與時創建
Building with the times

爪哇集團
SEA Group

Stock Code 股份代號: 251

Directory

Directors

Executive Directors

Mr. Lu Wing Chi
(Chairman and Managing Director)
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Director

Mr. Lam Sing Tai

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

Audit Committee

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Nomination Committee

Mr. Lu Wing Chi *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Remuneration Committee

Mr. Chung Pui Lam *(Chairman)*
Mr. Lu Wing Chi
Mr. Lambert Lu
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Authorised Representatives

Mr. Lambert Lu
Ms. Chan Yuk Ying

Company Secretary

Ms. Chan Yuk Ying

Legal Advisers

Stephenson Harwood
Mayer Brown JSM
Conyers Dill & Pearman

Independent Auditor

Deloitte Touche Tohmatsu

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

26/F., Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
Fax: (852) 2598 6861
E-mail: info@seagroup.com.hk

Branch Registrars in Hong Kong

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

Listing

The shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

Stock Code and Board Lot

251/2,000 shares

The shares of Asian Growth Properties Limited, a subsidiary of the Company, are admitted for trading on the AIM Market of London Stock Exchange plc.

Website

www.seagroup.com.hk

Contents

Financial Highlights

Five-Year Financial Summary

Results

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
			(Restated)	(Restated)	(Restated)
Revenue	**607.3**	701.3	722.3	530.7	1,581.0
Profit for the year before non-controlling interests	**1,173.1**	1,086.3	864.0	1,334.5	41.1
Non-controlling interests	**(11.8)**	(25.0)	(22.8)	(35.4)	(46.7)
Profit/(loss) for the year attributable to the Company's shareholders	**1,161.3**	1,061.3	841.2	1,299.1	(5.6)

Assets And Liabilities

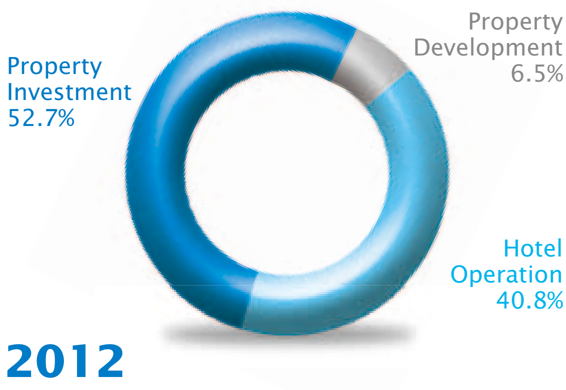
	As at 31 December				
	2012	2011	2010	2009	2008
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
			(Restated)	(Restated)	(Restated)
Total assets	**15,317.7**	14,808.9	13,473.2	12,447.3	10,674.9
Total liabilities	**(4,045.7)**	(4,617.2)	(4,423.6)	(4,271.7)	(3,754.6)
Non-controlling interests	**(302.2)**	(302.0)	(277.4)	(273.0)	(237.5)
Equity attributable to the Company's shareholders	**10,969.8**	9,889.7	8,772.3	7,902.6	6,682.8

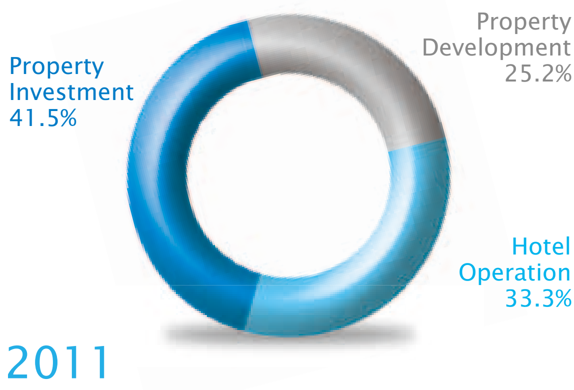
Performance Data

	2012	2011	2010	2009	2008
	HK$	HK$	HK$	HK$	HK$
			(Restated)	(Restated)	(Restated)
Basic earnings/(loss) per share for profit/(loss) attributable to the Company's shareholders	**1.74**	1.58	1.27	2.01	(0.01)
Basic (loss)/earnings per share excluding fair value changes on properties net of deferred tax	**(0.06)**	0.08	0.01	0.06	0.52
Dividends declared (per share)	**0.11**	0.11	0.11	0.11	0.10
Net asset value per share attributable to the Company's shareholders	**16.34**	14.78	13.11	12.21	10.17

