymond was a beneficiary of a trust the assets of which included interests in 9,224,566 Shares.

(d) These interests represented the interests in underlying shares in respect of the incentive shares granted by the Company to these directors as beneficial owners. Details of which are set out in the section below headed Share Incentive Scheme.

Save as disclosed herein, as at 31 December 2012, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of the Company may, in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Details of the share options granted and summary of the movements of the outstanding share options for the year ended 31 December 2012 under the Share Option Scheme are as follows:

			Number of share options					
Director	Date of grant	Exercise price per ordinary share	As at 1.1.2012	Grant during the year	Exercised during the year	Cancelled/ Lapsed during the year	As at 31.12.2012	Exercisable period
Simon Murray	19.4.2005	HK$1.941	1,094,737	–	1,094,737	–	–	N/A

Details of the Share Option Scheme of the Company are set out in note 33 to the financial statements.

SHARE INCENTIVE SCHEME

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group to subscribe in cash at par value for shares of the Company.

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2012 under the Share Incentive Scheme are as follows:

		Number of incentive shares						
Directors/ Employees	**Date of award**	**As at 1.1.2012**	**Awards made during the year**	**Vested and exercised during the year**	**Cancelled/ lapsed during the year**	**As at 31.12.2012**	**Vesting date of the outstanding awards**	**Exercisable period**
Cheng Wai Chee, Christopher	15.6.2009	852,253	–	852,253	–	–	N/A	N/A
	25.6.2010	266,000	–	266,000	–	–	N/A	N/A
	25.6.2010	532,000	–	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	193,000	–	193,000	–	–	N/A	N/A
	31.3.2011	193,000	–	–	–	193,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	386,000	–	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	–	275,000	–	–	275,000	17.1.2013	17.1.2013 to 24.5.2022
	24.5.2012	–	275,000	–	–	275,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	–	550,000	–	–	550,000	17.1.2015	17.1.2015 to 24.5.2022

Directors/ Employees	Date of award	Number of incentive shares: As at 1.1.2012	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2012	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Sun, Edward	15.6.2009	852,253	–	852,253	–	–	N/A	N/A
	25.6.2010	266,000	–	266,000	–	–	N/A	N/A
	25.6.2010	532,000	–	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	193,000	–	193,000	–	–	N/A	N/A
	31.3.2011	193,000	–	–	–	193,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	386,000	–	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	–	275,000	–	–	275,000	17.1.2013	17.1.2013 to 24.5.2022
	24.5.2012	–	275,000	–	–	275,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	–	550,000	–	–	550,000	17.1.2015	17.1.2015 to 24.5.2022

Directors/ Employees	Date of award	Number of incentive shares As at 1.1.2012	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2012	Vesting date of the outstanding awards	Exercisable period
Au Hing Lun, Dennis	15.6.2009	400,674	–	400,674	–	–	N/A	N/A
	25.6.2010	127,750	–	127,750	–	–	N/A	N/A
	25.6.2010	255,500	–	–	–	255,500	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	81,250	–	81,250	–	–	N/A	N/A
	31.3.2011	81,250	–	–	–	81,250	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	162,500	–	–	–	162,500	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	–	115,000	–	–	115,000	17.1.2013	17.1.2013 to 24.5.2022
	24.5.2012	–	115,000	–	–	115,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	–	230,000	–	–	230,000	17.1.2015	17.1.2015 to 24.5.2022
Ng Tak Wai, Frederick	15.6.2009	38,864	–	38,864	–	–	N/A	N/A
	25.6.2010	9,750	–	9,750	–	–	N/A	N/A
	25.6.2010	19,500	–	–	–	19,500	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	7,000	–	7,000	–	–	N/A	N/A
	31.3.2011	7,000	–	–	–	7,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	14,000	–	–	–	14,000	20.1.2014	20.1.2014 to 31.3.2021

Directors/ Employees	Date of award	Number of incentive shares: As at 1.1.2012	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2012	Vesting date of the outstanding awards	Exercisable period
Employees In aggregate	15.6.2009	1,030,148	–	1,030,148	–	–	N/A	N/A
	25.6.2010	278,500	–	278,500	–	–	N/A	N/A
	25.6.2010	557,000	–	–	–	557,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	203,000	–	203,000	–	–	N/A	N/A
	31.3.2011	203,000	–	–	–	203,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	406,000	–	–	–	406,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	–	270,000	–	–	270,000	17.1.2013	17.1.2013 to 24.5.2022
	24.5.2012	–	270,000	–	–	270,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	–	540,000	–	–	540,000	17.1.2015	17.1.2015 to 24.5.2022
		8,727,192	3,740,000	4,799,442	–	7,667,750		

Note: Subscription price per share is the par value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the right to subscribe for ordinary shares of the Company is exercised.

Details of Share Incentive Scheme of the Company are set out in note 33 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2012, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

	Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
1.	Brave Dragon Limited	Beneficial owner	141,794,482	10.64%
2.	Crossbrook Group Limited	Beneficial owner	270,411,036	20.30%
3.	Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 *(Notes 2(a) & 3)*	34.71%
4.	Deutsche Bank International Trust Co. Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.71%
5.	Deutsche Bank International Trust Co. (Cayman) Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.71%
6.	Wing Tai Corporation Limited	Interest of controlled corporation	180,594,823 *(Note 5)*	13.56%
7.	Renowned Development Limited	Interest of controlled corporation	180,594,823 *(Notes 2(c) & 5)*	13.56%
8.	Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	197,918,780 *(Notes 2(d) & 6)*	14.86%
9.	Sun Hung Kai Properties Limited	Interest of controlled corporation	182,608,533 *(Note 7)*	13.71%

Name of Shareholder		Capacity	Number of Shares interested	Approx. percentage of the issued share capital
10.	HSBC Trustee (C.I.) Limited	Trustee	182,608,533 *(Notes 2(e) & 8)*	13.71%
11.	Gala Land Investment Co Ltd	Beneficial owner	101,579,467	7.62%
12.	Farnham Group Ltd	Interest of controlled corporation	101,579,467 *(Notes 2(f) & 9)*	7.62%
13.	Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 *(Notes 2(f) & 10)*	13.51%
14.	Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 *(Notes 2(f) & 11)*	11.32%

Notes:

1 The total number of issued Shares as at 31 December 2012 was 1,332,257,279.

2 The interests disclosed duplicated in the following manners and to the following extent:

(a) the interests of parties 1 and 2 were included in the interests of party 3.

(b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.

(c) the interests of party 6 duplicated with the interests of party 7 entirely.

(d) the interests of parties 6 and 7 were included in the interests of party 8.

(e) the interests of party 9 duplicated with the interests of party 10 entirely.

(f) the interests of party 11 duplicated with the interests of party 12 entirely and were included in the interests of parties 13 and 14.

3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.

4 Deutsche Bank International Trust Co. Limited (into which Deutsche Bank International Trust Co. (Jersey) Limited was amalgamated) was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.52% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.33% of the issued shares of Wing Tai Holdings Limited.

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 91,663,995 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.

6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

7 Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited ("Wesmore"), Fourseas Investments Limited ("Fourseas"), Junwall Holdings Ltd ("Junwall"), Sunrise Holdings Inc. ("Sunrise") and Country World Ltd. ("Country World"). Wesmore held 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge"). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 4,669,333 and 37,680,000 Shares respectively.

Junwall beneficially owned 100% of the issued share capital of Techglory Limited ("Techglory"). Techglory was the beneficial owner of 192,000 Shares.

Sunrise beneficially owned 100% of the issued share capital of Charmview International Ltd ("Charmview"). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd ("Erax Strong"). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interest of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

8 HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in more than 40% of the issued share capital of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 182,608,533 Shares.

9 Farnham Group Ltd ("Farnham") beneficially owned 100% of the issued share capital of Gala Land Investment Co Ltd ("Gala Land"), therefore, Farnham was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of its corporate interest therein.

10 Chow Chung Kai and his wife, Chow Yu Yue Chen, held 48,532,744 and 700,566 Shares respectively.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 29,212,047 Shares.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Chung Kai was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of his corporate interest therein.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 50% of the issued share capital of Farnham.

11 Chow Yu Yue Chen and her husband, Chow Chung Kai, held 700,566 and 48,532,744 Shares respectively.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Yu Yue Chen was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of Chow Chung Kai's corporate interest therein.

Save as disclosed above, as at 31 December 2012, the Company had not been notified of any interests or short positions held by any substantial shareholder in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF ANY OTHER PERSONS

As at 31 December 2012, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

On 21 November 2011, a contract entered into between Gieves Limited ("Gieves"), an indirect subsidiary of the Company, and Wensum Tailoring Limited ("Wensum") under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ended on 31 December 2014. Gieves ceased to be a subsidiary of the Company with effect from 3 May 2012. Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of Wensum.

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Berhad ("WTMB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments. Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of WTMB and the JV Company.

On 8 January 2009, four operating agreements ("2009 Operating Agreements") and four licence agreements ("2009 Licence Agreements") entered into between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia"), Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore"), Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda"), all wholly-owned subsidiaries of the Company, and Winshine Investment Pte Ltd ("Winshine"), Seniharta Sdn Bhd ("Seniharta") and the JV Company (collectively the "WT Associates") for a term of 10 years.

Under the 2009 Operating Agreements, LP Singapore has agreed to provide serviced apartment management services to Winshine, LP Malaysia has agreed to provide hotel apartment management services and serviced apartment management consulting services to Seniharta (the agreement for serviced apartment management consulting services was assigned by Seniharta to DNP Jaya Sdn. Bhd. ("DNP") subsequently) whereas LP Malaysia has agreed to provide serviced apartment management consulting services to the JV Company.

Under the 2009 Licence Agreements and the subsequent assignment of its rights by Seniharta to DNP, LP Bermuda has agreed to grant to the WT Associates and DNP the rights to use certain trademarks and tradenames in relation to certain serviced apartment blocks located in Singapore or Malaysia.

Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of the WT Associates and DNP.

Save as disclosed above, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of Directors of the Company in competing business required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of the Group One Companies.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of the Group Two Company.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Inc. (the "Group Three Companies").

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China, Cambodia and Mauritius which may be regarded as competitive to the Group's apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia which might be regarded as competitive to the Group's apparel business.

The Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Group is capable of carrying on its business independently of, and at arm's length from the aforesaid garment businesses.

Kwok Ping Luen, Raymond is a director of SHKP. Businesses of SHKP consist of development of and investment in properties for sale and rent, and hotel operation. Also, Mr. Kwok is a beneficiary of certain discretionary trusts which maintain certain interests in businesses consisting of property development and investment, and hospitality investment and management. Only in this respect he is regarded to be interested in the relevant competing business with the Group.

Kwok Ping Luen, Raymond is a director and Yung Wing Chung is an alternate director to Kwok Ping Luen, Raymond of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property holdings and development. Only in these respects they are regarded to be interested in the relevant competing business with the Group.

Other than the certain interests in businesses maintained by the discretionary trusts, the aforesaid competing businesses, in which Kwok Ping Luen, Raymond and Yung Wing Chung, are regarded to be interested, are managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its independent non-executive directors and the Audit Committee, the Group is capable of carrying on its business independently of, and at arm's length from the said competing businesses.

CONNECTED TRANSACTIONS

Set out below is information in relation to connected transactions which were disclosed in the Company's announcements and are required under Chapter 14A of the Listing Rules to be included in this annual report:

1. Connected Transactions

(i) On 18 June 2012, Future Best Developments Limited (the "Remaining Holdco"), Parex International Limited ("Parex") and Winsor Properties Financial Services Limited ("WPFSL")(now known as WK Property Financial Limited), entered into an agreement for the sale and purchase of the shares in WPFSL held by Parex (the "WPFSL Shares Sale Agreement"). As at the date of the WPFSL Shares Sale Agreement, both the Remaining Holdco and WPFSL were subsidiaries of the Company and the shares in WPFSL held by Parex (the "Sale Shares") represented approximately 4.76% of the issued share capital of WPFSL. Pursuant to the WPFSL Shares Sale Agreement, Parex sold, and the Remaining Holdco purchased, the Sale Shares for a total consideration equal to 1/21 of the consolidated net asset value of WPFSL and its subsidiary on the completion date of the WPFSL Shares Sale Agreement (equal to approximately HK$14.3 million) after (i) the repayment of all of the outstanding shareholders' loans owed to Parex; and (ii) the declaration and payment of all of the distributable reserves of WPFSL (after the declaration of payment of all or substantially all of the distributable reserves of Chericourt Company Limited, a wholly-owned subsidiary of WPFSL as dividends to WPFSL) as dividends to the shareholders of WPFSL, such consolidated net asset value to be derived from the pro-forma consolidated accounts of WPFSL and its subsidiary as of the completion date of the WPFSL Shares Sale Agreement subject to possible subsequent adjustment.

Parex is a company wholly-owned by Cheng Wai Chee, Christopher, Cheng Wai Keung and Cheng Wai Wing, Edmund. As Cheng Wai Chee, Christopher is a director of the Company and Cheng Wai Keung and Cheng Wai Wing, Edmund are brothers of Cheng Wai Chee, Christopher, Parex is an associate of a director of the Company and thus a connected person of the Company. The acquisition of the Sale Shares by the Remaining Holdco under the WPFSL Shares Sale Agreement therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules as set out in the Company's announcements dated 14 May 2012 and 19 June 2012.

(ii) On 23 July 2012, Standard Chartered Bank (Hong Kong) Limited made, on behalf of Wing Tai Properties Investment Limited ("WTPIL") (a wholly-owned subsidiary of the Company), a voluntary unconditional cash offer ("Privateco Offer") for all shares in Cherrytime Investments Limited ("Privateco Shares") not already owned or agreed to be acquired by WTPIL or the Company, including the Privateco Shares held by Chow Wai Wai, John, Kwok Ping Luen, Raymond, Chen Chou Mei Mei, Vivien and Cheng Chan Sau Ching, Ivy who held 2,713,000 Privateco Shares, 500 Privateco Shares, 70,000 Privateco Shares and 27,000 Privateco Shares, respectively. The consideration for each Privateco Share under the Privateco Offer is HK$27.60.

As set out in the Company's announcements dated 14 May 2012 and 10 August 2012, the acquisition of Privateco Shares by WTPIL from each of Chow Wai Wai, John, Kwok Ping Luen, Raymond, Chen Chou Mei Mei, Vivien and Cheng Chan Sau Ching, Ivy pursuant to the Privateco Offer constituted connected transaction for the Company under Chapter 14A of the Listing Rules in the light of the fact that, as of the material times (i) each of Chow Wai Wai, John and Kwok Ping Luen, Raymond was a director and hence a connected person of the Company; (ii) Chen Chou Mei Mei, Vivien was a director of a subsidiary company of the Company during the 12-month period preceding the date of the acquisition of Privateco Shares by WTPIL from her and hence a connected person of the Company; and (iii) Cheng Chan Sau Ching, Ivy was the wife of Cheng Wai Chee, Christopher (a director of the Company) and hence a connected person of the Company.

2. Continuing Connected Transactions

(i) On 21 November 2011, an agreement was entered into between the Company's then indirect wholly-owned subsidiary, Gieves Limited ("Gieves") and Wensum Tailoring Limited ("Wensum") (the "2011 Agreement") to set out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ended on 31 December 2014. Gieves ceased to be a subsidiary of the Company with effect from 3 May 2012.

As Wensum is a wholly-owned subsidiary of Wing Tai Corporation Limited ("WTC") which is a substantial shareholder of the Company, each of Wensum and WTC is a connected person of the Company and the transactions between Gieves and Wensum constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules until 3 May 2012. Details of such transactions are stated in the announcement dated 21 November 2011 of the Company.

Purchases made by Gieves from Wensum for the period ended 3 May 2012 amounted to GBP699,000, which is within the annual cap for the year ended 31 December 2012 of GBP4,100,000 as set out in the Company's announcement dated 21 November 2011.

(ii) The following agreements (the "2009 Operating Agreements") were entered into on 8 January 2009:–

(a) an agreement between Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore") with Winshine Investment Pte Ltd ("Winshine") whereby LP Singapore has agreed to provide serviced apartment management services to Winshine;

(b) an agreement between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia") with Seniharta Sdn Bhd ("Seniharta") whereby LP Malaysia has agreed to provide hotel apartment management services;

(c) an agreement between LP Malaysia with Seniharta whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Seniharta (such agreement was assigned by Seniharta (in exercise its right thereunder) to DNP Jaya Sdn. Bhd. ("DNP") subsequently); and

(d) an agreement between LP Malaysia with Kualiti Gold Sdn Bhd ("Kualiti Gold") whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Kualiti Gold.

The following agreements (the "2009 Licence Agreements") were entered into on 8 January 2009:–

(a) an agreement between Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda") with Winshine whereby LP Bermuda has agreed to grant to Winshine the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Singapore;

(b) an agreement between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant to Seniharta the rights to use certain trademarks and tradenames in relation to a hotel apartment block located in Malaysia;

(c) an agreement between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant Seniharta the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia (such agreement was assigned by Seniharta (in exercise of its right thereunder) to DNP subsequently); and

(d) an agreement between LP Bermuda with Kualiti Gold whereby LP Bermuda has agreed to grant to Kualiti Gold the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia.

Each of the 2009 Operating Agreements and the 2009 Licence Agreements is for a term of 10 years.

Each of LP Singapore, LP Malaysia and LP Bermuda (collectively the "LP Group Companies") is a wholly-owned subsidiary of the Company.

Each of Winshine, Seniharta, DNP and Kualiti Gold (collectively the "WT Associates") is an associate (as defined in the Listing Rules) of Wing Tai Holdings Limited ("WTHL").

As WTHL is a substantial and controlling shareholder of the Company, each of the WT Associates is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions with the WT Associates contemplated under the 2009 Operating Agreements and the 2009 Licence Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The total fees of HK$4.4 million received by the LP Group Companies under the 2009 Operating Agreements and the 2009 Licence Agreements for the year ended 31 December 2012 is within the annual cap of HK$12.8 million for 2012 as set out in the Company's announcement dated 8 January 2009.

(iii) On 20 April 2011, Begin Land Limited ("Begin Land"), a subsidiary of the Company, accepted the offer made by WTC in relation to the leasing of the whole of the 15th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a fixed term of three years commencing from 16 May 2011 and ending on 15 May 2014 (both days inclusive) (the "Offer").

As WTC is a substantial shareholder of the Company and hence a connected person of the Company, the transactions contemplated under the Offer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The consideration received by Begin Land from WTC under the Offer for the year ended 31 December 2012 totaled HK$3,582,000 which is within the 2012 annual cap of HK$4,600,000 as set out in the Company's announcement dated 20 April 2011.

3. Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2012 have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms;

(c) 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; and

(d) have not exceeded the relevant maximum amount capped in accordance to the annual caps as set out in the relevant announcements.