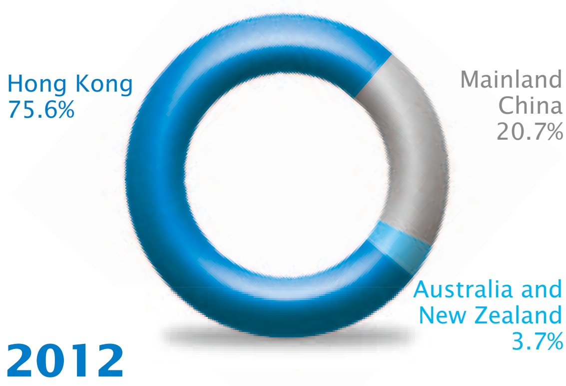
Financial Highlights

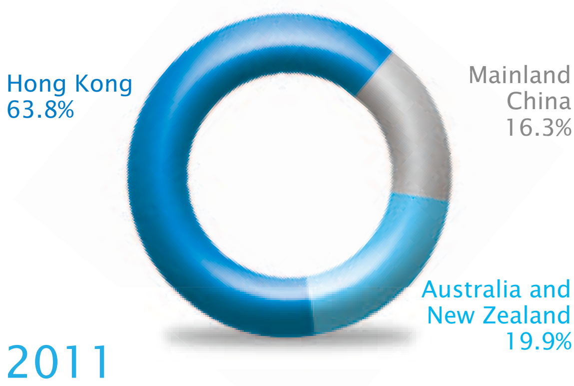
Segment Revenue for External Sales



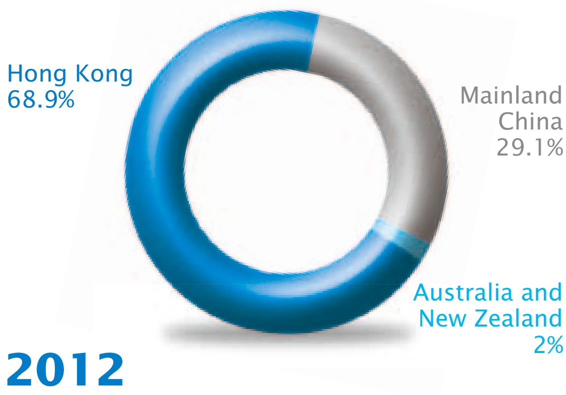


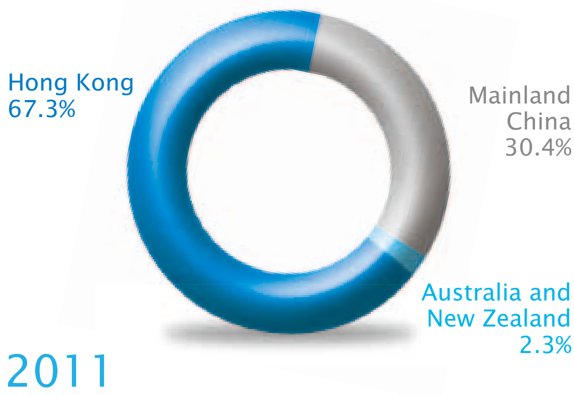
Revenue from External Customers by Geographical Location of Properties





Property Assets by Geographical Segment





Property Portfolio

At 31 December 2012

Particulars of Investment Properties

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Dah Sing Financial Centre	108 Gloucester Road, Wanchai	30 June 2047	Commercial/ Office	37,214 and 164 car parking spaces	97.2
MAINLAND CHINA					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6 October 2063	Commercial/ Office	91,455 (including car parking floors)	97.2
Commercial podium in Zone B and car parking spaces on Basements 2 and 3, New Century Plaza	No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province	18 May 2063	Commercial	19,261 (including car parking spaces)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23 May 2050	Office	16,112	97.2

Particulars of Properties Held for Sale

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential/ Commercial	2,612 and 15 private car parking spaces and 4 motorcycle spaces	97.2
MAINLAND CHINA					
Commercial podium, Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	45,984 (including car parking floors)	97.2
NEW ZEALAND					
Clearwater Resort	Harewood, Christchurch	Completed	Commercial	5,410	34.1

Property Portfolio

At 31 December 2012

Particulars of Hotel Building

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay	6 November 2049	Hotel	14,945	97.2

Particulars of Development Properties/Properties under Development

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)	Group's Interest (%)
HONG KONG						
Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744	1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories	Design and foundation construction in progress	Beyond 2015	Residential/ Commercial	20,000	97.2
MAINLAND CHINA						
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Phase I - Beyond 2014	Tourist leisure facilities	338,000	97.2
Nova City	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Planning stage	Phase I - 2014	Residential/ Commercial	735,000	97.2
Longquan Project	Longquanyi District, Chengdu, Sichuan Province	Planning stage	Phase I - 2015	Residential/ Commercial	506,000	97.2
NEW ZEALAND						
Clearwater Resort	Harewood, Christchurch	Planning stage	Beyond 2014	Residential	210,653	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Beyond 2014	Residential	356,505	55.0

Location of the Group's Properties/Projects

IN MAINLAND CHINA

1. Plaza Central, Sichuan Province
2. New Century Plaza, Sichuan Province
3. Longquan Project, Sichuan Province
4. Nova City, Kaifeng, Henan Province
5. Huangshan Project, Anhui Province
6. Nanjing Project, Jiangsu Province
7. Westmin Plaza Phase II, Guangdong Province

IN HONG KONG

- A Dah Sing Financial Centre
- B Crowne Plaza Hong Kong Causeway Bay
- C Fo Tan Project
- D The Forest Hills

Financial Calendar

Results Announcements

2012 Annual results announcement	27 March 2013 (Wednesday)
2013 Interim results announcement	on or before 30 August 2013 (Friday)

Book Close Dates

For ascertaining shareholders' entitlement to attend and vote at 2013 Annual General Meeting ("AGM")

Latest time to lodge transfer documents	4:30 p.m. on 28 May 2013 (Tuesday)
Closure of register of members	29 May 2013 (Wednesday) to 31 May 2013 (Friday) (both days inclusive)
Record date	31 May 2013 (Friday)

For ascertaining shareholders' entitlement to the proposed final dividend

Latest time to lodge transfer documents	4:30 p.m. on 6 June 2013 (Thursday)
Closure of register of members	7 June 2013 (Friday) to 11 June 2013 (Tuesday) (both days inclusive)
Record date	11 June 2013 (Tuesday)

Annual General Meeting

2013 AGM	31 May 2013 (Friday)

Final Dividend

Ex-dividend date for 2012 final dividend	5 June 2013 (Wednesday)
Payment of 2012 final dividend (subject to shareholders' approval at the 2013 AGM)	19 June 2013 (Wednesday)

Directors' Biographical Information

LU WING CHI

Executive Director

Mr. Lu, aged 66, joined the Group in 1969 and is the Chairman and Managing Director of the Company, the chairman of the Nomination Committee and a member of both the Executive Committee and Remuneration Committee of the Company. He is also an executive director of Asian Growth Properties Limited, a subsidiary of the Company listed in London and a director of various members of the Group. In addition, he is a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). He has over 40 years of experience in property development and investment in Hong Kong and overseas as well as godown and factory operations. To date, Mr. Lu continues to steer and chart the Group's development direction and strategies.

Mr. Lu is the son of Mr. Lu Chu Mang, the founder of the Group, and the father of Mr. Lincoln Lu and Mr. Lambert Lu, both Executive Directors of the Company and a cousin of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

LU WING YUK, ANDREW

Executive Director

Mr. Lu, aged 66, has acted as an Executive Director of the Company since 1989. He is a member of the Executive Committee of the Company and a director of Chengdu Huashang House Development Co., Ltd., a principal subsidiary of the Company. He is the managing director of Kian Nan Trading Company Limited and has over 40 years of experience in the textile industry and international trading.