The Company's auditor was engaged 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 his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 31 to 33 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As at 31 December 2012, the aggregate amounts due from and all guarantees given by the Group on behalf of the affiliated companies of Nan Fung Group Holdings Limited (formerly Chen's Holdings Limited) (the "Relevant Companies") exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the amounts for the Relevant Companies as at 31 December 2012 are as follows:

Name of the Relevant Company	Group's % of attributable equity interest therein	Amount of guarantee for loan facilities given on its behalf by the Company as at 31 December 2012 *(Note 1)*	Amount due from it to the Group as at 31 December 2012 *(Note 2)*	Total	Final maturity date of the loan facilities
		HK$'M	HK$'M	HK$'M	
Century Rise Limited	15%	–	484.1	484.1	–
Pacific Bond Limited	15%	–	553.3	553.3	–
Providence Bay Finance Company Limited	15%	–	6.8	6.8	–
Brave Sky Investments Limited	50%	756.3	393.6	1,149.9	the earlier of (a) 2 April 2016 or (b) the date falling 9 months after the issuance of the Certificate of Compliance by the Directors of Lands (or, if earlier, the issuance of the Consent to Assign)
Property Sky Limited	50%	–	299.6	299.6	–
Total				2,493.7	

Notes:

1. All the loan facilities are secured by (among others) guarantees by the Company, Nan Fung Group Holdings Limited (formerly Chen's Holdings Limited) and its subsidiaries and associated companies and other joint venture partners on a several and proportional basis. All loan facilities carry interest at normal commercial rate agreed after arm's length negotiations with the lenders concerned.

2. The amounts due from the Relevant Companies are all (i) unsecured, (ii) carrying interest at rates agreed from time to time by the joint venture partners concerned and (iii) without fixed repayment dates.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2012, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK$4,658.3 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2012 are presented below:

	Pro-forma combined balance sheet	**Group's attributable interest**
	HK$'M	HK$'M
Non-current assets	3,491.1	1,267.6
Current assets	20,759.2	4,552.3
Current liabilities	(5,034.0)	(1,358.3)
Non-current liabilities	(1,770.6)	(721.1)
Amounts and loans due from shareholders	26.0	12.7
Amounts and loans due to shareholders	(14,222.1)	(3,093.5)
Net assets	3,249.6	659.7

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 135 of this annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 22 March 2013

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Stock Exchange of Hong Kong Limited announced certain amendments to Appendix 14 ("Code on Corporate Governance Practices") to the Listing Rules and Appendix 23 ("Corporate Governance Report") to the Listing Rules (the "Amendments") and the merge of these 2 appendices to form the new Appendix 14 ("Corporate Governance Code and Corporate Governance Report"). The Amendments took effect from 1 April 2012.

In this Corporate Governance Report, the provisions contained in Appendix 14 to the Listing Rules pre the Amendments are referred to as "the Pre-Amendment CG Code" whereas the provisions contained in Appendix 14 to the Listing Rules post the Amendments are referred to as "the Post-Amendment CG Code".

CORPORATE GOVERNANCE PRACTICES

The Company met the code provisions of the Pre-Amendment CG Code during the period from 1 January 2012 to 31 March 2012, except that the non-executive directors (including independent non-executive directors) of the Company were not appointed for specific terms in accordance with code provision A.4.1 of the Pre-Amendment CG Code. A formal letter of appointment with effect from 1 April 2012 was signed by each of the non-executive directors of the Company. Under such letter of appointment, each non-executive director of the Company is appointed for a fixed term. As all directors of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-Laws of the Company or the internal policy of the Company, all directors of the Company will retire at least once every three years.

The Company met the code provisions of the Post-Amendment CG Code during the period from 1 April 2012 to 31 December 2012, except that the Company did not establish a nomination committee pursuant to code provisions A.5.1 to A.5.4 of the Post-Amendment CG Code until 1 February 2013. Prior to the nomination committee was established, the board of directors of the Company (the "Board") was responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that the Board had a balanced composition of skills and experience appropriate for the requirement of the business of the Company. Two non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 18 May 2012 pursuant to code provision of A.6.7 of the Post-Amendment CG Code due to other engagements. One executive director, two non-executive directors and one independent non-executive director of the Company were not able to attend the special general meeting of the Company held on 9 July 2012 pursuant to code provision of A.6.7 of the Post-Amendment CG Code due to other engagements.

Save as disclosed herein, the Company applied the principles, and complied with all code provisions contained, in the Pre-Amendment CG Code and the Post-Amendment CG Code during the period from 1 January 2012 to 31 March 2012 and the period from 1 April 2012 to 31 December 2012 respectively.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2012, and received confirmations from all the directors that they had fully complied with the required standard set out in the Model Code throughout the year.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive directors (i.e. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Au Hing Lun, Dennis), five non-executive directors (i.e. Kwok Ping Luen, Raymond, Yung Wing Chung (also an alternate to Kwok Ping Luen, Raymond) Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien) and five independent non-executive directors (i.e. Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent). Biographies of all the directors are set out on pages 13 to 15 of this annual report.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are brothers. Chow Wai Wai, John is the cousin of Chen Chou Mei Mei, Vivien. Save as disclosed above, there are no family or other material relationships among members of the Board.

The Company has arranged Directors' and Officers' liability Insurance for the directors and officers of the Company.

Chairman and Chief Executive

Cheng Wai Chee, Christopher is the Chairman of the Board and Cheng Wai Sun, Edward is the Deputy Chairman and Chief Executive of the Group. While the Chairman of the Board is responsible for providing leadership for the Board, ensuring that all directors are properly briefed on issues arising at board meetings and receive complete, reliable and timely information, the Chief Executive is responsible for the day-to-day management of the Group's business.

Retirement by Rotation and Specific Term of Office

The non-executive directors (including independent non-executive directors) were not appointed for specific terms before 31 March 2012, but all directors of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws of the Company or the internal policy adopted by the Company. A formal letter of appointment with effect from 1 April 2012 was signed by each non-executive director. Under such letter of appointment, each non-executive director is appointed for a fixed term of three years.

Independent Non-Executive Directors

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in the annual report, they did not have any business or financial interest with the Company and its subsidiaries (the “Group”) and were independent as at 31 December 2012 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

Functions and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Group in a responsible and effective manner. Directors of the Company are collectively and individually responsible to the shareholders for the manner in which the affairs of the Group are managed and for promoting the success of the Group by directing and supervising its affairs.

On 12 July 2005, the Company formalised in writing the functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management as follows:

(i) the Board shall approve the yearly budgets of the Company and its subsidiaries;

(ii) the Board shall monitor the operating and financial performance of the Group;

(iii) the Board shall oversee the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance;

(iv) the Board shall assume responsibility for corporate governance; and

(v) the day-to-day operations of the Group is delegated to the management led by the Chief Executive.

Six board meetings had been held during the year. The attendance record of each member at the board and general meetings is set out in the table under the section headed “Attendance at Meetings” of this report.

Directors’ Induction and Continuous Professional Development

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

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

CORPORATE GOVERNANCE REPORT

During the year under review, all directors of the Company, namely Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Au Hing Lun, Dennis, Kwok Ping Luen, Raymond, Yung Wing Chung, Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien, Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Loh Soo Eng (resigned on 16 August 2012) were provided with written materials to develop and refresh their professional skills and the latest development of applicable laws, rules and regulations for the directors to assist them in discharging their duties as well as monthly commentary on the Group's business, operations and financial matters.

Cheng Wai Sun, Edward, Kwok Ping Luen, Raymond, Chen Chou Mei Mei, Vivien, and Simon Murray also attended seminars/briefings during the year.

All directors had provided the Company Secretary with their training records for the year under review.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) To develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) To review and monitor the training and continuous professional development of directors and senior management;

(iii) To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

(iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) To review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

During the year under review, the Board approved the terms of reference of corporate governance functions; the revised terms of reference of the Audit Committee and the Remuneration Committee; the corporate governance policy; the shareholders' communication policy and the whistleblowing policy.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 12 July 2005. The Remuneration Committee's terms of reference specify that the committee must comprise at least three members and the majority of whom are independent non-executive directors. The terms of reference are available on the Company's website.

During the year and up to the date of this report, the members of the Remuneration Committee are:

Simon Murray	*(Committee Chairman since 1 April 2012)*
Cheng Wai Chee, Christopher	*(Committee Chairman during 1 January to 31 March 2012)*
Cheng Wai Sun, Edward	
Fang Hung, Kenneth	
Yeung Kit Shing, Jackson	

The duties and functions of the Remuneration Committee mainly are:

(i) recommendation of remuneration policy and structure for directors and senior management;

(ii) determination of remuneration packages of executive directors and senior management;

(iii) review and approval of performance-based remuneration for executive directors and senior management; and

(iv) recommendation of remuneration packages for non-executive directors.

Remuneration Committee met once in 2012. The attendance record of each member at the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Remuneration Committee during 2012:

(a) determination of remuneration package of certain executive directors and senior management for the year ended 31 December 2012;

(b) review and approval of the proposal of directors' fees for the year ended 31 December 2012, with a recommendation to the shareholders for approval; and

(c) review of the revised terms of reference of the Remuneration Committee, with recommendations to the Board for approval.

Remuneration Policy for Executive Directors and Senior Management

The principal elements of the executive directors' and senior management's remuneration packages include basic salaries and discretionary bonus which includes both cash and incentive shares. The remuneration packages of the executive directors and senior management will be proposed jointly by the Chairman and the Chief Executive of the Group annually for the review and approval by the Remuneration Committee based on the following factors:

(i) the executive director's and senior management's responsibilities;

(ii) the executive director's and senior management's individual performance;

(iii) performance of the business unit(s) headed by the executive director or senior management; and

(iv) performance of the Group as a whole.

Remuneration Policy for Non-Executive Directors

The non-executive directors' remuneration, comprising directors' fee, is subject to assessment on a regular basis and recommended by the Remuneration Committee for shareholders' approval at the annual general meetings.

DIRECTORS' REMUNERATION

The directors' remuneration is set out in note 9 to the financial statements on pages 91 to 93 of this annual report.

SENIOR MANAGEMENT'S REMUNERATION

The emoluments of the senior management whose profiles are included in Senior Management Profile section of this annual report fell within the following bands:

	Number of individuals 2012
Emoluments bands	
Below HK$2,000,000	1
HK$2,000,001 – HK$3,000,000	2
HK$3,000,001 – HK$4,000,000	1
HK$4,000,001 – HK$5,000,000	2
	6

NOMINATION COMMITTEE

The Nomination Committee was formed on 1 February 2013. The terms of reference of the Nomination Committee are published on the Company's website which specify that the committee must consist of not less than three members and the majority of them shall be independent non-executive directors. From the formation date and up to the date of this report, the members of the Nomination Committee are:

Cheng Hoi Chuen, Vincent *(Committee Chiarman)*
Cheng Wai Chee, Christopher
Cheng Wai Sun, Edward
Yeung Kit Shing, Jackson
Haider Hatam Tyebjee Barma

The duties and functions of the Nomination Committee mainly are:

(i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the corporate strategy of the Company;

(ii) identify individuals suitably qualified to become board members for the Board's consideration;

(iii) assess the independence of independent non-executive directors; and

(iv) make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executive.

Prior to the formation of the Nomination Committee, the Board reviewed its structure and composition on a regular basis to ensure that members of the Board had the expertise and independence to carry out the Board's functions and responsibilities. Pursuant to the Bye-laws of the Company, any director newly appointed by the Board during the year shall hold office until the next annual general meeting and shall then be eligible for re-election at that annual general meeting.

AUDIT COMMITTEE

The Audit Committee was formed on 9 March 1999. The terms of reference of the Audit Committee are published on the Company's website which specify that the committee must comprise of at least three members and the majority of whom are independent non-executive directors. During the year and up to the date of this report, the members of the Audit Committee are:

Yeung Kit Shing, Jackson *(Committee Chairman)*
Fang Hung, Kenneth
Yung Wing Chung
Hong Pak Cheung, William *(alternate to Yung Wing Chung)*

The primary duties of the Audit Committee include, inter alia, the following:

(i) making recommendation to the Board on the appointment, reappointment and removal of the external auditors, approval of their fees, and assessment of their independence;

(ii) discussion of issues arising from the audits and any matters raised by the external auditors;

(iii) review of the interim and annual financial statements before submission to the Board; and

(iv) review of the Company's financial controls, internal control and risk management systems of the Group.

The Audit Committee met three times in 2012. The attendance record of each member at the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Audit Committee during 2012:

(a) review of the external auditor's audit plan for the year ended 31 December 2012;

(b) review of the 2013 internal audit plan;

(c) review of the 2012 work progress report and the works performed by internal audit in 2012;

(d) review of the annual report and results announcement for the year ended 31 December 2011, with a recommendation to the Board for approval;

(e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2011;

(f) review of the interim report and interim results announcement for the six months ended 30 June 2012, with a recommendation to the Board for approval;

(g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2012;

(h) approval of the 2013 annual budget for audit and non-audit services;

(i) meeting with external auditors without executive board members present;

(j) review of the whistleblowing policy, with a recommendation to the Board for approval; and

(k) review of the revised terms of reference of the Audit Committee, with a recommendation to the Board for approval.

INTERNAL CONTROLS

The Board has the overall responsibility for the operations of the Group's internal control system and review of its effectiveness under the governance of the Audit Committee. In this respect, procedures have been established to safeguard the Group's assets against any possible unauthorised use or disposition with the task to ensure the proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication as well as their respective compliance with laws, rules and regulations. The system is established to manage and minimise, rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against misstatements or losses.

The Board assesses the effectiveness of the overall internal control system regularly in considering reviews performed by the Audit Committee, executive management as well as both internal and external auditors with the understanding that such system is an ongoing process to identify, evaluate and manage significant risks faced by the Group. The Group's internal control system has been in place and was functioning effectively for the year under review.

The Group's internal audit department reports to the Audit Committee on a regular basis. The Audit Committee endorses the annual internal audit plan that is practically linked to the Group's areas of focuses. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations, which are reviewed on an annual basis.

The work carried out by the Group's internal audit department focusing on the internal control are carried out appropriately and functioning as intended. The scope of the work performed covers all material controls including financial, operational and compliance controls as well as risk management policies and procedures. Major operational, financial and risk management controls of the Group are continuously reviewed and aim to cover all major business units and operations of the Group on a rotational basis. Audit findings and recommendations are presented at the Audit Committee meetings. The implementation of agreed recommendation(s) is to be followed up on a quarterly basis.

For the financial year ended 31 December 2012, the Board through the Audit Committee had conducted a review of the effectiveness of the Group's internal control system as reported by the Group's internal audit department.

Whistleblowing Policy

A Whistleblowing Policy was formulated on 28 March 2012 to encourage employees to raise concerns in confidence about misconducts, malpractice or impropriety relating to the Group.

The purpose of formulating this policy is to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. In accordance with this policy employees are provided with reporting channels and guidance on whistleblowing.

ATTENDANCE AT MEETINGS

The attendance record of individual members at the Board and Committees meetings and general meetings in 2012 are detailed in the following table:

	Meetings attended/Eligible to attend			
	General Meeting	Board	Remuneration Committee	Audit Committee
Executive directors				
Cheng Wai Chee, Christopher	2/2	6/6	1/1	N/A
Cheng Wai Sun, Edward	2/2	6/6	1/1	N/A
Cheng Man Piu, Francis	2/2	5/6	N/A	N/A
Chow Wai Wai, John	2/2	6/6	N/A	N/A
Au Hing Lun, Dennis	1/2	6/6	N/A	N/A
Non-executive directors				
Kwok Ping Luen, Raymond *(with Yung Wing Chung as alternate)*	0/2	1/6	N/A	N/A
Yung Wing Chung	2/2	6/6	N/A	3/3
Hong Pak Cheung, William	2/2	6/6	N/A	N/A
Ng Tak Wai, Frederick	2/2	6/6	N/A	N/A
Chen Chou Mei Mei, Vivien (appointed on 15 September 2012)	N/A	0/1	N/A	N/A
Loh Soo Eng (resigned on 16 August 2012)	0/2	5/5	N/A	N/A
Independent non-executive directors				
Simon Murray	1/2	3/6	1/1	N/A
Fang Hung, Kenneth	2/2	6/6	1/1	3/3
Yeung Kit Shing, Jackson	2/2	6/6	1/1	3/3
Haider Hatam Tyebjee Barma (appointed on 1 September 2012)	N/A	1/1	N/A	N/A

AUDITORS' REMUNERATION

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2012 are HK$5,847,000 (2011: HK$6,703,000) and HK$3,858,000 (2011: HK$583,000) respectively.

The remuneration in respect of significant non-audit services in 2012 includes the following:

Nature of services	Fee paid HK$
Tax services	478,000
Special projects	3,380,000
Total	3,858,000

COMPANY SECRETARY

The Company Secretary, Ms. Janet Fung, is responsible for facilitating the Board process, as well as communications among Board members, communications with shareholders and management. During the year, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

FINANCIAL REPORTING

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies have been selected and applied consistently. The statement of the auditor of the Group relating to their reporting and responsibilities on the financial statements of the Group and the Company is set in the Independent Auditor's Report on page 50 of this annual report.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2012. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company and the Stock Exchange.

CORPORATE COMMUNICATION

On 28 March 2012, the Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communications with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. This policy will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The annual general meeting provides a forum for Shareholders to exchange views with the Board. The Chairman of the Board, Chairman of Audit Committee and Chairman of the Remuneration Committee will be available to answer Shareholders' questions at the meeting.

An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the annual general meeting, to ensure that Shareholders attending such meeting are familiar with such procedures.

All the publications of the Company, including annual reports, interim reports, circulars, notices of general meetings, results of the poll of general meetings are available on the Stock Exchange's website at www.hkexnews.hk.

The Company's website at www.wingtaiproperties.com offers timely access to investors regarding the Company's financial, corporate and other information.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to the Company's bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), registered Shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "SGM Requisitionists") can deposit a written request to convene a SGM at the registered office of the Company (the "Registered Office"), which is presently situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The SGM Requisitionists must state in their request(s) the objects of the SGM and such request(s) must be signed by all the SGM Requisitionists and may consist of several documents in like form, each signed by one or more of the SGM Requisitionists.

The Share Registrars will verify the SGM Requisitionists' particulars in the SGM Requisitionists' request. Promptly after confirmation from the Share Registrars that the SGM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene a SGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the SGM Requisitionists' request is verified not in order, the SGM Requisitionists will be advised of the outcome and a SGM will not be convened as requested.

The SGM Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM if within twenty-one (21) days of the deposit of the SGM Requisitionists' request, the Board does not proceed duly to convene a SGM provided that any SGM so convened is held within three (3) months from the date of the original SGM Requisitionists' request. A SGM so convened by the SGM Requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

Pursuant to the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the Requisitionists may consist of several documents in like form, each signed by one or more of the Requisitionists; and it must be deposited at the Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Procedures for Shareholders to Propose a Person for Election as a Director

The procedures for proposing a person for election as a director are at the Company's website at www.wingtaiproperties.com under the Corporate Governance Section.