Mr. Lu is a cousin of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company and an uncle of Mr. Lincoln Lu and Mr. Lambert Lu, both Executive Directors of the Company. He did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

LINCOLN LU

Executive Director

Mr. Lu, aged 38, joined the Group in 1998 and was appointed as an Executive Director of the Company in December 2003. He is a member of the Executive Committee of the Company and a director of various members of the Group. In addition, he is a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). Mr. Lu is primarily responsible for the Group's hotel and project management operations. He is an executive member of All-China Federation of Industry and Commerce and a member of the Sichuan Committee of Chinese People's Political Consultative Conference. Mr. Lu holds a Bachelor of Arts degree from the University of British Columbia in Canada.

Mr. Lu is a son of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company, the elder brother of Mr. Lambert Lu, Executive Director of the Company and a nephew of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. He did not hold any directorship in other listed public companies in the last three years.

LAMBERT LU

Executive Director

Mr. Lu, aged 36, joined the Group in 1999 and was appointed as an Executive Director of the Company in December 2003. He is a member of both the Executive Committee and Remuneration Committee of the Company. Mr. Lu is an executive director of Asian Growth Properties Limited, a subsidiary of the Company listed in London and a director of various members of the Group. In addition, he is a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). Mr. Lu is a vice chairman of The Chamber of Hong Kong Listed Companies and a member of the Henan Committee of Chinese People's Political Consultative Conference. He holds a Bachelor's degree in Statistics and Economics from the University of British Columbia in Canada. He furthered his postgraduate business studies at the Tsinghua School of Economics and Management, Tsinghua University in China.

Mr. Lu is a son of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company, the younger brother of Mr. Lincoln Lu, Executive Director of the Company and a nephew of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

LAM SING TAI

Non-executive Director

Mr. Lam, aged 66, joined the Group in 1973 and was appointed as a Non-executive Director of the Company in April 2006. He has over 35 years of solid experience in property development and investment. He is currently the General Manager of South-East Asia Investment And Agency Company, Limited, a principal wholly-owned subsidiary of the Company and a director of various members of the Group. Mr. Lam is primarily responsible for the sales and marketing matters of the Group's properties in Hong Kong and Mainland China.

Mr. Lam did not hold any directorship in other listed public companies in the last three years.

WALUJO SANTOSO, WALLY

Independent Non-executive Director

Mr. Santoso, aged 59, has acted as an Independent Non-executive Director of the Company since December 1994 and is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is also the managing director of Grand Ocean (International) Limited and has over 35 years of experience in international trading and manufacturing. Mr. Santoso also holds a Diploma in Accounting.

Mr. Santoso did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

LEUNG HOK LIM

Independent
Non-executive Director

CHUNG PUI LAM

Independent
Non-executive Director

Mr. Leung, *FCPA(Aust.), CPA(Macau), FCPA(Practising)*, aged 77, has acted as an Independent Non-executive Director of the Company since February 1999 and is the chairman of the Audit Committee and a member of both the Nomination Committee and Remuneration Committee of the Company.

Mr. Leung is the founding and senior partner of PKF, Accountants and Business Advisers. Mr. Leung is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited and the independent non-executive director of a number of listed companies, namely Fujian Holdings Limited, High Fashion International Limited, Phoenix Satellite Television Holdings Limited, Yangtzekiang Garment Limited and YGM Trading Limited.

Mr. Chung, *GBS, OBE, JP*, aged 72, has acted as an Independent Non-executive Director of the Company since September 2004 and is a practicing solicitor in Hong Kong. He is the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He is also a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of Datronix Holdings Limited, both are listed companies in Hong Kong. In addition, Mr. Chung is serving as members on several advisory committees of the Government of the Hong Kong Special Administrative Region.

Chairman's Statement

I am pleased to present the consolidated financial results of S E A Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year 2012 to the shareholders of the Company.

Financial Summary

Turnover for the year ended 31 December 2012 amounted to HK$607.3 million (2011: HK$701.3 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of properties in Hong Kong, Australia and New Zealand.