Procedures for Directing Shareholders' Enquiries to the Board

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

27th Floor, AIA Kowloon Tower,
Landmark East, 100 How Ming Street,
Kwun Tong, Kowloon, Hong Kong
Fax: (852) 2801 4302

Shareholders may also make enquiries with the Board at the general meetings of the Company.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF WING TAI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 131, which comprise the consolidated and company balance sheets as at 31 December 2012, and 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2013

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	2012 HK$'M	2011 HK$'M (re-presented)
Continuing operations			
Revenue	5	2,961.5	2,513.5
Cost of sales		(1,704.4)	(1,358.1)
Gross profit		1,257.1	1,155.4
Other gains, net	7	130.9	53.3
Selling and distribution costs		(151.2)	(109.3)
Administrative expenses		(291.5)	(265.7)
Change in fair value of investment properties		3,653.4	2,107.8
Gain on disposal of subsidiaries	39(b)	237.4	–
Profit from operations	8	4,836.1	2,941.5
Finance costs	10	(99.0)	(92.1)
Finance income	10	8.4	7.1
Share of results of associates	18(a)	62.2	57.6
Profit before taxation from continuing operations		4,807.7	2,914.1
Taxation	11	(273.6)	(134.1)
Profit for the year from continuing operations		4,534.1	2,780.0
Discontinued operations			
Loss for the year from discontinued operations		(22.3)	(44.1)
Gain on disposal of subsidiaries		275.6	–
	39(a)	253.3	(44.1)
Profit for the year		4,787.4	2,735.9
Attributable to:			
Equity holders of the Company			
– From continuing operations		4,477.0	2,257.0
– From discontinued operations		253.3	(44.1)
		4,730.3	2,212.9
Non-controlling interests			
– From continuing operations		57.1	523.0
		4,787.4	2,735.9

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	2012	2011 (re-presented)
Earnings/(loss) per share for profit attributable to equity holders of the Company (expressed in HK dollar per share)	12		
Basic earnings/(loss) per share			
– From continuing operations		HK$3.36	HK$1.70
– From discontinued operations		HK$0.19	(HK$0.03)
		HK$3.55	HK$1.67
Diluted earnings/(loss) per share			
– From continuing operations		HK$3.35	HK$1.69
– From discontinued operations		HK$0.19	(HK$0.03)
		HK$3.54	HK$1.66
Dividends (expressed in HK$'M)	13	180.2	153.0

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 HK$'M	2011 HK$'M
Profit for the year		4,787.4	2,735.9
Other comprehensive income			
Exchange differences on translation of foreign operations		25.5	4.2
Exchange differences realised upon disposal of subsidiaries	39(a)	(3.8)	–
Exchange differences released upon repayment of loans from an associate		–	(44.1)
Net fair value gain/(loss) arising from revaluation of available-for-sale financial assets		242.4	(128.1)
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset		(22.0)	–
Impairment on available-for-sale financial assets charged to the consolidated income statement		–	11.1
Investment revaluation reserve realised upon disposal of available-for-sale financial assets		(79.4)	–
Net (loss)/gain on cash flow hedge			
– Fair value losses		(55.6)	(41.2)
– Realised upon settlement		46.8	44.1
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties		26.6	–
Other comprehensive income for the year, net of tax		180.5	(154.0)
Total comprehensive income for the year		4,967.9	2,581.9
Attributable to:			
Equity holders of the Company		4,889.3	2,092.0
Non-controlling interests		78.6	489.9
Total comprehensive income for the year		4,967.9	2,581.9
Total comprehensive income attributable to equity holders of the Company:			
– From continuing operations		4,638.6	2,135.7
– From discontinued operations		250.7	(43.7)
		4,889.3	2,092.0

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2012

	Note	2012 HK$'M	2011 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Land use rights	14	3.2	3.2
Investment properties	15	17,046.3	13,894.0
Other properties, plant and equipment	16	100.2	180.9
Investments in associates	18(a)	281.3	469.5
Loans to associates	18(a)	31.2	47.8
Deposits and loan receivables	19	209.0	306.1
Other financial assets	20	505.7	423.5
Deferred tax assets	30	13.5	9.4
Derivative financial instruments	24	0.2	0.2
		18,190.6	15,334.6
Current assets			
Inventories	21	16.8	68.8
Properties for sale	22	4,608.6	4,227.9
Deposits and loan receivables	19	0.6	175.0
Trade and other receivables, deposits and prepayments	23	758.5	874.0
Other financial assets	20	57.0	29.2
Sales proceeds held in stakeholders' accounts	25	456.8	146.4
Tax recoverable		0.7	0.8
Pledged and restricted bank deposits	26	11.4	3.5
Bank balances and cash	27	1,260.9	976.6
		7,171.3	6,502.2
Current liabilities			
Trade and other payables and accruals	28	1,242.4	908.2
Derivative financial instruments	24	52.4	45.8
Tax payable		156.0	90.7
Bank and other borrowings	29	1,584.8	1,704.6
		3,035.6	2,749.3
Net current assets		4,135.7	3,752.9
Total assets less current liabilities		22,326.3	19,087.5

	Note	2012 HK$'M	2011 HK$'M
Non-current liabilities			
Bank and other borrowings	29	3,510.7	3,484.1
Other long-term liability	31	74.2	–
Derivative financial instruments	24	70.2	67.2
Deferred tax liabilities	30	295.8	153.5
		3,950.9	3,704.8
NET ASSETS		18,375.4	15,382.7
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	32	666.1	663.2
Reserves	34(a)	17,707.3	12,284.5
		18,373.4	12,947.7
Non-controlling interests		2.0	2,435.0
TOTAL EQUITY		18,375.4	15,382.7

The financial statements on pages 51 to 131 were approved and authorised for issue by the Board of Directors on 22 March 2013 and are signed on its behalf by:

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

BALANCE SHEET

At 31 December 2012

	Note	2012 HK$'M	2011 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	7,248.0	3,249.0
Current assets			
Amounts due from subsidiaries	17	–	1,200.1
Deposits and loan receivables	19	–	175.0
Other receivables and prepayments		0.6	0.6
Bank balances and cash	27	1.2	0.2
		1.8	1,375.9
Current liabilities			
Other payables	17(a)	4.5	177.2
Amounts due to subsidiaries	17	–	0.2
		4.5	177.4
Net current (liabilities)/assets		(2.7)	1,198.5
Total assets less current liabilities		7,245.3	4,447.5
NET ASSETS		7,245.3	4,447.5
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	32	666.1	663.2
Reserves	34(b)	6,579.2	3,784.3
TOTAL EQUITY		7,245.3	4,447.5

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non–controlling interests HK$'M	Total equity HK$'M
At 1 January 2012	663.2	3,255.8	(90.4)	104.6	12.9	30.4	42.7	161.0	8,767.5	12,947.7	2,435.0	15,382.7
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	4,730.3	4,730.3	57.1	4,787.4
Other comprehensive income												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	24.1	–	–	24.1	1.4	25.5
Exchange differences released upon disposal of subsidiaries (Note 39(a))	–	–	–	–	–	–	(3.8)	–	–	(3.8)	–	(3.8)
Net fair value gain arising from revaluation of available-for-sale financial assets	–	–	–	220.3	–	–	–	–	–	220.3	22.1	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	–	–	–	(17.4)	–	–	–	–	–	(17.4)	(4.6)	(22.0)
Investment revaluation reserve realised upon sale of available-for-sale financial assets	–	–	–	(79.4)	–	–	–	–	–	(79.4)	–	(79.4)
Net loss on cash flow hedge	–	–	(11.4)	–	–	–	–	–	–	(11.4)	2.6	(8.8)
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	26.6	–	–	–	26.6	–	26.6
Total comprehensive income	–	–	(11.4)	123.5	–	26.6	20.3	–	4,730.3	4,889.3	78.6	4,967.9
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.9	–	–	–	–	8.9	–	8.9
Share options and incentive shares exercised	2.9	11.2	–	–	(9.6)	–	–	–	–	4.5	–	4.5
Acquisition of non-controlling interests (Note 40(a))	–	–	–	–	–	–	–	–	–	–	(2,193.7)	(2,193.7)
Bargain purchase of a non-wholly owned subsidiary (Note 40(a))	–	–	–	–	–	–	–	681.6	–	681.6	–	681.6
Wavier of share of net liabilities of non-controlling interests	–	–	–	–	–	–	–	–	–	–	3.0	3.0
Dividends paid to non-controlling interests (Note 39(b))	–	–	–	–	–	–	–	–	–	–	(90.2)	(90.2)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(230.7)	(230.7)
2011 final dividend paid	–	–	–	–	–	–	–	(91.6)	(11.0)	(102.6)	–	(102.6)
2012 interim dividend paid	–	–	–	–	–	–	–	–	(56.0)	(56.0)	–	(56.0)
Total transactions with owners	2.9	11.2	–	–	(0.7)	–	–	590.0	(67.0)	536.4	(2,511.6)	(1,975.2)
At 31 December 2012	666.1	3,267.0	(101.8)	228.1	12.2	57.0	63.0	751.0	13,430.8	18,373.4	2.0	18,375.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2011	661.5	3,249.0	(91.7)	197.3	11.7	30.4	72.2	243.1	6,554.6	10,928.1	2,343.3	13,271.4
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	2,212.9	2,212.9	523.0	2,735.9
Other comprehensive income												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	5.5	–	–	5.5	(1.3)	4.2
Exchange differences released upon repayment of loans from an associate	–	–	–	–	–	–	(35.0)	–	–	(35.0)	(9.1)	(44.1)
Net fair value loss arising from revaluation of available-for-sale financial assets	–	–	–	(101.5)	–	–	–	–	–	(101.5)	(26.6)	(128.1)
Impairment on available-for-sale financial assets charged to the consolidated income statement	–	–	–	8.8	–	–	–	–	–	8.8	2.3	11.1
Net gain on cash flow hedge	–	–	1.3	–	–	–	–	–	–	1.3	1.6	2.9
Total comprehensive income	–	–	1.3	(92.7)	–	–	(29.5)	–	2,212.9	2,092.0	489.9	2,581.9
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.0	–	–	–	–	8.0	–	8.0
Incentive shares exercised	1.7	6.8	–	–	(6.8)	–	–	–	–	1.7	–	1.7
Acquisition of non-controlling interests (Note 40(b))	–	–	–	–	–	–	–	–	–	–	(325.9)	(325.9)
Bargain purchase of a non-wholly owned subsidiary (Note 40(b))	–	–	–	–	–	–	–	55.0	–	55.0	14.3	69.3
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	(0.5)	–	(0.5)	0.5	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(87.1)	(87.1)
2010 final dividend paid	–	–	–	–	–	–	–	(86.2)	–	(86.2)	–	(86.2)
2011 interim dividend paid	–	–	–	–	–	–	–	(50.4)	–	(50.4)	–	(50.4)
Total transactions with owners	1.7	6.8	–	–	1.2	–	–	(82.1)	–	(72.4)	(398.2)	(470.6)
At 31 December 2011	663.2	3,255.8	(90.4)	104.6	12.9	30.4	42.7	161.0	8,767.5	12,947.7	2,435.0	15,382.7

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

	Note	2012 HK$'M	2011 HK$'M (re-presented)
Cash flows from operating activities			
Profit from operations			
– continuing operations		4,836.1	2,941.5
– discontinued operations	39(a)	253.7	(43.6)
		5,089.8	2,897.9
Adjustments for:			
Change in fair value of investment properties	15	(3,653.4)	(2,107.8)
Impairment on available-for-sale financial assets		–	11.6
Loss/(gain) on disposal of investment properties		1.7	(2.9)
Gain on disposal of subsidiaries			
– continuing operations		(237.4)	–
– discontinued operations		(275.6)	–
Gain on disposal of available-for-sale financial assets		(101.6)	–
Gain on return of investment in available-for-sale financial assets		(22.0)	–
Loss on disposal of other properties, plant and equipment		5.6	1.3
Write-off of other properties, plant and equipment		12.5	–
Depreciation and amortisation			
– trademark		0.1	0.1
– land use rights		–	0.1
– other properties, plant and equipment		32.0	25.2
Dividend income from available-for-sale financial assets		–	(17.0)
Interest income on loans to associates		(0.3)	(3.2)
Fair value loss on derivative financial instruments		2.1	17.2
Share-based compensation expenses		11.3	9.7
Provision for trade receivables		0.1	0.1
Impairment on loans to an associate		4.9	–
Amortised of interest income on held-to-maturity investments		(11.9)	(9.0)
Net exchange gains		–	(44.1)
Operating cash flows before movements in working capital		857.9	779.2
Repayment from available-for-sale financial assets		2.7	5.7
(Increase)/decrease in inventories		(5.3)	16.0
Increase in properties for sale		(350.9)	(229.1)
Decrease/(increase) in trade and other receivables, deposits and prepayments		95.3	(692.1)
(Increase)/decrease in sales proceeds held in stakeholders' accounts		(310.4)	52.9
Increase in receivable balances from associates		–	(0.8)
Increase/(decrease) in trade and other payables and accruals		448.8	(156.3)
Increase in loans receivables		(12.5)	–
Increase in restricted bank deposits		(7.9)	(2.7)
Net cash generated from/(used in) operations		717.7	(227.2)
Interest income received		8.4	7.3
Coupon received from held-to-maturity investments		1.0	0.5
Interest paid on bank and other borrowings		(124.7)	(105.7)
Hong Kong profits tax paid		(42.6)	(62.0)
Tax paid in other jurisdictions		(0.6)	(1.5)
Net cash generated from/(used in) operating activities		559.2	(388.6)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

	Note	2012 HK$'M	2011 HK$'M (re-presented)
Cash flows from investing activities			
Purchase of investment properties		(41.5)	(24.2)
Purchase of other properties, plant and equipment		(23.6)	(61.5)
Deposits paid for purchase of investment properties		(414.0)	(252.9)
Repayments of loans to associates including interests		7.3	251.2
Proceeds from disposal of investment properties		0.1	26.7
Proceeds from disposal of other properties, plant and equipment		1.0	1.7
Proceeds from disposal of available-for-sale financial assets		137.4	–
Proceeds from return of capital of available-for-sale financial assets		27.4	–
Dividend income from associates		250.2	54.3
Purchase of held-to-maturity investments		(31.2)	(48.8)
Cash received from a held-to-maturity investment upon maturity		29.2	–
Net cash inflow from disposal of subsidiaries			
– discontinued operations	39(a)	369.0	–
– continuing operations	39(b)	1,098.7	–
Release of pledged deposits		175.0	–
Net cash generated from/(used in) investing activities		1,585.0	(53.5)
Cash flows from financing activities			
Issue of shares upon exercise of share options		2.1	–
Issue of fixed rate bonds		1,076.0	–
Direct issue costs incurred on fixed rate bonds		(12.2)	–
Bank and other borrowings raised		1,951.0	3,271.9
Repayments of bank and other borrowings		(3,083.4)	(2,296.4)
Dividends paid by the Company		(158.6)	(136.6)
Dividends paid to non-controlling shareholders		(90.2)	(87.1)
Repayment to non-controlling shareholders		(32.5)	–
Acquisition of non-controlling interests	40	(1,512.1)	(229.1)
Placement of pledged deposits		–	(0.8)
Net cash (used in)/generated from financing activities		(1,859.9)	521.9
Increase in cash and cash equivalents		284.3	79.8
Cash and cash equivalents at the beginning of the year		976.6	897.6
Effect of foreign exchange rate changes		–	(0.8)
Cash and cash equivalents at the end of the year	27	1,260.9	976.6

The notes on pages 61 to 131 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL INFORMATION

Wing Tai Properties Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

Key events

(a) The Company disposed its segmental business of branded products distribution which primarily operated in the United Kingdom. The disposal was completed on 3 May 2012. The disposal is presented as discontinued operations and certain comparatives had been re-presented to conform with current presentation. Details of which are disclosed in Note 39(a) to the consolidated financial statements.

(b) (i) On 13 May 2012, the Company entered into a share sale agreement (the "Share Sale Agreement") with Vanke Property (Hong Kong) Company Limited (the "Purchaser"), relating to the sale of the Company's entire interest in Winsor Properties Holdings Limited ("Winsor") post the Group Reorganisation (as described in (ii) below) (the "Disposal"), distribution in specie by Winsor of the shares in Privateco (as defined in (ii) below) (the "Distribution In Specie") and the payment of a special cash dividend by Winsor (the "Special Cash Dividend"), followed by, amongst others, an offer for the shares in Privateco by Standard Chartered Bank (Hong Kong) Limited ("SCB") on behalf of the Group (other than those already owned or agreed to be acquired by the Company) (the "Privateco Offer"). The Purchaser is an independent third party of the Company and the aggregate cash consideration for the Disposal amounts to HK$1,156.7 million (including the Option Shares transferred from the Option Holder, as described in Note 17(a)) representing HK$5.6197 per sale share. The Share Sale Agreement is conditional upon, among other things, the approval of the Company's shareholders and the Winsor's independent shareholders for certain aspects of the transactions contemplated thereunder.

(ii) Pursuant to the Group Reorganisation, Winsor, among other things, reorganised its group to form two sub-groups called the Remaining Group (also called the "Disposal Group") and the Privateco Group respectively. 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 members of the Winsor 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 "Property"). The Privateco Group is engaged in the all of the other businesses of the Winsor group prior to the Group Reorganisation. Privateco is the holding company of the Privateco Group.

(iii) The Disposal Group was not a discontinued operation for the year ended 31 December 2012, as it did not represent a major line of business or geographical area of operations.

(iv) On 9 July 2012, Winsor's independent shareholders approved the Group Reorganisation, the Distribution In Specie and the payment of Special Cash Dividend (on the basis of HK$0.7803 for every share in Winsor held). On the same date, the Company's shareholders approved the Share Sale Agreement and the Privateco Offer (on the basis of HK$27.60 for each share of Privateco issued).

(v) On 16 July 2012, the Group Reorganisation, the Distribution In Specie and the Share Sale Agreement were completed and the Special Cash Dividend was made.

(vi) Immediately after the Distribution In Specie, the Company had an indirect interest in 205,835,845 shares of Privateco, representing 79.26% of the issued share capital of Privateco through Wing Tai Properties Investment Limited ("WTPIL"), a wholly-owned subsidiary of the Company.

1. GENERAL INFORMATION (Continued)

Key events (Continued)

(b) (Continued)

(vii) On 23 July 2012, SCB made the Privateco Offer on behalf of WTPIL.

(viii) On 3 September 2012, the Privateco Offer closed and valid acceptance of 51,690,006 shares of Privateco was received, representing 19.91% of the total issued shares of Privateco. Taking into account (1) 51,690,006 shares of Privateco received from valid acceptances under the Privateco Offer and (2) 205,835,845 shares of Privateco already held by the Company through WTPIL, the Company held an interest in 257,525,851 shares of Privateco as at 3 September 2012, representing 99.17% of the issued shares of Privateco.

(ix) On 6 September 2012, compulsory redemption of remaining shares of Privateco not held by WTPIL were made, at redemption price of HK$27.60 for each share of Privateco issued ("Compulsory Redemption"). Immediately after the Compulsory Redemption completed on 20 September 2012, the Company was interested in 100% of the total issued shares of Privateco through WTPIL.

The financial impact of (1) the Share Sale Completion, and (2) the Privateco Offer and the Compulsory Redemption are disclosed in Note 39(b) and Note 40(a) respectively to the consolidated financial statements.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and derivative instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) Revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2012 and relevant to the Group

HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets
HKFRS 7 (Amendment)	Disclosures – transfer of financial assets

HKAS 12 (Amendment) is effective from 1 January 2012, and has been early adopted by the Group since 2010.

Except for the above, the adoption of amendments to standards of HKFRS stated above did not have any significant impact to the Group's consolidated financial statements in the current and prior periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, revised standards and amendments that are not yet effective in 2012 and have not been early adopted by the Group

The following new or revised standards and amendments have been issued but are not effective for the year ended 31 December 2012:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Presentation – offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial instruments: disclosure offsetting financial assets and financial liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosure	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, Joint arrangements and Disclosures of interests in other entities: transition guidance	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Investment entities	1 January 2014

The HKICPA has made amendments to HKFRS in June 2012 in response to the annual improvements project.

		Effective from
HKAS 1 (Amendment)	Presentation of financial statements	1 January 2013
HKAS 16 (Amendment)	Property plant and equipment	1 January 2013
HKAS 32 (Amendment)	Financial instruments: presentation	1 January 2013
HKAS 34 (Amendment)	Interim financial reporting	1 January 2013

HKFRS 10 "Consolidated Financial Statements" replace the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 "Joint Arrangements" (effective on or after 1 January 2013) changes the definitions to reduce the types of joint arrangements to two, joint operations and joint ventures. The jointly controlled assets classification in HKAS 31, "Interests in Joint Ventures", has been merged into joint operations, as both types of arrangements generally result in the same accounting outcome.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, revised standards and amendments that are not yet effective in 2012 and have not been early adopted by the Group (Continued)

A joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

A joint venture, in contrast, gives the parties rights to the net assets or outcome of the arrangement. A joint venturer does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint venturers share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. Joint ventures are accounted for using the equity method in accordance with HKAS 28 (Revised 2011), "Investment in Associates and Joint Ventures". Entities can no longer account for an interest in a joint venture using the proportionate consolidation method.

Accordingly, effective from 1 January 2013, the Group will no longer present its share of each of the assets, liabilities, income and expenses of the joint ventures line by line in the consolidated financial statements. Instead, the joint ventures are accounted for using the equity method in accordance with HKAS 28 (Revised).

The Group has not early adopted any of the above standards and amendments to the existing standards. Except for HKFRS 11, management anticipate that application of the other standards and amendments to the existing standards will have no material impact on the results and the financial position of the Group.

(b) Subsidiaries

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the proportionate share of its jointly controlled entities made up to 31 December.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries (Continued)

(i) Consolidation (Continued)

Business combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is assessed in accordance with Note 2(k).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Jointly controlled entities

Jointly controlled entities are joint ventures in which the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The Group consolidates its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's consolidated financial statements.

Transactions, balances and unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

Loans to associates represent long term equity loans which in substance form part of the Group's net investments in associated companies.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in associates are impaired. Such objective evidence includes whether there has been any significant adverse changes in the technological, market, economic or legal environment in which the associates operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in an associate is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount is lower than the higher of the investment's fair value less costs to sell or value in use. Any reversal of such impairment loss in subsequent periods is reversed through profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors who is responsible for allocating resources and assessing performance of the operating segments. The identification of operating segments is set out in Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in hedging reserve as qualifying cash flow hedges or qualifying net investment hedges.

All foreign exchange gains and losses are presented in the income statement within "other gains, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(g) Other properties, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other properties, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

On the transfer of owner occupied property to investment property, increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and debited against other property revaluation reserve directly in equity; all other decreases are charged to the income statement.

Freehold land with unlimited useful life is not depreciated. Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of other properties, plant and equipment, other than construction in progress is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives at the following annual rates calculated from the acquisition cost:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	2% – 4%
Furniture, fixtures and equipment	10% – 33 1/3%
Motor vehicles	20% – 33 1/3%
Plant and machinery	10% – 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(h) Land use rights

Land use rights for own use are amortised over the period of the lease on a straight-line basis. Prepaid land lease for properties held for sale is included in "properties for sale".

(i) Investment properties

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields and is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties (Continued)

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, income capitalisation valuation techniques or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If any investment property becomes owner-occupied, it is reclassified as other property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose. Property that is being constructed or developed for future use as investment property is classified as investment property and is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until its fair value becomes reliably determinable.

(j) Properties for sale

Properties for sale comprising properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties under development are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties for sale are classified as current assets unless the construction period of the relevant property development project is expected to be completed beyond normal operating cycle.

(k) Impairment of investments in subsidiaries, associates and non-financial assets

Investments in subsidiaries, associates and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable; in addition, other non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In the Company's balance sheet, impairment testing of the investments in subsidiaries or associates or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise loans to associates, deposits and loan receivables, trade and other receivables, sales proceeds held in stakeholders' accounts, pledged and restricted bank deposits and bank balances and cash in the balance sheet.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets subsequently and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial assets (Continued)

Recognition and measurement (Continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the securities. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments previously recognised in investment revaluation reserve are included in the income statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement as part of other gains, net. Dividends on available-for-sale equity instruments are recognised in the income statement as part of income when the Group's right to receive payments is established.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(n) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivable category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment of financial assets (Continued)

(ii) Assets classified as available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from investment revaluation reserve and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(o) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in hedging reserve are reclassified to profit and loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or other properties, plant and equipment), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of other properties, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. They are classified as current or non-current assets or liabilities according to the settlement dates of the derivative instruments. Changes in the fair value of these derivative instruments are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(q) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the assets is impaired. For details of impairment testing, refer to Note 2(n).

(r) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Restricted bank deposit and pledged deposit are excluded from the cash and cash equivalents of the consolidated cash flow statement.

(s) Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in share capital as a deduction, net of tax, from the proceeds.

(t) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(u) Borrowings

Borrowings (including liability arising from sale of subsidiary share disclose in Note 17 and the bonds issued as disclosed in Note 29) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Other financial liabilities

The Group classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. The management classifies financial liabilities at fair value through profit or loss if they are managed and their performance measured on fair value basis. A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss include other long-term liability disclosed in Note 31. They are initially recognised at fair value and transaction costs are expensed off immediately. Realised or unrealised gains or losses on financial liabilities are charged to the income statement in the period in which they arise. The fair value is estimated by discounting the estimated future contractual cash flows at the current market discount rate which considers the Group's credit risk. Where applicable, a pricing adjustment is applied to arrive at the fair value.

(w) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Current and deferred taxation (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is no intention to settle the balances on a net basis.

(y) Employee benefit

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(iii) Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefits cost

Payments to the Group's defined contribution retirement schemes, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due. The Group has no legal or constructive obligations to pay further contributions for post-retirement benefits beyond its fixed contributions.

For the Group's defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Employee benefit (Continued)

(v) Share-based payments

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options or incentive shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or incentive shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or incentive shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options or incentive shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options or incentive shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to employee share-based compensation reserve.

When the options or incentive shares are exercised (Note 33), the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options or incentive shares are exercised.

(z) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(aa) Revenue recognition

Revenue represents sale of properties, sale of garment and branded products, rental and property management income and income from investing activities. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Income from properties developed for sale is recognised when the significant risks and rewards of the properties are transferred to the buyers and the collectability of related receivables is reasonably assured. Payments received from purchasers prior to this stage are recorded as deposits received, which are included in current liabilities.

(ii) Sale of goods are recognised when the goods are delivered and title has been passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(iii) Rental income from investment property is recognised on a straight-line basis over the period of the leases.

(iv) Property management income is recognised when the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Revenue recognition (Continued)

(v) Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Dividend income from investments is recognised when the Group's right to receive payment has been established.

(bb) Operating leases

(i) Group as the lessee to operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Group as the lessor to operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(cc) Finance leases

Leases that transfer to the Group substantially all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the lease's commencement date at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities, as trade and other payables. The finance charges are charged to the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases are depreciated in the basis described in Note 2(g) above.

(dd) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(ee) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees contracts are initially recognised at fair value. Subsequently, such contracts are measured at the higher of the best estimate of the amount required to settle the guarantee and the amount initially recognise less, where appropriate, cumulative amortisation over the life of the guarantee on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ff) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders or directors, where appropriate.

(gg) 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 a part of a single coordinated plan to dispose of a separate major line business or geographical area of operations, or is a subsidiary acquired exclusively with a view of sale.

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

(hh) Assets held for sale

Assets are classified as held for sale when the entity is committed to complete the sale transaction. For this to be the case, the assets must be available for immediate sale in their present condition and the sale must be highly probable. For the sale to be highly probable, actions to complete the sale must have been initiated and should be expected to be completed within one year from the date of classification. Actions required to complete the sale should indicate that it is unlikely that significant changes to the distribution will be made or that the sale will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

Assets classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Singapore dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by using cross currency swap contracts where appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2012, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$22.7M (2011: HK$16.0M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated available-for-sale financial assets.

The Group has entered into cross currency swap contracts to hedge against foreign exchange exposure arising from fixed rate bonds denominated in Singapore dollars. The fixed rate bonds are fully swapped into Hong Kong dollar so as to eliminate foreign exchange fluctuation from Singapore dollars when interest payments and principal repayment of the fixed rate bonds are made in future.

The Group does not have significant foreign exchange risks that effect the profit or loss.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank deposits), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 29 below. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group manages 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 is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$5.0M (2011: HK$7.1M) lower/higher mainly as a result of higher/lower interest expenses on floating rate borrowings and gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting.

In addition, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, equity would have been HK$18.2M (2011: HK$20.3M) higher or HK$15.0M (2011: HK$18.0M) lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings while capitalised interest on "properties for sale" would have been HK$7.9M (2011: HK$10.0M) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings as described above.

(iii) Price risk

The Group is exposed to equity securities price risk because certain financial assets of the Group are classified in the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

At 31 December 2012, if market value of the Group's listed available-for-sale financial assets had increased/decreased by 10% (2011: 10%), with all other variables held constant, equity would have been HK$44.7M (2011: HK$22.5M) higher/lower before any further impairment. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(iv) Credit risk

The Group's credit risks are primarily attributable to the Group's cash at banks (Note 27), other financial assets (Note 20), deposits and loan receivables (Note 19), trade receivables from sale of garment products, trade receivables from sale of properties and rent receivables from tenants (Note 23).

The Group has limited its credit exposure by ensuring the Group's cash deposits are placed with reputable banks and financial institutions with high credit rating.

The Group primarily chooses to invest in reputable companies with sound financial conditions as available-for-sale financial assets and held-to-maturity investments. In addition, the Group has closely reviewed published financial information on these investments.

In order to minimise the credit risk on deposits paid for acquisition of investment properties, the Group has delegated a team to monitor the projects according to the scheduled progress and timetable.

Sale of garment products are made to customers with an appropriate credit history and letters of credit are used as appropriate. In respect of credit exposures to customers for sale of properties, the Group normally receives deposits or progress payments from individual customers prior to the completion of sale transactions. If a customer defaults on the payment of the sale of properties, the Group is able to forfeit the customer's deposit and re-sell the property to another customer. Therefore, the Group's credit risk is significantly reduced. For rent receivables from tenants, credit checks are part of the normal leasing process. The Group normally receives deposits for leases to tenants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At each balance sheet date, the Group reviews the recoverable amount of each individual trade receivables to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

The Group has no significant concentrations of credit risk.

(v) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the Group's and the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and may not reconcile to the amounts in the balance sheets.

	The Group			
	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31 December 2012				
Bank and other borrowings	1,698.6	1,350.1	1,243.7	1,467.9
Derivative financial instruments	52.4	31.3	27.4	11.5
Trade and other payables and accruals	824.7	3.3	1.2	–
Other long-term liability	–	–	–	74.2
Financial guarantees (Note)	–	112.5	–	–
Total	2,575.7	1,497.2	1,272.3	1,553.6
At 31 December 2011				
Bank and other borrowings	1,788.4	1,083.7	2,357.1	226.3
Derivative financial instruments	45.8	41.0	26.2	–
Trade and other payables and accruals	661.0	0.8	2.1	–
Financial guarantees (Note)	112.8	–	–	–
Total	2,608.0	1,125.5	2,385.4	226.3

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	The Company			
	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31 December 2012				
Trade and other payables and accruals	4.5	–	–	–
Financial guarantees (Note)	4,078.7	1,771.6	1,048.5	133.9
Total	4,083.2	1,771.6	1,048.5	133.9
At 31 December 2011				
Trade and other payables and accruals	177.2	–	–	–
Amounts due to subsidiaries	0.2	–	–	–
Financial guarantees (Note)	2,233.6	423.7	1,440.1	136.7
Total	2,411.0	423.7	1,440.1	136.7

Note:

These amounts are financial guarantees from the Company to its subsidiaries, jointly controlled entities and associates representing the hypothetical payment should the guarantees be crystalised, however based on the operating results, the Company does not expect them to be crystalised.

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as bank and other borrowings less bank balances and cash.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	2012 HK$'M	2011 HK$'M
Bank and other borrowings	5,095.5	5,188.7
Less: Bank balances and cash	(1,260.9)	(976.6)
Net borrowings	3,834.6	4,212.1
Total equity	18,375.4	15,382.7
Gearing ratio	20.9%	27.4%

The decrease in gearing ratio is mainly attributable to profit for the year.

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the financial instruments of the Group are as follows:

Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair values of interest rate swap contracts and cross currency swap contracts are calculated as the present value of the estimated future cash flows. The fair value of the derivative component in convertible bonds is calculated a by using a binomial model. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012 and 2011.

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
At 31 December 2012				
Assets				
Other financial assets				
Available-for-sale financial assets				
– listed securities	448.5	–	–	448.5
– unlisted securities	–	6.3	–	6.3
Derivative financial instruments				
– derivative component in convertible bonds	–	0.2	–	0.2
	448.5	6.5	–	455.0
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	86.1	–	86.1
– cross currency swap contracts	–	36.5	–	36.5
Other long-term liability	–	–	74.2	74.2
	–	122.6	74.2	196.8

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
At 31 December 2011				
Assets				
Other financial assets				
Available-for-sale financial assets				
– listed securities	226.4	–	–	226.4
– unlisted securities	–	94.2	37.1	131.3
Derivative financial instruments				
– derivative component in convertible bonds	–	0.2	–	0.2
	226.4	94.4	37.1	357.9
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	113.0	–	113.0

During the year, some listed securities of market value HK$54.6M held by one of unlisted available-for-sale financial assets were distributed to the Group. Therefore, the relevant portion had been transferred from Level 2 to Level 1 in the above analysis in 2012. Other than the above, there is no transfer between the different levels of fair value measurement hierarchy of financial instruments for the years ended 31 December 2012 and 2011.

The following table presents the changes in level 3 instruments for the years ended 31 December.

	Available-for-sale financial assets		Other long-term liability	
	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M
Opening balance	37.1	42.8	–	–
Net fair value losses recognised in other comprehensive income during the year	(17.3)	–	–	–
Fair value gains recognised in profit and loss	72.5	–	–	–
Additions	–	–	(74.2)	–
Repayments from investee companies	(2.7)	(5.7)	–	–
Disposal of investments	(89.6)	–	–	–
Closing balance	–	37.1	(74.2)	–

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated fair value of investment properties

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions made by the valuers are reasonable, the Group considers information from comparable current prices in an active market for similar properties, capitalisation rates, terminal yield, rental income from current leases and assumptions about rental from future leases and the reversionary income potential and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Fair value of derivative financial instruments

If information on current or recent prices of derivative financial instruments is not available, the fair values of derivative financial instruments 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.

(c) Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. The determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(d) Estimated net realisable values of properties for sale

The Group assesses the carrying amounts of properties for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience, committed contracts and estimated net sales/rental value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(e) Impairment of trade receivables

The Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. The Group assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of fallen through on the transactions.

(f) Estimated impairment of assets

The Group tests annually whether tangible and intangible assets not subject to amortisation have suffered any impairment. For the purposes of impairment tests, the recoverable amounts of cash-generating units are determined based on the higher of the asset's fair value less cost to sell and its value-in-use require the use of estimates.

(g) Taxation

The Group is subject to income taxes, capital gains tax, land appreciation tax and withholding tax in several jurisdictions as applicable. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the financial period in which such determination is made.

The Group has used presumption that the carrying amount of investment properties using fair value model will be recovered through sale. Accordingly, no provision for deferred tax is made on revaluation of investment properties if there is no capital gain tax. If investment properties would be recovered through use, provision for deferred tax is made on revaluation of investment properties using income tax rate.

Recognition of deferred tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) Provisions

The Group follows HKAS 37 to recognise provisions when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably determined. The determination of the probability of the resources outflow and the amount of provisions requires significant judgement. In making this judgement, the Group evaluates, among other factors, the likelihood and amount of an outflow according to past events that causes legal or constructive obligation. The Group normally references to established pattern of past practices, contracts, and rules and regulations in the evaluation.

(i) Fair value of financial liabilities at fair value through profit or loss

If information on current or recent prices of financial liabilities at fair value through profit or loss is not available, the fair values of financial liabilities at fair value through profit or loss are determined using valuation techniques (including discounted cash flow model). The Group uses assumptions that are mainly based on market conditions existing at each balance date. The key assumptions have been disclosed in Note 31.

5. REVENUE

Revenue represents the amounts received and receivable from third parties net of value-added tax and discounts in connection with the following activities:

	Year ended 31 December			
	Continuing operations		Discontinued operations	
	2012 HK$'M	2011 HK$'M (re-presented)	2012 HK$'M	2011 HK$'M (re-presented)
Sale of properties	1,884.1	1,426.8	–	–
Sale of garment and branded products	400.6	440.1	63.9	221.0
Rental and property management income	655.4	610.4	–	–
Dividend income from available-for-sale financial assets	21.4	36.2	–	–
	2,961.5	2,513.5	63.9	221.0

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Executive Directors in order to allocate resources to the segment and to assess its performance. During the year, segment results of property development and property investment and management were reviewed and redefined in internal reports. Accordingly, comparative figures for 2011 results of property development and property investment and management segments have been restated.

Segment information reported to the Group's Executive Directors for the purposes of resources allocation and assessment of performance are analysed on the basis of the Group's operating divisions (i.e. property development, property investment and management, hospitality investment and management, garment manufacturing, investing activities and corporate). Branded products distribution, one of the operating segments and geographical area of operations was disposed of during the year and presented as discontinued operations.

6. SEGMENT INFORMATION (Continued)

	Continuing operations								Discontinued operations
	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Total HK$'M	Branded products distribution HK$'M
For the year ended 31 December 2012									
REVENUE									
External sales	1,884.1	516.9	138.5	400.6	21.4	–	–	2,961.5	63.9
Inter-segment sales	–	17.9	–	–	–	–	(17.9)	–	–
Total	1,884.1	534.8	138.5	400.6	21.4	–	(17.9)	2,961.5	63.9
RESULTS									
Segment profit/(loss) before change in fair value of investment properties, redundancy costs and gain on disposal of subsidiaries	556.0	353.3	57.8	7.2	84.8	(111.7)	–	947.4	(12.8)
Change in fair value of investment properties	–	3,349.2	303.2	1.0	–	–	–	3,653.4	–
Redundancy costs	–	–	–	–	–	–	–	–	(9.1)
Gain on disposal of subsidiaries	–	–	–	–	–	237.4	–	237.4	275.6
Reportable segment results	556.0	3,702.5	361.0	8.2	84.8	125.7	–	4,838.2	253.7
Reconciliation:									
Fair value loss on derivative financial instruments	–	(2.1)	–	–	–	–	–	(2.1)	–
Profit from operations	556.0	3,700.4	361.0	8.2	84.8	125.7	–	4,836.1	253.7
Finance costs	(1.2)	(71.9)	(18.5)	–	(0.3)	(7.1)	–	(99.0)	(0.1)
Finance income	1.5	3.6	0.9	–	–	2.4	–	8.4	–
Share of results of associates	33.5	9.5	19.2	–	–	–	–	62.2	–
Profit before taxation	589.8	3,641.6	362.6	8.2	84.5	121.0	–	4,807.7	253.6
Taxation								(273.6)	(0.3)
Profit for the year								4,534.1	253.3
Other items									
Depreciation and amortisation	15.7	3.9	0.1	5.7	–	3.2	–	28.6	3.5
Loss on financial liabilities classified at fair value through profit or loss	–	–	–	–	–	6.0	–	6.0	–
Loss/(gain) on disposal of other properties, plant and equipment, net	5.6	0.1	–	(0.1)	–	–	–	5.6	–
Write-off of other properties, plant and equipment	12.5	–	–	–	–	–	–	12.5	–
Provisions for trade receivables, net	–	–	–	0.1	–	–	–	0.1	–

6. SEGMENT INFORMATION (Continued)

	Continuing operations								Discontinued operations
	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Total HK$'M	Branded products distribution HK$'M
For the year ended 31 December 2011 (re-presented)									
REVENUE									
External sales	1,426.8	474.9	135.5	440.1	36.2	–	–	2,513.5	221.0
Inter-segment sales	–	18.6	–	–	–	–	(18.6)	–	–
Total	1,426.8	493.5	135.5	440.1	36.2	–	(18.6)	2,513.5	221.0
RESULTS									
Segment profit/(loss) before change in fair value of investment properties	514.6	321.2	65.0	11.3	34.4	(95.6)	–	850.9	(43.6)
Change in fair value of investment properties	–	1,957.4	147.6	2.8	–	–	–	2,107.8	–
Reportable segment results	514.6	2,278.6	212.6	14.1	34.4	(95.6)	–	2,958.7	(43.6)
Reconciliation:									
Fair value loss on derivative financial instruments	–	(1.4)	–	–	(15.8)	–	–	(17.2)	–
Profit/(loss) from operations	514.6	2,277.2	212.6	14.1	18.6	(95.6)	–	2,941.5	(43.6)
Finance costs	(0.5)	(73.8)	(13.6)	–	(0.3)	(3.9)	–	(92.1)	–
Finance income	0.6	5.8	0.7	–	–	–	–	7.1	0.2
Share of results of associates	49.3	(3.0)	11.3	–	–	–	–	57.6	–
Profit/(loss) before taxation	564.0	2,206.2	211.0	14.1	18.3	(99.5)	–	2,914.1	(43.4)
Taxation								(134.1)	(0.7)
Profit/(loss) for the year								2,780.0	(44.1)
Other items									
Depreciation and amortisation	3.6	3.7	0.1	4.8	–	2.9	–	15.1	10.3
Loss/(gain) on disposal of other properties, plant and equipment, net	1.4	–	–	–	–	(0.3)	–	1.1	0.2
(Gain)/loss on disposal of investment properties, net	–	(1.3)	0.6	(2.2)	–	–	–	(2.9)	–
Provisions for trade receivables, net	–	–	–	0.1	–	–	–	0.1	–

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2012 and 2011 and capital expenditure for the years then ended are as follows:

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Total HK$'M
At 31 December 2012								
ASSETS								
Segment assets	5,914.7	15,418.4	2,235.5	241.7	–	565.0	659.7	25,035.0
Investments in associates and loans to associates	206.7	18.8	87.0	–	–	–	–	312.5
Other assets								14.4
Consolidated total assets								25,361.9
LIABILITIES								
Segment liabilities	(615.7)	(488.5)	(23.4)	(67.1)	–	(0.1)	(117.5)	(1,312.3)
Other liabilities								(5,674.2)
Consolidated total liabilities								(6,986.5)
Capital expenditure	18.3	351.6	105.0	1.6	1.0	–	1.8	479.3
At 31 December 2011								
ASSETS								
Segment assets	5,225.6	13,227.7	1,849.3	233.2	133.2	419.5	220.8	21,309.3
Investments in associates and loans to associates	401.1	49.0	67.2	–	–	–	–	517.3
Other assets								10.2
Consolidated total assets								21,836.8
LIABILITIES								
Segment liabilities	(343.5)	(256.5)	(23.3)	(72.0)	(50.9)	(0.4)	(192.4)	(939.0)
Other liabilities								(5,515.1)
Consolidated total liabilities								(6,454.1)
Capital expenditure	34.8	227.3	59.0	6.3	12.2	–	3.7	343.3

6. SEGMENT INFORMATION (Continued)

Segment assets consist primarily of land use rights, investment properties, other properties, plant and equipment, other financial assets, deposits and loan receivables, inventories, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, pledged and restricted bank deposits and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, deferred tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to land use rights, investment properties and other properties, plant and equipment, including additions resulting from acquisitions through business combinations, and deposits paid for acquisition of investment properties.

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC") and the United Kingdom.

The following is an analysis of the Group's revenue by geographical areas in which the customer is located, irrespective of the origin of the goods/services:

	Revenue Year ended 31 December			
	Continuing operations		Discontinued operations	
	2012 HK$'M	2011 HK$'M (re-presented)	2012 HK$'M	2011 HK$'M (re-presented)
Hong Kong	2,517.0	2,037.7	8.9	–
North America	337.6	367.9	–	–
United Kingdom	1.2	3.1	55.0	221.0
Others	105.7	104.8	–	–
	2,961.5	2,513.5	63.9	221.0

The followings are analysis of the Group's total assets, non-current assets other than financial instruments (including other financial assets and derivative financial instruments) and deferred tax assets, and capital expenditure by geographical areas in which the assets are located.

	Total assets At 31 December		Non-current assets other than financial instruments and deferred tax assets At 31 December		Capital expenditure Year ended 31 December	
	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M
Hong Kong	23,000.4	19,960.7	15.879.3	13,561.1	48.9	65.2
The PRC	1,347.6	810.7	1,269.4	749.2	333.9	216.2
Singapore	663.0	722.1	205.9	399.2	–	–
United Kingdom	151.0	211.3	140.9	99.6	16.2	17.9
North America	13.7	27.9	–	–	–	–
Others	186.2	104.1	175.7	92.4	80.3	44.0
	25,361.9	21,836.8	17,671.2	14,901.5	479.3	343.3

7. OTHER GAINS, NET

	Continuing operations 2012 HK$'M	Continuing operations 2011 HK$'M (re-presented)	Discontinued operations 2012 HK$'M	Discontinued operations 2011 HK$'M (re-presented)
Amortisation of interest income on held-to-maturity investments	11.9	9.0	–	–
Exchange gains/(losses), net	0.8	42.5	–	(0.9)
Impairment on available-for-sale financial assets	–	(11.6)	–	–
Interest income on loans to associates	0.3	3.2	–	–
Net (loss)/gain on disposal of investment properties	(1.7)	2.9	–	–
Net loss on disposal of other properties, plant and equipment	(5.6)	(1.1)	–	(0.2)
Net fair value loss on derivative financial instruments	(2.1)	(17.2)	–	–
Gain on disposal of available-for-sale financial assets	101.6	–	–	–
Gain on return of investment of an available-for-sale finance asset	22.0	–	–	–
Loss on financial liabilities classified at fair value through profit or loss	(6.0)	–	–	–
Write back of provisions	–	12.5	–	–
Others	9.7	13.1	0.2	0.2
	130.9	53.3	0.2	(0.9)

8. PROFIT FROM OPERATIONS

	Continuing operations 2012 HK$'M	Continuing operations 2011 HK$'M (re-presented)	Discontinued operations 2012 HK$'M	Discontinued operations 2011 HK$'M (re-presented)
Profit from operations has been arrived at after charging/(crediting) the following:				
Staff costs including directors' remuneration	273.7	250.9	18.9	49.9
Retirement benefits costs, net of negligible forfeited contributions	9.9	8.0	1.1	3.9
Total staff costs (Note)	283.6	258.9	20.0	53.8
Share-based compensation expenses (Note)	11.3	9.7	–	–
Auditor's remuneration	5.9	6.2	0.2	0.6
Cost of inventories included in cost of sales	255.4	296.6	30.3	116.3
Cost of sales of properties included in cost of sales	1,224.1	846.2	–	–
Amortisation of trademark	0.1	0.1	–	–
Amortisation of land use rights (Note 14)	–	0.1	–	–
Depreciation of other properties, plant and equipment (Note 16)	28.5	14.9	3.5	10.3
Direct operating expenses arising from investment properties	127.4	102.7	–	–
Gain on disposal of available-for-sale financial assets	(101.6)	–	–	–
Gain on return of investment of an available-for-sale financial asset	(22.0)	–	–	–
Gain on disposal of subsidiaries (Note 39)	(237.4)	–	(275.6)	–
Net loss on disposal of other properties, plant and equipment	5.6	1.1	–	0.2
Write-off of other properties, plant and equipment	12.5	–	–	–
Net loss/(gain) on disposal of investment properties	1.7	(2.9)	–	–
Impairment losses on available-for-sale financial assets	–	11.6	–	–
Net fair value loss on derivative financial instruments	2.1	17.2	–	–
Provision for receivables, net	0.1	0.1	–	–

Note:

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	2012 HK$'M	2011 HK$'M
Directors' fees	2.3	3.0
Other directors' emoluments (Note)		
– Salaries and allowances	17.0	16.3
– Discretionary bonus	6.2	5.2
– Retirement benefits costs-defined contribution plan	1.0	0.9
Value of share options and incentive shares	6.3	5.7
	32.8	31.1

Note:

Details of the remuneration of directors for the year ended 31 December 2012 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,011	2,676	–	134	3,821	2,573	6,394
CHENG Wai Sun, Edward	47	7,420	3,750	342	11,559	2,573	14,132
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	47	2,990	750	298	4,085	–	4,085
AU Hing Lun, Dennis	47	3,898	1,650	181	5,776	1,103	6,879
Non-executive directors							
NG Tak Wai, Frederick	60	–	–	–	60	39	99
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
YUNG Wing Chung	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
LOH Soo Eng (resigned on 16 August 2012)	38	–	–	–	38	–	38
CHEN CHOU Mei Mei, Vivien (appointed on 15 September 2012)	18	–	–	–	18	–	18
Independent non-executive directors							
Simon MURRAY	252	–	–	–	252	50	302
FANG Hung, Kenneth	215	–	–	–	215	–	215
YEUNG Kit Shing, Jackson	315	–	–	–	315	–	315
Haider Hatam Tyebjee BARMA (appointed on 1 September 2012)	72	–	–	–	72	–	72
Total	2,327	16,984	6,150	955	26,416	6,338	32,754

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

Note (Continued):

Details of the remuneration of directors for the year ended 31 December 2011 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,825	2,525	–	126	4,476	2,207	6,683
CHENG Wai Sun, Edward	65	7,000	2,750	323	10,138	2,207	12,345
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	65	2,829	1,273	285	4,452	–	4,452
NG Tak Wai, Frederick (re-designated as non-executive director on 1 April 2011)	6	486	–	3	495	22	517
AU Hing Lun, Dennis	65	3,480	1,150	161	4,856	1,000	5,856
Non-executive directors							
NG Tak Wai, Frederick (re-designated as non-executive director on 1 April 2011)	45	–	–	–	45	65	110
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
YUNG Wing Chung	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
LOH Soo Eng	60	–	–	–	60	–	60
Independent non-executive directors							
Simon MURRAY	215	–	–	–	215	199	414
FANG Hung, Kenneth	215	–	–	–	215	–	215
YEUNG Kit Shing, Jackson	215	–	–	–	215	–	215
Total	2,981	16,320	5,173	898	25,372	5,700	31,072

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2011: Nil). None of the directors has waived any emoluments during the year (2011: Nil).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2012 included four (2011: four) executive directors of the Company whose emoluments are included above. The emoluments of the remaining one (2011: one) highest paid individual are as follows:

	2012 HK$'M	2011 HK$'M
Salaries and allowances	2.9	2.8
Discretionary bonus	1.1	0.6
Retirement benefits costs-defined contribution plan	0.2	0.1
	4.2	3.5

The emoluments fell within the following bands:

	Number of individual 2012	2011
Emoluments bands		
HK$3,500,001 – HK$4,000,000	–	1
HK$4,000,001 – HK$4,500,000	1	–

10. FINANCE COSTS AND FINANCE INCOME

	2012 HK$'M	2011 HK$'M (re-presented)
Continuing operations		
Finance costs		
Interest expenses on:		
– bank and other borrowings wholly repayable within five years	117.0	103.2
– bank and other borrowings not wholly repayable within five years	11.8	7.3
Total borrowing costs	128.8	110.5
Less: interest capitalised in properties for sale (Note a)	(29.8)	(18.4)
	99.0	92.1
Finance income		
– bank interest income	(8.3)	(7.0)
– other interest income	(0.1)	(0.1)
	(8.4)	(7.1)

Finance costs and finance income relating to discontinued operations are disclosed in Note 39(a).

Note:

(a) The borrowing costs have been capitalised at rates ranging from 1.2% to 2.7% per annum (2011: from 0.4% to 2.6% per annum).

11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the condensed consolidated income statement attributable to continuing operations represents:

	2012 HK$'M	2011 HK$'M (re-presented)
Continuing operations		
Current taxation		
– Hong Kong profits tax	112.9	99.6
– Under/(over)-provision in prior years	0.1	(2.2)
– Taxation in other jurisdictions	0.2	0.8
	113.2	98.2
Deferred taxation (Note 30)		
– Change in fair value of investment properties	120.8	8.9
– Temporary differences on tax depreciation	14.7	17.6
– Utilisation of tax losses	13.8	9.4
– Withholding tax	11.1	–
	160.4	35.9
Income tax expenses relating to continuing operations	273.6	134.1

Income tax expenses related to discontinued operations are disclosed in Note 39(a).

11. TAXATION (Continued)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, where majority of the Group's operations were carried out, as follows:

	2012 HK$'M	2011 HK$'M (re-presented)
Profit before taxation from continuing operations	4,807.7	2,914.1
Tax calculated at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	793.3	480.8
Expenses not deductible for tax purpose	7.6	8.7
Income not subject tax	(642.5)	(366.7)
Net increase in unrecognised tax losses and other temporary differences	21.7	17.8
Effect of different tax rates of subsidiaries operating in other jurisdictions	18.2	5.2
Under/(over) provision in prior years	0.1	(2.2)
Tax effect of share of results of associates	(9.5)	(9.5)
PRC land appreciation tax on change in fair value of investment properties (Note a)	92.0	–
Land appreciation tax deductible for calculation of income tax purpose	(18.4)	–
Withholding tax on undistributed earnings	11.1	–
Taxation for the year	273.6	134.1

No tax charge is in relation to components of other comprehensive income (2011: Nil).

Note:

(a) PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% (2011: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

During the year, a property in PRC was handover to the Group. The carrying value included under deposits and loan receivables was transferred to investment properties at 31 December 2012 and results in a fair value gain in the profit or loss. Related LAT is charged to taxation of the profit or loss.

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2012	2011 (re-presented)
Profit/(loss) attributable to equity holders of the Company (expressed in HK$'M)		
– From continuing operations	4,477.0	2,257.0
– From discontinued operations	253.3	(44.1)
	4,730.3	2,212.9
Weighted average number of ordinary shares in issue	1,331,320,417	1,325,609,577
Basic earnings/(loss) per share		
– From continuing operations	HK$3.36	HK$1.70
– From discontinued operations	HK$0.19	(HK$0.03)
	HK$3.55	HK$1.67

12. EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and incentive shares.

	2012	2011 (re-presented)
Profit/(loss) attributable to equity holders of the Company (expressed in HK$'M)		
– From continuing operations	4,477.0	2,257.0
– From discontinued operations	253.3	(44.1)
	4,730.3	2,212.9
Weighted average number of ordinary shares in issue	1,331,320,417	1,325,609,577
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	6,042,634	7,711,275
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,337,363,051	1,333,320,852
Diluted earnings/(loss) per share		
– From continuing operations	HK$3.35	HK$1.69
– From discontinued operations	HK$0.19	(HK$0.03)
	HK$3.54	HK$1.66

13. DIVIDENDS

	2012 HK$'M	2011 HK$'M
Interim dividend paid on 3 October 2012 of HK4.2 cents (2011: HK3.8 cents) per ordinary share	56.0	50.4
Proposed final dividend of HK9.3 cents (2011: HK7.7 cents) per ordinary share	124.2	102.6
	180.2	153.0

The final dividend is not accounted for until it has been approved at the forthcoming annual general meeting of the Company. The amount will be accounted for as an appropriation of reserves for the year ending 31 December 2013.

14. LAND USE RIGHTS

	THE GROUP 2012 HK$'M	2011 HK$'M
At 1 January	3.2	3.3
Amortisation	–	(0.1)
At 31 December	3.2	3.2

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	THE GROUP 2012 HK$'M	2011 HK$'M
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	3.2	3.2

15. INVESTMENT PROPERTIES

	THE GROUP 2012 HK$'M	2011 HK$'M
At 1 January	13,894.0	11,786.0
Exchange differences	8.0	10.7
Gain arising from change in fair value	3,653.4	2,107.8
Finalisation of construction costs upon completion	(27.3)	(10.9)
Additions	41.5	24.2
Disposals	(1.8)	(23.8)
Disposal of subsidiaries (Note 39(b))	(1,129.4)	–
Transfer from deposits and loans receivables	549.8	–
Transfer from other properties, plant and equipment	69.0	–
Transfer to other properties, plant and equipment	(10.9)	–
At 31 December	17,046.3	13,894.0

Investment properties comprise:

Properties in Hong Kong held on:		
Leases of over 50 years	1,652.4	1,271.8
Leases of between 10 to 50 years	14,111.1	12,191.1
Properties outside Hong Kong held on:		
Leases of over 50 years	336.9	317.3
Leases of between 10 to 50 years	805.0	80.8
Freehold properties outside Hong Kong	140.9	33.0
	17,046.3	13,894.0

The Group's investment properties were valued on income approach and an open market value basis as at 31 December 2012 by Savills Valuation and Professional Services Limited, Jones Lang LaSalle Limited, DTZ and B.I. Appraisals Limited. The valuations have been made with reference to comparable current prices in an active market and income capitalisation approach from current leases and assumptions about lease from future leases in light of current market conditions and reversionary income potential.

16. OTHER PROPERTIES, PLANT AND EQUIPMENT

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
AT COST						
At 1 January 2012	46.5	86.7	162.0	12.6	42.7	350.5
Exchange differences	1.2	1.1	3.5	–	–	5.8
Fair value gain on buildings transferred to investment properties	26.6	–	–	–	–	26.6
Additions	0.3	–	22.8	0.4	0.1	23.6
Disposals	–	–	(20.5)	(0.4)	(3.1)	(24.0)
Write-off	–	–	(14.6)	–	–	(14.6)
Disposal of subsidiaries	–	(22.5)	(68.4)	–	(0.1)	(91.0)
Transfer to investment properties	(74.6)	–	–	–	–	(74.6)
Transfer from investment properties	–	10.9	–	–	–	10.9
At 31 December 2012	–	76.2	84.8	12.6	39.6	213.2
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2012	5.2	24.7	94.3	7.7	37.7	169.6
Exchange differences	0.1	0.8	2.6	–	–	3.5
Provided for the year	0.3	2.5	24.8	1.5	2.9	32.0
Disposals	–	–	(13.9)	(0.4)	(3.1)	(17.4)
Write-off	–	–	(2.1)	–	–	(2.1)
Disposal of subsidiaries	–	(16.8)	(50.1)	–	(0.1)	(67.0)
Transfer to investment properties	(5.6)	–	–	–	–	(5.6)
At 31 December 2012	–	11.2	55.6	8.8	37.4	113.0
NET BOOK VALUE						
At 31 December 2012	–	65.0	29.2	3.8	2.2	100.2

16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
AT COST						
At 1 January 2011	43.1	82.3	133.5	9.1	42.4	310.4
Exchange differences	(0.4)	(0.3)	(0.8)	–	–	(1.5)
Additions	3.8	5.2	47.1	3.7	1.7	61.5
Disposals	–	(0.5)	(17.8)	(0.2)	(1.4)	(19.9)
At 31 December 2011	46.5	86.7	162.0	12.6	42.7	350.5
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2011	4.4	22.9	92.0	5.9	36.4	161.6
Exchange differences	–	(0.2)	(0.6)	–	–	(0.8)
Provided for the year	0.8	2.5	17.4	1.9	2.6	25.2
Disposals	–	(0.5)	(14.5)	(0.1)	(1.3)	(16.4)
At 31 December 2011	5.2	24.7	94.3	7.7	37.7	169.6
NET BOOK VALUE						
At 31 December 2011	41.3	62.0	67.7	4.9	5.0	180.9

Notes:

(a) The Group's freehold properties represent properties outside Hong Kong.

(b) Net book value of the Group's land and buildings comprises:

	THE GROUP 2012 HK$'M	2011 HK$'M
Properties held on leases of over 50 years in Hong Kong	36.1	36.4
Properties held on leases of between 10 to 50 years		
– in Hong Kong	10.7	–
– outside Hong Kong	15.8	16.8
Properties held on leases of less than 10 years		
– in Hong Kong	2.4	3.0
– outside Hong Kong	–	5.8
	65.0	62.0

17. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	THE COMPANY	
	2012 HK$'M	2011 HK$'M
Investments, at cost		
Shares listed in Hong Kong (Note a)	–	2,658.2
Unlisted shares	590.8	590.8
	590.8	3,249.0
Loans to a subsidiary (Note b)	6,657.2	–
Interests in subsidiaries	7,248.0	3,249.0
Amounts due from subsidiaries (Note b)	–	1,238.6
Less: provision for impairment	–	(38.5)
	–	1,200.1
Amounts due to subsidiaries	–	(0.2)

Notes:

(a) On 22 October 2010, the Company entered into a sale and purchase agreement with Standard Chartered Bank (Hong Kong) Limited, in relation to the sale by the Company of 13,900,000 ordinary shares (the "Sale Shares") of Winsor, reducing the Group's interest in the issued share capital of Winsor from 79.26% to 73.91%. The total consideration for the Sale Shares amounted to HK$197.4M (the "Consideration"). This transaction was completed on 25 October 2010 whereupon the Consideration due from the Standard Chartered Bank (Hong Kong) Limited was deposited with the Option Holder (as defined below) to satisfy the Company's payment obligations under the Option Agreement (as defined below). On the same day, the Company entered into an option agreement (the "Option Agreement") with Standard Chartered Bank (Hong Kong) Limited (the "Option Holder") giving the Option Holder the right to sell the Sale Shares to the Company pursuant to the terms thereof (the "Options"). If the Company gives the Option Holder an option notice in relation to the number of Sale Shares specified therein pursuant to the terms of the Option Agreement, the Option Holder shall be deemed to exercise the right of the Options in relation to such number of the Sale Shares in the manner set out in the Option Agreement.

As at 31 December 2011, the consideration deposited with the Option Holder amounted to HK$175.0M is included in deposits and loan receivables under current assets whereas the obligations of the Company under the Option Agreement amounted to HK$172.3M is included in other payables under current liabilities.

On 28 June 2012, the Company gave an option notice to the Option Holder pursuant to the terms of the Option Agreement and as a result the Options were deemed be exercised on 10 July 2012.

Pursuant to the exercise of the Options, a total of 13,900,000 shares in Winsor were transferred from the Option Holder to the Company at an exercise price of HK$12.12 per share. Completion of the transfer of the option shares took place on 12 July 2012. Immediately following the completion, the Company held 205,835,845 shares in Winsor, representing approximately 79.26% of the entire issued share capital of Winsor.

As stated in Note 1 to the consolidated financial statements, the Company disposed its entire interests in Winsor on 16 July 2012, after the Distribution in Specie and the Special Dividend were made.

(b) Loans to a subsidiary and amounts due from and due to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(c) Details of the principal subsidiaries at 31 December 2012 are set out in Note 42.

18. ASSOCIATES

	THE GROUP 2012 HK$'M	2011 HK$'M
Share of net assets	281.3	469.5
Loans to associates (Note c)	31.2	47.8
	312.5	517.3

Details of the principal associates at 31 December 2012 are set out in Note 44.

Notes:

(a) Movements of investments in associates and loans to associates are as follows:

	2012 HK$'M	2011 HK$'M
At 1 January	517.3	766.8
Exchange differences	15.7	(6.4)
Share of results	62.2	57.6
Share of reserves	0.7	1.6
Dividends from associates	(250.2)	(54.3)
Interest income on loans to associates	0.3	3.2
Impairment on loans to an associates	(4.9)	–
Net repayment in loans to associates	(7.3)	(251.2)
Transfer to other receivables	(21.3)	–
At 31 December	312.5	517.3

(b) Summary of financial information of the Group's share of revenue and results, assets and liabilities of its associates, before non-controlling interests is as follows:

	2012 HK$'M	2011 HK$'M
Results for the year ended 31 December:		
Revenue	322.8	246.5
Profit for the year	62.2	57.6
Financial position at 31 December:		
Non-current assets	331.9	429.6
Current assets	254.6	450.7
Current liabilities	(154.8)	(204.9)
Non-current liabilities	(150.4)	(205.9)
Net assets	281.3	469.5

18. ASSOCIATES (Continued)

Notes (Continued):

(c) Loans to associates are unsecured and not repayable within one year. All balances as at 31 December 2012 are interest free. As at 31 December 2011, an aggregate amount of HK$0.8M carries interest at market rate. The remaining amounts of loans to associates are interest free.

They are denominated in the following currencies:

	2012 HK$'M	2011 HK$'M
HK dollars	5.7	12.6
US dollars	6.7	6.7
Renminbi	17.4	27.1
Singapore dollars	1.4	1.4
	31.2	47.8

Impairment of HK$4.9M (2011: Nil) has been made in respect of an aggregate loan amount of HK$22.3M. The remaining balance is not impaired.

19. DEPOSITS AND LOAN RECEIVABLES

	THE GROUP		THE COMPANY	
	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M
Deposit for acquisition of investment properties (Note a)	175.4	305.9	–	–
Deposits with a financial institution (Note 17(a))	–	175.0	–	175.0
Mortgage loan receivables (Note b)	12.5	–	–	–
Consideration receivables (Note c)	21.3	–	–	–
Others	0.4	0.2	–	–
	209.6	481.1	–	175.0
Analysed as				
Non-current	209.0	306.1	–	–
Current	0.6	175.0	–	175.0
	209.6	481.1	–	175.0

Notes:

(a) The Group entered into agreements to acquire certain properties located in Malaysia and PRC by phrase for investment purposes. The property located in the PRC was handover by the developer in 2012 and was transferred to investment properties.

(b) The mortgage loan receivables bear interest at market rates and are secured by second mortgages over the relevant properties. They are denominated in Hong Kong dollars.

(c) Consideration receivables represent estimated subsequent purchase price receivable from the purchaser on disposal of G&H Group in 2012 (Note 39(a)). They are denominated in UK pound.

(d) None of the deposits and loan receivables is past due or impaired. The fair values of deposits and loan receivables approximate their carrying amounts.

20. OTHER FINANCIAL ASSETS

	THE GROUP 2012 HK$'M	2011 HK$'M
Held-to-maturity investments		
Unlisted debt and other investments (Note a)	107.9	95.0
Available-for-sale financial assets		
Equity securities listed overseas (Note b)	448.5	226.4
Unlisted other investments (Note c)	6.3	131.3
	454.8	357.7
Total	562.7	452.7
Analysed as		
Non-current	505.7	423.5
Current	57.0	29.2
	562.7	452.7

Notes:

(a) Movement in held-to-maturity investments is as follows:

	2012	2011
At 1 January	95.0	37.9
Exchange differences	(0.1)	(0.2)
Additions	31.3	48.8
Amortised to the income statement (Note 7)	11.9	9.0
Cash received upon maturity	(29.2)	–
Coupon received	(1.0)	(0.5)
At 31 December	107.9	95.0

They are denominated in Hong Kong dollars except for an amount of HK$19.4M (2011: HK$48.7M) which is denominated in United States dollars. They are carried at amortised cost, which approximates their fair value.

(b) The equity securities are listed in:

	2012	2011
– Singapore	447.7	225.7
– United Kingdom	0.8	0.7
	448.5	226.4
They are denominated in the following currencies:		
– Singapore dollars	447.7	225.7
– UK pound	0.8	0.7
	448.5	226.4
Market value of equity securities listed overseas	448.5	226.4

(c) Other investments comprise principally the Group's equity investments in various property development projects.

The directors conducted a review of the carrying amounts of the investments and determined that there was no impairment for the year (2011: HK$11.6M).

21. INVENTORIES

	THE GROUP 2012 HK$'M	2011 HK$'M
Raw materials	4.2	10.0
Work in progress	9.0	14.5
Finished goods	3.6	44.3
	16.8	68.8

22. PROPERTIES FOR SALE

	THE GROUP 2012 HK$'M	2011 HK$'M
Properties under development held for sale	3,185.4	4,024.6
Completed properties	1,423.2	203.3
	4,608.6	4,227.9

Properties for sale comprise:

Net book value of leasehold land and land use rights of leases of		
– over 50 years in Hong Kong	1,200.6	1,290.2
– between 10 to 50 years in Hong Kong	2,668.5	2,238.5
	3,869.1	3,528.7

23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2012 HK$'M	2011 HK$'M
Trade receivables	641.8	778.5
Less: provision for impairment	(0.3)	(1.1)
Trade receivables (net of provision)	641.5	777.4
Deferred rent receivables	14.5	15.6
Amounts due from associates	3.5	2.2
Other receivables, deposits and prepayments	99.0	78.8
	758.5	874.0

The fair values of trade and other receivables, deposits and prepayments approximate their carrying amounts.

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

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. Sales proceeds receivable from sale of properties are settled in accordance with the terms of respective contracts. The following is an ageing analysis of the Group's trade receivables (net of provision) at 31 December, based on the due dates:

	2012 HK$'M	2011 HK$'M
Not yet due	587.5	757.0
1 – 30 days	2.7	8.1
31 – 90 days	7.3	8.6
Over 90 days	44.0	3.7
	641.5	777.4

As of 31 December 2012, trade receivables of HK$54.0M (2011: HK$20.4M) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default and certain of the debts are covered by rental deposits received. The ageing analysis of these trade receivables is as follows:

	2012 HK$'M	2011 HK$'M
1 – 30 days	2.7	8.1
31 – 90 days	7.3	8.6
Over 90 days	44.0	3.7
	54.0	20.4

As of 31 December 2012, trade receivables of HK$0.3M (2011: HK$1.1M) were impaired. The amount of provision was HK$0.3M as of 31 December 2012 (2011: HK$1.1M). The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing analysis of these receivables is as follows:

	2012 HK$'M	2011 HK$'M
Over 90 days	0.3	1.1

The trade receivables (net of provision) are denominated in the following currencies:

	2012 HK$'M	2011 HK$'M
HK dollars	618.9	732.0
US dollars	19.3	32.2
UK pound	–	10.7
Other currencies	3.3	2.5
	641.5	777.4

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

Movements on the provision for impairment of trade receivables are as follows:

	2012 HK$'M	2011 HK$'M
At 1 January	1.1	9.8
Provision for impairment	0.1	0.1
Previous provisions made, now recovered during the year	(0.1)	–
Release of provision for impairment resulting from write off of receivables	–	(8.8)
Disposal of subsidiaries	(0.8)	–
At 31 December	0.3	1.1

The creation and release of provision for impaired trade receivables have been charged/credited to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At 31 December 2012, the Group hold collaterals as security against certain trade receivables amounting to HK$607.5M (2011: HK$720.5M).

Amounts due from associates are unsecured, interest-free and repayable on demand.

Other receivables and deposits do not contain impaired assets.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP			
	2012		2011	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Interest rate swap contracts (Note a)				
– cash flow hedges	–	(76.7)	–	(105.7)
– not qualifying as hedges	–	(9.4)	–	(7.3)
	–	(86.1)	–	(113.0)
Cross currency swap contracts (Note a)	–	(36.5)	–	–
Derivative component in convertible bonds (Note b)	0.2	–	0.2	–
Total	0.2	(122.6)	0.2	(113.0)
Analysed as				
Non-current	0.2	(70.2)	0.2	(67.2)
Current	–	(52.4)	–	(45.8)
	0.2	(122.6)	0.2	(113.0)

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

(a) The notional amounts of derivative financial instruments outstanding at 31 December 2012 were as follows:

	2012 HK$'M	2011 HK$'M
Interest rate swap contracts	1,280.0	1,280.0
Cross currency swap contracts	1,076.0	–
Forward foreign exchange contracts	–	4.9

The portion of changes in fair value of interest rate swaps not qualify as hedges is recognised in the income statement and amounted to a loss of HK$2.1M (2011: HK$1.4M).

(b) Derivative component in convertible bonds

The convertible bonds held as held-to-maturity investments (Note 20) contained conversion feature and the fair value of HK$0.2M at 31 December 2012 (2011: HK$0.2M) was valued by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer.

The fair value of the convertible option was estimated as at 31 December 2012 and 2011, using a binomial model, taking into account the relevant items and conditions upon which the option was granted. The following table lists the inputs to the model used as at 31 December 2012 and 2011:

	2012	2011
Expected volatility of a real estate investment trust	22%	26%
Expected dividend yield of a real estate investment trust	5%	7%
Expected life of the option	0.42 years	1.42 years
Risk fee rate	0.004%	0.3%

The fair value of the issuer redemption option was estimated as at 31 December 2012, based on underlying convertible bonds with quoted market price available.

There was no change in fair value of the derivative component during the year (2011: loss of HK$15.8M recognised in the income statement).

25. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

The balances represent property sale proceeds received held by external solicitors and are restricted in use.

26. PLEDGED AND RESTRICTED BANK DEPOSITS

As at 31 December 2012, the Group held deposits of HK$10.6M (2011: HK$2.7M) received from owners of certain properties which are used exclusively for the purpose of management of the respective properties. The amounts are unsecured and interest free. The deposits with the same amount are held by the Group in a separate bank account as restricted bank deposit. They are denominated in HK dollars.

In addition, the Group held deposits of HK$0.8M (2011: HK$0.8M) which are pledged to secure certain credit facilities for the Group (Note 38). They are denominated in Malaysian Ringgit.

The carrying amounts of the balances approximate their fair values.

27. BANK BALANCES AND CASH

Cash and cash equivalents for the purpose of the cash flow statement include the following:

	THE GROUP		THE COMPANY	
	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M
Bank balances and cash	1,260.9	976.6	1.2	0.2

Bank balances and cash include short-term bank deposits of HK$739.0M (2011: HK$626.0M) with an average effective interest rate of 0.7% (2011: 2.0%) per annum, and with maturity of less than three months (2011: less than three months).

Cash and cash equivalents held by the Group's jointly controlled entities and accounted for under proportionate consolidation amounted to HK$181.1M (2011: HK$43.9M).

The Group's bank balances and cash are denominated in the following currencies:

	2012 HK$'M	2011 HK$'M
HK dollars	1,059.6	866.3
Singapore dollars	87.4	4.4
US dollars	78.2	48.6
Renminbi	22.7	22.3
UK pound	5.2	29.0
Other currencies	7.8	6.0
	1,260.9	976.6
Maximum exposure to credit risk	1,260.0	974.4

28. TRADE AND OTHER PAYABLES AND ACCRUALS

	THE GROUP	
	2012 HK$'M	2011 HK$'M
Trade payables	46.6	75.2
Properties sale deposits received	290.0	117.7
Rental deposits received	123.4	126.6
Construction costs payable	497.9	148.3
Obligations in respect of an option agreement (Note 17(a))	–	172.3
Provision for other costs arising from disposal of subsidiaries	18.9	–
Amounts due to associates	0.3	0.3
Other creditors and accruals	265.3	267.8
	1,242.4	908.2

The ageing analysis of the Group's trade payables at 31 December is as follows:

	2012 HK$'M	2011 HK$'M
0 – 30 days	41.1	68.1
31 – 90 days	3.7	4.8
Over 90 days	1.8	2.3
	46.6	75.2

28. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

The carrying values of the Group's trade and other payables approximate their fair values. Trade payables are denominated in the following currencies:

	2012 HK$'M	2011 HK$'M
HK dollars	45.1	60.5
US dollars	0.3	1.2
UK pound	–	9.9
Renminbi	1.1	1.7
Other currencies	0.1	1.9
	46.6	75.2

Included in other payables and accruals are balances of HK$6.8M (2011: HK$40.8M) and HK$312.1M (2011: HK$5.9M) which are denominated in UK pound and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

Amounts due to associates are unsecured, interest-free repayable on demand.

29. BANK AND OTHER BORROWINGS

	THE GROUP	
	2012 HK$'M	2011 HK$'M
Bank borrowings (Note a)	4,026.2	5,153.2
Fixed rate bonds (Note b)	1,069.3	–
Loans from non-controlling shareholders (Note c)	–	35.5
	5,095.5	5,188.7

The maturity of the bank and other borrowings are as follows:

	THE GROUP	
	2012 HK$'M	2011 HK$'M
Within one year	1,584.8	1,704.6
Between one to two years	1,259.0	1,023.3
Between two to five years	1,048.5	2,288.6
After five years	1,203.2	172.2
	5,095.5	5,188.7
Less: Amounts due within one year shown under current liabilities	(1,584.8)	(1,704.6)
Amounts due after one year	3,510.7	3,484.1
Analysed as		
secured	3,494.6	5,028.2
unsecured	1,600.9	160.5
	5,095.5	5,188.7

29. BANK AND OTHER BORROWINGS (Continued)

The carrying amount of the bank and other borrowings are denominated in the following currencies:

	THE GROUP	
	2012 HK$'M	2011 HK$'M
HK dollars	3,754.8	4,927.1
Singapore dollars	1,069.3	–
Renminbi	101.8	104.5
UK pound	91.5	87.5
US dollars	19.4	51.7
Malaysian Ringgit	58.7	17.9
	5,095.5	5,188.7

Notes:

(a) Bank borrowings are secured by certain properties, other financial assets, bank and other deposits of the Group amounting to HK$17,737.3M (2011: HK$18,371.0M) (Note 38). The bank borrowings bear interest at floating interest rates.

(b) On 29 November 2012, Wing Tai Properties (Finance) Limited, a wholly owned subsidiary of the Company issued an aggregate principal amount of Singapore dollars ("SGD") 170.0 million fixed rate bonds. The fixed rate bonds bear fixed rate interest at 4.25% per annum and will be redeemed at face value on 29 November 2022. They are guaranteed by the Company and listed on Singapore Exchange Limited.

As at 31 December 2012, the Group had cross currency swap arrangements with banks to swap the SGD fixed rate bonds of principal SGD170.0 million and the relevant interest payments to Hong Kong dollar to match the currency exposures of the fixed rate bonds.

(c) The loans from non-controlling shareholders of certain subsidiaries were to finance property development projects. The loans were interest free and they were fully repaid during the year. The carrying amounts of the loans approximate their fair values.

(d) The bank and other borrowings have an effective interest rate of 2.30% (2011: 1.61%) per annum.

30. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relate to the same fiscal authority. The offset amounts as shown on the balance sheet are as follows:

	THE GROUP	
	2012 HK$'M	2011 HK$'M
Deferred tax liabilities	295.8	153.5
Deferred tax assets	(13.5)	(9.4)
	282.3	144.1

30. DEFERRED TAXATION (Continued)

The gross movements of the deferred tax liabilities/(assets) recognised are as follows:

	Tax depreciation HK$'M	Revaluation of properties HK$'M	Tax losses HK$'M	Undistributed earnings HK$'M	Total HK$'M
At 1 January 2011	164.9	47.7	(106.6)	–	106.0
Exchange adjustments	0.1	2.1	–	–	2.2
Charged to income statement for the year (Note 11)	17.6	8.9	9.4	–	35.9
At 31 December 2011	182.6	58.7	(97.2)	–	144.1
At 1 January 2012	182.6	58.7	(97.2)	–	144.1
Exchange adjustments	(0.1)	0.8	–	–	0.7
Charged to income statement for the year (Note 11)	13.8	120.8	14.7	11.1	160.4
Disposal of subsidiary (Note 39(b))	(25.1)	–	2.2	–	(22.9)
At 31 December 2012	171.2	180.3	(80.3)	11.1	282.3

At 31 December 2012, the Group has unused tax losses and other temporary differences of approximately HK$835.1M (2011: HK$776.6M) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$67.1M (2011: HK$40.2M) of such unused tax losses for which the realisation of the related tax benefit through the future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK$768.0M (2011: HK$736.4M) due to the unpredictability of future profit streams of some of the subsidiaries. Included in unrecognised tax losses are losses of HK$58.2M (2011: HK$52.2M) that will expire in the next five years. Other losses may be carried forward indefinitely.

Deferred taxation at the balance sheet date are mainly expected to be realised or settled after more than 12 months.

31. OTHER LONG-TERM LIABILITY

Other long-term liability represents provisions of liabilities in relation to indemnifying the purchaser against the cost of winding up the pension scheme of G&H Group in the disposal of G&H Group during the year (Note 39(a)). The amount is measured at fair value and the certain key assumptions included investment return of 2.65%, price inflation of 3.4%, pension increases of 2.4% to 3.35% and numerous demographic assumptions have been used in the fair value estimates. There is unconditional right to defer payment for more than 12 months.

32. SHARE CAPITAL

	Number of ordinary shares of HK$0.50 each	Amount HK$'M
Authorised:		
At 1 January 2011, 31 December 2011 and 31 December 2012	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2011	1,322,936,463	661.5
Issue of shares on exercise of incentive shares (Note 33(b))	3,426,637	1.7
At 31 December 2011	1,326,363,100	663.2
At 1 January 2012	1,326,363,100	663.2
Issue of shares on exercise of share options and incentive shares (Note 33(a) & (b))	5,894,179	2.9
At 31 December 2012	1,332,257,279	666.1

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME

(a) Share Option Scheme

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of Directors of the Company, may in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The maximum number of shares of the Company which may be issued in response to the options and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregated exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme (as defined in Note 33(b)) aggregated to 28,595,828 shares, which represented approximately 2.14% of the issued share capital of the Company as at the date of this annual report. The maximum number of options granted to any one individual in any 12-month period shall not exceed 1% of the issued share capital of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group. A consideration of HK$1 is payable on acceptance of the grant of options. Options granted must be taken up within 28 days from the date of grant. The exercise price for an option to subscribe for a share is determined by the directors of the Company, and shall be at least the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Share Option Scheme will end on 9 June 2013.

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(a) Share Option Scheme (Continued)

Details of the share options granted under the Share Option Scheme during the year are as follows:

Director	Date of grant	Exercise price per share	Number of share options As at 1.1.2012	Exercised during the year	As at 31.12.2012	Fair value of share options amortised in 2012 HK$
Simon MURRAY	19.4.2005	HK$1.941	1,094,737	(1,094,737)	–	50,000

No options were granted during the year.

The closing price of the shares of the Company quoted on the Stock Exchange on 18 April 2005, being the date immediately before the date on which share options were granted was HK$2.125 per share.

(b) Share Incentive Scheme

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme aggregated to 28,595,828 shares, which represented approximately 2.14% of the issued share capital of the Company as at the date of this annual report.

The Share Incentive Scheme is a long-term incentive arrangement for the Eligible Employees, the purpose of which is to recognise, motivate and provide incentives to those who make contribution to the Group, to help the Group retain its existing employees and recruit additional employees who will be valuable to the Group to provide existing and future employees with direct economic interests in the long-term development and growth of the Group.

A consideration of HK$1 is payable on the acceptances of the offer of awards. Offer of awards must be accepted within 28 days from the date of offer. The subscription price for each share which is the subject of an award shall be an amount equal to its nominal value. Each subscription under the Share Incentive Scheme shall be in cash at the subscription price. The Company will provide to the Eligible Employees the funds required to subscribe for the shares issued under the Share Incentive Scheme. The Share Incentive Scheme will end on 16 June 2015.

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(b) Share Incentive Scheme (Continued)

Details of the incentive shares awarded pursuant to the Share Incentive Scheme during the year are as follows:

	Date of award	Number of incentive shares As at 1.1.2012	Awarded during the year	Vested and exercised during the year	As at 31.12.2012	Fair value of incentive shares amortised in 2012 HK$
Directors						
CHENG Wai Chee, Christopher	15.6.2009	852,253	–	(852,253)	–	28,000
	25.6.2010	798,000	–	(266,000)	532,000	379,000
	31.3.2011	772,000	–	(193,000)	579,000	650,000
	24.5.2012	–	1,100,000	–	1,100,000	1,516,000
CHENG Wai Sun, Edward	15.6.2009	852,253	–	(852,253)	–	28,000
	25.6.2010	798,000	–	(266,000)	532,000	379,000
	31.3.2011	772,000	–	(193,000)	579,000	650,000
	24.5.2012	–	1,100,000	–	1,100,000	1,516.000
AU Hing Lun, Dennis	15.6.2009	400,674	–	(400,674)	–	13,000
	25.6.2010	383,250	–	(127,750)	255,500	182,000
	31.3.2011	325,000	–	(81,250)	243,750	274,000
	24.5.2012	–	460,000	–	460,000	634,000
NG Tak Wai, Frederick	15.6.2009	38,864	–	(38,864)	–	1,000
	25.6.2010	29,250	–	(9,750)	19,500	14,000
	31.3.2011	28,000	–	(7,000)	21,000	24,000
		6,049,544	2,660,000	(3,287,794)	5,421,750	6,288,000
Employees	15.6.2009	1,030,148	–	(1,030,148)	–	33,000
	25.6.2010	835,500	–	(278,500)	557,000	390,000
	31.3.2011	812,000	–	(203,000)	609,000	684,000
	24.5.2012	–	1,080,000	–	1,080,000	1,462,000
		2,677,648	1,080,000	(1,511,648)	2,246,000	2,569,000
Total		8,727,192	3,740,000	(4,799,442)	7,667,750	8,857,000

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the provisional date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the provisional date of award. During the year ended 31 December 2012, 3,740,000 (2011: 2,709,000) incentive shares were awarded and 4,799,442 (2011: 3,426,637) incentive shares were vested and exercised.

At 24 May 2012 (2011: 31 March 2011), being the date of awards, the closing price of the shares of the Company as quoted on the Stock Exchange was HK$3.86 (2011: HK$3.15) per share.

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(c) Fair values of incentive shares awarded

The fair values of incentive shares awarded during the year ended 31 December 2012 are determined using the Binominal Option Pricing Model (the "Model"). Key assumptions of the Model are:

Risk-free rate	0.97%
Expected dividend yield	2.61%
Expected volatility of the market price of the Company's shares	43.4%
Expected life	10 years from the date of grant

The Model requires the input of subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of incentive shares.

The fair value of the incentive shares awarded during the year ended 31 December 2012 were HK$11.7M (2011: HK$6.8M).

34. RESERVES

(a) Movements in the reserves of the Group are disclosed in the consolidated statement of changes in equity.

(b) Movements on the reserves of the Company are as follows:

	Share premium HK$'M	Employee share-based compensation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M
THE COMPANY					
At 1 January 2011	3,249.0	11.7	228.2	216.5	3,705.4
Value of employee services relating to grants of share options and incentive shares	–	8.0	–	–	8.0
Incentive shares exercised	6.8	(6.8)	–	–	–
2010 final dividend paid	–	–	(86.2)	–	(86.2)
2011 interim dividend paid	–	–	(50.4)	–	(50.4)
Profit for the year	–	–	–	207.5	207.5
At 31 December 2011	3,255.8	12.9	91.6	424.0	3,784.3
At 1 January 2012	3,255.8	12.9	91.6	424.0	3,784.3
Value of employee services relating to grants of share options and incentive shares	–	8.9	–	–	8.9
Share options and incentive shares exercised	11.2	(9.6)	–	–	1.6
2011 final dividend paid	–	–	(91.6)	(11.0)	(102.6)
2012 interim dividend paid	–	–	–	(56.0)	(56.0)
Profit for the year	–	–	–	2,943.0	2,943.0
At 31 December 2012	3,267.0	12.2	–	3,300.0	6,579.2

(c) Nature and purpose of reserves – The Group

(i) Share premium

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

34. RESERVES (Continued)

(c) Nature and purpose of reserves – The Group (Continued)

(ii) Hedging reserve

The hedging reserve comprises 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(o).

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in Note 2(l).

(iv) Employee share-based compensation reserve

The employee share-based compensation reserve comprises the cumulative value of employee services received for the grant of share options and incentive shares, which is transferred to share premium upon exercise of share options and incentive shares.

(v) Other property revaluation reserve

The other property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for own use in Note 2(g).

(vi) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(f).

(vii) Contributed surplus

The balance of contributed surplus of the Group arose as a results of (1) the Group reorganisation described in Note (d) (iii) below and (2) gains on bargain purchases rising from changes in ownship interests in subsidiaries that do not result in a change of control, which is dealt with in accordance with the accounting policy in Note 2(b).

(d) Nature and purpose of reserves – The Company

(i) Share premium

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) Employee share-based compensation reserve

The employee share-based compensation reserve comprises the cumulative value of employee services received for the grant of share options and incentive shares, which is transferred to share premium upon exercise of share options and incentive shares.

(iii) Contributed surplus

The balance of contributed surplus of the Company arose as a result of the Group reorganisation in 1991 and the Company's capital reduction in 1996 less distributions made.

Under The Companies Act 1981 of Bermuda (as amended), contributed surplus of a company is available for distribution to shareholders in addition to accumulated profits. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– the company is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

35. OPERATING LEASES

THE GROUP AS LESSEE

	Continuing operations		Discontinued operations	
	2012 HK$'M	2011 HK$'M (re-presented)	2012 HK$'M	2011 HK$'M (re-presented)
Minimum lease payments charged to income statement during the year:				
– land and buildings	8.7	7.7	8.7	30.0
– equipment and motor vehicles	0.1	0.2	–	–
	8.8	7.9	8.7	30.0

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2012, the future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2012 HK$'M	2011 HK$'M
For buildings		
– Within one year	3.6	10.4
– After one year and not later than five years	1.7	29.1
– Over five years	–	50.4
Total	5.3	89.9

THE GROUP AS LESSOR

	2012 HK$'M	2011 HK$'M
Continuing operations		
Gross rental income from tenancies credited to income statement during the year	636.0	590.3
Less: Outgoings in respect of properties with tenancies investment	(44.7)	(44.9)
	591.3	545.4

There is no rental income from discontinued operations for both years.

The Group's investment properties are held for rental purposes. Rental income is fixed and predetermined. The properties held have committed tenants for the next two to three years. At the balance sheet date, the amount of future rental receivable by the Group is analysed as follows:

	2012 HK$'M	2011 HK$'M
Within one year	443.3	460.9
After one year and not later than five years	496.2	637.4
Over five years	32.4	–
	971.9	1,098.3

The Company had no significant operating lease commitments at the balance sheet dates.

36. COMMITMENTS

	THE GROUP	
	2012 HK$'M	2011 HK$'M
Expenditure in respect of investment properties		
– contracted but not provided for	6.4	–
Expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for	1.8	2.9
– authorised but not contracted for	–	3.4
Expenditure in respect of investment properties held by jointly controlled entities		
– contracted but not provided for	61.5	595.4
– authorised but not contracted for	5.9	3.8
	75.6	605.5

The Company had no capital commitment at the balance sheet dates.

37. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	THE GROUP		THE COMPANY	
	2012 HK$'M	2011 HK$'M	2012 HK$'M	2011 HK$'M
Guarantees given to banks in respect of credit facilities extended to				
– subsidiaries and jointly controlled entities	–	–	8,182.3	5,793.7
– an associate	112.5	112.8	112.5	112.8
Guarantees given to bonds holders (Note 29)	1,069.3	–	1,069.3	–
	1,181.8	112.8	9,364.1	5,906.5

At 31 December 2012, bank loans of HK$3,997.2M (2011: HK$2,961.4M) being guaranteed by the Company to subsidiaries and jointly controlled entities have been drawn down.

38. PLEDGE OF ASSETS

At 31 December 2012, the Group's advances to associates/jointly controlled entities include amounts of HK$526.5 M (2011: HK$2,192.6M) which are subordinated to loans facilities of associates/jointly controlled entities and assigned. The associates/ jointly controlled entities are engaged in property development. The shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 31 December 2012, certain of the Group's assets were pledged to secure credit facilities for the Group:

	2012 HK$'M	2011 HK$'M
Investment properties	15,063.5	13,662.5
Other properties, plant and equipment	36.1	77.7
Other financial assets	343.8	235.7
Properties for sale	2,117.7	4,127.1
Pledged bank deposits	0.8	0.8
Deposits and loan receivables	175.4	267.2
	17,737.3	18,371.0

39. DISPOSAL OF SUBSIDIARIES

(a) Under discontinued operations

On 11 April 2012, a wholly-owned subsidiary of the Company entered into an agreement with a third party to dispose its entire interest in Gieves and Hawkes International (BVI) Limited and Marvinbond Limited (collectively, the "G&H Group"), wholly-owned subsidiaries of the Group, which carried out branded products distribution business. The total consideration is the aggregate of (i) an initial purchase price of UK pound 32.5 million payable in cash and (ii) a subsequent purchase price payment for each subsequent purchase price periods (from 2012 to 2030). The total of the subsequent purchase price payments shall not exceed UK pound 60.0 million.

For each subsequent purchase price periods, the purchaser shall pay to the Group a subsequent purchase price payment which is determined by a percentage of certain future sales made by the purchaser.

The disposal of G&H Group was completed on 3 May 2012. As a result, certain comparative figures in the consolidated income statement had been re-presented to conform with the current presentation of discontinued operations.

Financial information relating to the discontinued operations is as follows:

	2012 HK$'M	2011 HK$'M
Revenue	63.9	221.0
Cost of sales	(31.2)	(116.3)
Other gains/(losses), net	0.2	(0.9)
Selling and distribution costs	(28.9)	(84.5)
Administrative expenses	(16.8)	(62.9)
Redundancy costs	(9.1)	–
Gain on disposal of G&H Group	275.6	–
Profit/(loss) from operations	253.7	(43.6)
Finance costs	(0.1)	–
Finance income	–	0.2
Profit/(loss) before taxation from discontinued operations	253.6	(43.4)
Taxation	(0.3)	(0.7)
Profit/(loss) for the year from discontinued operations attributable to equity holders of the Company	253.3	(44.1)

The net cash flows attributable to the discontinued operations are as follows:

	2012 HK$'M	2011 HK$'M
Net cash generated from/(used in) operating activities	8.8	(28.4)
Net cash used in investing activities	(1.0)	(11.0)
Net cash generated from financing activities	3.3	47.3
Total net cash inflows	11.1	7.9

39. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Under discontinued operations (Continued)

The assets and liabilities of G&H Group disposed of at the completion date comprise:

	HK$'M
Other properties, plant and equipment	24.0
Trade and other receivables, deposits and prepayments	33.1
Inventories	57.3
Bank balances and cash	36.6
Trade and other payables and accruals	(85.7)
Tax payable	(0.3)
Net assets	65.0
Translation reserve realised	(3.8)
Net assets disposed of	61.2
Net consideration	336.8
Gain on disposal	275.6
Consideration	
Cash consideration	407.8
Consideration receivables	21.5
Disposal related costs	(2.2)
Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries (Note)	(90.3)
Net consideration	336.8
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	407.8
Disposal related costs	(2.2)
Bank balances and cash of subsidiaries disposed of	(36.6)
Net cash inflow in respect of the disposal	369.0

Note:

Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries mainly represent pension cost liability assumed and provisions for claims liability in accordance with the sales and purchase agreement under which the Group is required to indemnify the purchaser against the cost of winding up the pension scheme of G&H Group. The pension cost liability was valued by an independent acturialist at 31 December 2012, and is classified as long term liability (Note 31).

39. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Under continuing operations

In respect to the Share Sale Completion as disclosed in Note 1(b), the assets and liabilities of Disposal Group disposed of at the completion date comprise:

	HK$'M
Investment properties	1,129.4
Deferred tax assets	2.2
Trade and other receivables, deposits and prepayments	8.3
Bank balances and cash	37.4
Trade and other payables and accruals	(18.2)
Tax payable	(4.6)
Deferred tax liabilities	(25.1)
Net assets	1,129.4
Non-controlling interests	(230.7)
Share of net assets disposed of	898.7
Net consideration	1,136.1
Gain on disposal	237.4
Consideration	
Cash consideration	1,156.7
Disposal related costs	(20.6)
Net consideration	1,136.1
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	1,156.7
Disposal related costs	(20.6)
Bank balances and cash of subsidiaries disposed of	(37.4)
Net cash inflow in respect of the disposal	1,098.7

40. ACQUISITION OF NON-CONTROLLING INTERESTS

(a) Acquisitions in 2012

(i) As disclosed in Note 1(b) to the consolidated financial statements, the Company owns 100% interests in Privateco at 31 December 2012 through Privateco Offer and Compulsory Redemption.

	HK$'M
Fair value of additional interest of Privateco acquired from non-controlling shareholders	2,179.4
Purchase consideration settled by cash	(1,486.2)
Disposal related costs	(11.6)
Gain on bargain purchase attributable to equity holders of the Company recognised in equity, net of tax	681.6

(ii) The Group purchased the 4.76% remaining interest in a non-wholly owned subsidiary from a non-controlling shareholder at a consideration of HK$14.3M. Such acquisition does not have any impact on the profit or loss nor equity.

(iii) Net cash outflow from financing activities

	HK$'M
Net cash outflow mentioned in 40(a)(i) above	1,497.8
Net cash outflow mentioned in 40(a)(ii) above	14.3
	1,512.1

(b) Acquisition in 2011

On 30 June 2011, the Group through its listed subsidiary, Winsor Properties Holdings Limited, acquired the entire issued share capital of Dragon Eye Holding Limited ("Dragon Eye") at a cash consideration of HK$229.1M. Dragon Eye holds directly 40% of the entire issued share capital of Fore Prosper Limited ("Fore Prosper") and the remaining 60% is held indirectly by the Group. Immediately after the acquisition, the Group's ownership in Fore Prosper was increased to 91.7%.

	HK$'M
Shareholders' loan of Dragon Eye assumed by the Group	(27.5)
Fair value of additional interest of Fore Prosper acquired from a non-controlling shareholder	325.9
	298.4
Purchase consideration settled by cash (net cash outflow from financing activities)	229.1
Gain on bargain purchase, gross	69.3
Share of non-controlling interests	(14.3)
Gain on bargain purchase attributable to equity holders of the Company recognised in equity, net of tax	55.0

The gain on bargain purchase was mainly attributable to the investment property owned by Fore Prosper.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	THE GROUP	
	2012	**2011**
	HK$'M	**HK$'M**
Interest income from loans to associates	0.3	3.2
Key management compensation (Note)	(32.8)	(31.1)
Project management fee income from associates	2.5	2.6
Project management fee income from a substantial shareholder of the Company	4.4	4.4
Property rental income from a substantial shareholder of the Company	4.5	3.2
Purchases of garment products from a subsidiary of a substantial shareholder of the Company	(8.6)	(32.3)

These transactions were carried out on terms mutually agreed between the parties involved.

Notes:

(i) Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

(ii) During the year, the Group purchased the 4.76% remaining interest in a non-wholly owned subsidiary from Parex International Limited ("Parex"), a non-controlling shareholder at a consideration of HK$14.3M. Parex is a company wholly-owned by certain directors of the Company. Such acquisition does not have any impact on the profit or loss nor equity.

(iii) The Group paid HK$77.6M to certain directors and their family members for their shares in Privateco under Privateco Offer, on the basis of HK$27.6 for each share of Privateco issued.

(b) Outstanding balances with these related parties at the reporting dates are:

	THE GROUP	
	2012	**2011**
	HK$'M	**HK$'M**
Loans to associates (Note 18)	31.2	47.8
Amounts due from associates (Note 23)	3.5	2.2
Amounts due to associates (Note 28)	0.3	0.3

Details of loans repaid during the year are disclosed in the consolidated cash flow statement.

42. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2012 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Adam Knitters Limited	Hong Kong	Ordinary shares HK$1,000 Deferred shares HK$200,000	100%	Property investment
Allied Effort Limited	British Virgin Islands	US$1	100%	Investment holding
Baudinet Investment Limited	Hong Kong	Ordinary shares HK$18 Deferred shares HK$2	100%	Property investment
Begin Land Limited	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	100%	Property investment
Charter Star Trading Limited	Hong Kong	HK$100,000	100%	Garment trading
Cheong Ka Limited	British Virgin Islands/ People's Republic of China	US$1	98%	Property investment
Cherrytime Investments Limited	British Virgin Islands	HK$2,575,259	100%	Investment holding
Chung Fook Limited	British Virgin Islands/ People's Republic of China	US$1	100%	Property investment
Datas Industries Limited	Hong Kong	HK$2	100%	Garment manufacturing
Dhandia Limited	Hong Kong	HK$1,000	100%	Investment holding
Dragon Eye Holding Ltd.	Cayman Islands	US$100	100%	Investment holding
East Sun Estate Management Company Limited	Hong Kong	HK$200	100%	Property management

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Fore Prosper Limited	Hong Kong	Ordinary shares HK$10 Non-voting deferred shares HK$100	100%	Property investment
Gentful Limited	Hong Kong	HK$2	100%	Provision of financing services to group companies
Glory Charm Development Limited	Hong Kong	HK$2	100%	Property holding
Grandeur Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	Property investment
Grandslam Limited	British Virgin Islands	US$1	100%	Investment holding
Hilwin Properties Limited	Hong Kong	Ordinary shares HK$450,000 Deferred shares HK$50,000	100%	Investment holding and treasury investment
Honest Bond Limited	Hong Kong	HK$1	100%	Property investment
Lanson Place Hospitality Management Limited	Hong Kong	HK$2	100%	Provision of hospitality management services
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US$12,000	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US$1	100%	Investment holding

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Le Cellier Storage Limited (formerly known as Winsor Storage Limited)	Hong Kong	HK$10,000	100%	Wine storage
New Ego Limited	British Virgin Islands	US$1	100%	Property investment
Pangold Development Limited	Hong Kong	HK$100	100%	Property development
Shang Tai Property Management Limited	Hong Kong	HK$1	100%	Provision of property management services
Shui Hing Textiles International Limited	Hong Kong	HK$75,000,000	100%	Investment holding
Shui Pang Garment & Knitting Factory Limited	Hong Kong	HK$2,000,000	100%	Investment holding and garment manufacturing
Success First Development Limited	Hong Kong	HK$2	100%	Property investment
Telwin Industrial Limited	Hong Kong	HK$2	100%	Garment manufacturing
True Prosper Limited	Hong Kong	HK$1	100%	Investment holding
True Synergy Limited	Hong Kong	HK$1	100%	Property development
Unimix Exporter Limited	Hong Kong	HK$1,000,000	100%	Investment holding
Unimix Holdings Limited	Hong Kong	HK$1,100,000	100%	Investment holding
Unimix Limited	Hong Kong	HK$10,000,000	100%	Garment manufacturing
Value Castle Limited	Hong Kong	HK$1	100%	Property development
W Billion Management Limited (formerly known as Winsor Billion Management Limited)	Hong Kong	HK$10	80%	Property management
Wing Tai Properties Development Limited	Hong Kong	HK$2	100%	Provision of property project management services

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Wing Tai Properties Investment Limited	British Virgin Islands	US$1	100%	Investment holding	1
Wing Tai Properties (B.V.I.) Limited	British Virgin Islands	US$50,000	100%	Investment holding	1
Wing Tai Properties (China) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties (China) (No.2) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties Estate Agents Limited (formerly known as Winsor Estate Agents Limited)	Hong Kong	HK$20	100%	Property agent	
Wing Tai Properties Estate Management Limited (formerly known as Winsor Estate Management Limited)	Hong Kong	HK$2	100%	Property management	
Wing Tai Properties (Finance) Limited	British Virgin Islands	US$1 Fixed rate bonds S$170,000,000	100%	Provides finance to group companies	
Wing Tai Properties (Hong Kong) Limited	Hong Kong	HK$227,750,062	100%	Provides finance to group companies	
Wing Tai Properties (International) Limited	British Virgin Islands	US$1	100%	Investment holding	
Winner Godown Limited	Hong Kong	HK$1,500,000	70%	Godown operation	
Winnion Limited	Hong Kong	HK$100	100%	Property investment	
Winprop Pte. Ltd.	Singapore	S$2	100%	Investment holding	
WTP Investment Finance Limited (formerly known as Winsor Properties Finance Limited)	Hong Kong	HK$2	100%	Provides finance to group companies	
WTP Investment (China) Limited (formerly known as Winsor Properties (China) Limited)	British Virgin Islands	US$2	100%	Investment holding	

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
WTP Investment (Hong Kong) Limited (formerly known as Winsor Properties (Hong Kong) Limited)	British Virgin Islands/ Hong Kong	US$2	100%	Investment holding	
WTP Investment (Overseas) Limited (formerly known as Winsor Properties (Overseas) Limited)	British Virgin Islands	US$2	100%	Investment holding	
WTP Project Management Limited	Hong Kong	HK$2	100%	Provision of property project management services	
Zak Holdings Limited	British Virgin Islands	US$1	100%	Investment holding	
Zofka Properties Limited	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	100%	Property investment	
東莞冠麗時裝有限公司	People's Republic of China	HK$13,250,000	100%	Property holding and garment manufacturing	2
東莞創麗製衣有限公司	People's Republic of China	HK$5,600,000	100%	Garment manufacturing	2
乳源冠麗製衣有限公司	People's Republic of China	HK$20,000,000	100%	Property investment	2
乳源寶麗製衣有限公司	People's Republic of China	HK$15,000,000	100%	Property investment	2
韶關乳源環邦針織製衣有限公司	People's Republic of China	HK$7,800,000	100%	Property investment	2
永泰富聯物業管理(北京)有限公司	People's Republic of China	US$12,300,000	100%	Property investment	2
逸蘭公寓管理(上海)有限公司	People's Republic of China	US$140,000	100%	Provision of hospitality management services	2

Note:

1. Only Wing Tai Properties (B.V.I.) Limited and Wing Tai Properties Investment Limited are directly held by the Company.

2. Represents a wholly owned foreign enterprise established in the People's Republic of China.

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

43. PRINCIPAL JOINTLY CONTROLLED ENTITIES

Details of the principal jointly controlled entities at 31 December 2012 are as follows:

Name of jointly controlled entity	Place of incorporation/operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities	Note
Ace Glory Limited	Hong Kong	15%	Property development	
Brave Sky Investments Limited	Hong Kong	50%	Property development	
Cateavon Limited	Hong Kong	30%	Property development	
Century Rise Limited	Hong Kong	15%	Property development	
Estate Success Limited	Hong Kong	50%	Investment holding	
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Property investment	
Landyork Investment Limited	Hong Kong	50%	Property trading	
Mega Island (HK) Limited	Hong Kong	35%	Property development	
Pacific Bond Limited	Hong Kong	15%	Property development	
Providence Bay Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Providence Peak Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Seriford International Limited	British Virgin Islands/ Hong Kong	30%	Property investment	
豐永（上海）置業有限公司	People’s Republic of China	50%	Property investment	1

Note:

1. Represents a wholly owned foreign enterprise established in the People’s Republic of China.

The Group’s percentage of shareholding, profit sharing and voting power of each of the above principal jointly controlled entities are the same.

43. PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

The following amounts represent the Group's respective share of the assets and liabilities, and revenue and results of the jointly controlled entities and are included in the consolidated balance sheet and income statement:

	2012 HK$'M	2011 HK$'M
Assets:		
Non-current assets	919.4	325.9
Current assets	4,304.5	3,727.5
Liabilities:		
Current liabilities	(1,220.6)	(1,233.3)
Non-current liabilities	(3,641.5)	(2,812.5)
Net assets	361.8	7.6
Revenue	1,842.9	902.4
Expenses	(1,292.2)	(683.0)
Taxation	(190.2)	(52.0)
Profit after taxation	360.5	167.4

44. PRINCIPAL ASSOCIATES

Details of the principal associates at 31 December 2012 are as follows:

Name of associate	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company indirectly	Principal activities	Note
Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.	People's Republic of China	23.4%	Property investment	1
Smart Gainful Limited	Hong Kong	33.3%	Provision of second mortgage financing	
Union Charm Development Limited	Hong Kong	7.5%	Property development and investment	2
Winner Max Enterprises Limited	Hong Kong	33.3%	Property development	
Suzhou World Trade Centre Co., Ltd.	People's Republic of China	24.8%	Property investment	
Tat Yeung Trading Company Limited	British Virgin Islands	50.0%	Investment holding	
Winquest Investment Pte. Ltd.	Singapore	30.0%	Property development	
China Merchants Cold Chain Logistics (China) Company Limited	British Virgin Islands	30.0%	Investment holding	
China Merchants Cold Chain Logistics (Hong Kong) Company Limited	Hong Kong	30.0%	Investment holding	
China Merchants International Cold Chain (Shenzhen) Company Limited	People's Republic of China	30.0%	Cold storage	

Notes:

1. The name in English is for identification only.

2. The Group has the ability to exercise significant influence over these associates. Accordingly, it is regarded as an associate of the Group.

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

PROPERTIES HELD FOR INVESTMENT PURPOSES

At 31 December 2012

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2012
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,337,747 sq.ft.	2047	100%	Let to outside parties as office
W Square, 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122)	128,658 sq.ft.	2859	100%	Let to outside parties as retail and office
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,827 sq.ft.	2047	100%	Let to outside parties as workshops, canteen or godowns
Winner Godown Building, 503-515 Castle Peak Road Tsuen Wan Section and 1-9 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (The Remaining Portion of Tsuen Wan Inland Lot No. 28)	497,140 sq.ft.	2047	100%	Let to outside parties as workshops or godowns
Lanson Place Hotel 133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,097 sq.ft.	2047	100%	Service apartment
Lanson Place Central Park Residences (33 Units) Tower 23, Central Park, No. 6 Chaoyangmenwai Avenue, Chaoyang District, People's Republic of China	6,162 sq.m.	2074	100%	Service apartment
97 Suites and 97 Car Parks, (excluding commercial properties on the 1st and 2nd floors) No. 10, Lane 1288, Puming Road, Pudong New District, Shanghai People's Republic of China	19,273 sq.m.	2048	50%	Interior fitting out works in progress
Unit H, 1st Floor, Wong King Industrial Building, 192-198 Choi Hung Road and 2-4 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (2/501st shares of and in New Kowloon Inland Lot No.4448)	2,424 sq.ft.	2047	100%	Let to an outside party as workshop

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2012
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,146 sq.m.	2053	100%	Let to related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,639 sq.m.	2053	100%	Let to related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Ru Fu Guo Yong Zong Zi Di 000030312 / No. Ru Fu Guo Yong Zi (2005) Di 02320100060)	14,537 sq.m.	2052	100%	Let to related party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C4281592, C4281593, C42815954 and C4281595)	11,565 sq.m.	2044	98%	Let to an outsider party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi 1486418, 1486419, 1486420 and 1486421)	9,609 sq.m.	2044	100%	Let to an outsider party as factory
161 agricultural lots, Lantau Island and Peng Chau, New Territories, Hong Kong	–	2047	100%	Vacant
No. 1 Savile Row, London W1S 3JR United Kingdom	9,324 sq.ft.	Freehold	100%	About 72% of the property was occupied. Others are under renovation

PROPERTIES FOR SALE

At 31 December 2012

Address	Nature of property	Gross floor area	Effective percentage holding	Project status	Expected completion date
Seymour 9 Seymour Road, Mid-Levels West, Hong Kong (Inland Lot Nos. 4626, 4627, 4628, 4629 and the Remaining Portion of Inland Lot No. 585)	Residential	173,000 sq.ft.	30%	Completed	Completed
Providence Bay 5 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 186)	Residential	843,000 sq.ft.	15%	Completed	Completed
Providence Peak 8 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 188)	Residential	897,000 sq.ft.	15%	Completed	Completed
The Graces • Providence Bay 9 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 187)	Residential	389,000 sq.ft.	15%	Completed	Completed
The Warren 9 Warren Street, Causeway Bay, Hong Kong (Section A, B, C, F, G, H, J, K and the Remaining Portion of Section D and E of Inland Lot No. 2087, and the Remaining Portion thereof)	Residential/Shops	74,000 sq.ft.	100%	Superstructure in progress	2014
The Pierre No. 1 Coronation Terrace, Sheng Wan, Hong Kong (Subsection 2 of Section B, the Remaining Portion of Section B and Section E of Inland Lot No. 100)	Residential	40,000 sq.ft.	100%	Superstructure in progress	2014
Ko Shan Road, Hung Hom, Kowloon, Hong Kong (Inland Lot No. 11184)	Residential	153,000 sq.ft.	50%	Foundation in progress	2015
Sha Tin Town No. 567, Area 56A, Kau To, Sha Tin, New Territories, Hong Kong	Residential	318,000 sq.ft.	35%	Planning and design	2016

FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2012:

	Year ended 31 December				
	2012 HK$'M	**2011 HK$'M** (Note b)	**2010 HK$'M** (Note b)	**2009 HK$'M** (Note a & b)	**2008 HK$'M** (Note a & b)
RESULTS					
Continuing operations					
Revenue	2,961.5	2,513.5	1,974.8	992.9	1,424.2
Profit before taxation from continuing operations	4,807.7	2,914.1	2,516.1	515.6	357.1
Taxation	(273.6)	(134.1)	(47.9)	(56.7)	(44.0)
Profit for the year from continuing operations	4,534.1	2,780.0	2,468.2	458.9	313.1
Profit/(loss) for the year from discontinued operations	253.3	(44.1)	(31.4)	(33.3)	(18.5)
Profit for the year	4,787.4	2,735.9	2,436.8	425.6	294.6
Attributable to:					
Equity holders of the Company					
– From continuing operations	4,477.0	2,257.0	1,944.5	346.2	230.8
– From discontinued operations	253.3	(44.1)	(31.4)	(33.3)	(18.5)
	4,730.3	2,212.9	1,913.1	312.9	212.3
Non-controlling interests					
– From continuing operations	57.1	523.0	523.7	112.7	82.3
	4,787.4	2,735.9	2,436.8	425.6	294.6

	At 31 December				
	2012 HK$'M	**2011 HK$'M**	**2010 HK$'M** (Note a)	**2009 HK$'M** (Note a)	**2008 HK$'M** (Note a)
ASSETS AND LIABILITIES					
Total assets	25,361.9	21,836.8	18,866.1	16,985.0	15,795.8
Total liabilities	(6,986.5)	(6,454.1)	(5,594.7)	(6,151.9)	(6,024.3)
Non-controlling interests	(2.0)	(2,435.0)	(2,343.3)	(1,827.9)	(1,710.9)
Equity attributable to the equity holders of the Company	18,373.4	12,947.7	10,928.1	9,005.2	8,060.6

Notes:

(a) The Group adopted HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" in 2010 and applied retrospectively.

(b) According to HKFRS 5 "Non-current assets held for sale and discontinued operations", the results of discontinued operations are presented separately in the income statements and prior years' results are re-presented.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
CHENG Wai Chee, Christopher *GBS OBE JP*
(Chairman)
CHENG Wai Sun, Edward *SBS JP*
(Deputy Chairman and Chief Executive)
CHENG Man Piu, Francis
CHOW Wai Wai, John
AU Hing Lun, Dennis

Non-Executive Directors
KWOK Ping Luen, Raymond *JP*
YUNG Wing Chung
(also an alternate to KWOK Ping Luen, Raymond)
HONG Pak Cheung, William
NG Tak Wai, Frederick
CHEN Chou Mei Mei, Vivien

Independent Non-Executive Directors
Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*
CHENG Hoi Chuen, Vincent *GBS OBE JP*

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
FANG Hung, Kenneth *GBS CBE JP*
YUNG Wing Chung
HONG Pak Cheung, William
(alternate to YUNG Wing Chung)

REMUNERATION COMMITTEE MEMBERS

Simon MURRAY *CBE (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *SBS JP*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

NOMINATION COMMITTEE MEMBERS

CHENG Hoi Chuen, Vincent *GBS OBE JP (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *SBS JP*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

FUNG Ching Man, Janet

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

27th Floor, AIA Kowloon Tower
Landmark East
100 How Ming Street
Kwun Tong, Kowloon
Hong Kong

COMPANY WEBSITE

http://www.wingtaiproperties.com

HONG KONG STOCK EXCHANGE STOCK CODE

369

WING TAI PROPERTIES LIMITED
Incorporated in Bermuda with limited liability

永泰地產有限公司
於百慕達註冊成立之有限公司

WINGTAIASIA

LANSON PLACE

www.wingtaiproperties.com