Profit attributable to the Company's shareholders for the year amounted to HK$1,161.3 million (2011: HK$1,061.3 million), equivalent to a basic earnings per share of HK174.0 cents (2011: HK158.4 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK$1,239.0 million (2011: HK$1,038.6 million). By excluding the effect of such surplus, the Group's net loss attributable to the Company's shareholders was HK$41.0 million (2011: net profit of HK$53.6 million), equivalent to loss of HK6.1 cents (2011: profit of HK8.0 cents) per share.

Dah Sing Financial Centre

As at 31 December 2012, the Group's equity attributable to the Company's shareholders amounted to HK$10,969.8 million (31 December 2011: HK$9,889.7 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2012 was HK$16.34 as compared with HK$14.78 as at 31 December 2011.

The Group's property assets by geographical location at the year-end were as follow:

	31 December 2012 **HK$' million**	31 December 2011 HK$' million
Hong Kong	**8,930.8**	7,814.0
Mainland China	**3,777.4**	3,531.1
Australia and New Zealand	**255.2**	270.8
Total	**12,963.4**	11,615.9

Chairman's Statement

Dividend

The board of directors of the Company (the "Board") has resolved to recommend for shareholders' approval at the forthcoming 2013 AGM the payment of a final dividend of HK6 cents (2011: HK6 cents) per share for the year ended 31 December 2012 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 11 June 2013. The relevant dividend warrants are expected to be despatched on or before Wednesday, 19 June 2013.

Together with the interim dividend of HK5 cents per share already paid (2011: HK5 cents), the total dividend for the year will be HK11 cents per share (2011: HK11 cents).

Business Review

The Group is firmly developed with the dual-engine business model. On one side is the quality property investment portfolio which provides stable cash flow to the Group while the other side is development projects for higher potential of earnings with the objective of obtaining sustainable growth in shareholders' value over the long run.

Property Investment and Development

The Group continues in focusing on the development and investment projects in Hong Kong and Mainland China. During the year, the Group has entered into an agreement to dispose of its entire interest in the 49%-owned Leiyang project to the joint venture partner and the transaction is expected to be completed in the second quarter of 2013. The Group's core projects located in Hong Kong and Mainland China are listed below.

Hong Kong

The office leasing market was stable during the year. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the year increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 95% as at 31 December 2012.

The Group has sold all the residential units of The Morrison and one residential unit of The Forest Hills for the year under review. The Group has also entered into provisional agreements for sale of the commercial podium and all public car parking spaces of The Forest Hills in February 2013 and it is expected that the sale will be completed in June 2013. The sale of the remaining residential units and residents' car parking spaces of The Forest Hills are continuing.

The Forest Hills

Chairman's Statement

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus and has a site area of approximately 20,000 square metres. The foundation works are continuing and superstructure plan was submitted in February 2013 to the Buildings Department for approval.

Longquan Project (foundation laying ceremony)

Mainland China

Chengdu, Sichuan Province

During the year, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2012, the aggregate occupancy rate for the two office towers and the retail podium was approximately 93%. Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres has been fully let to a furniture retailer on a medium-term lease.

The Group submitted to the local government the master layout plan of the Longquan project, which has a site area of 506,000 square metres, in December 2012. Preliminary site works of the project have been completed and site formation works for Phase I are planned to commence in the second quarter of 2013.

Kaifeng, Henan Province

The project in Kaifeng, known as "Nova City", has a site area of 735,000 square metres and it is to be developed into an integrated complex in Zheng-Kai District, a new town in Kaifeng. In order to provide a better living environment with lower density, the gross floor area of the proposed development will be varied from 2,000,000 to 2,500,000 square metres envisaging shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The master layout plan was re-submitted to local government in January 2013. Foundation works of Phase I of the residential development has been completed and the related superstructure works are scheduled to commence in the second quarter of 2013.

Kaifeng Project (foundation laying ceremony)

Chairman's Statement

Westmin Plaza

Guangzhou, Guangdong Province

As at 31 December 2012, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 89% with more than one-third of the total office space being leased to AIA. Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 338,000 square metres comprising of development land of about 117,000 square metres and landscape land of 221,000 square metres. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared and conceptual design has been completed.

Chi Shan, Nanjing, Jiangsu Province

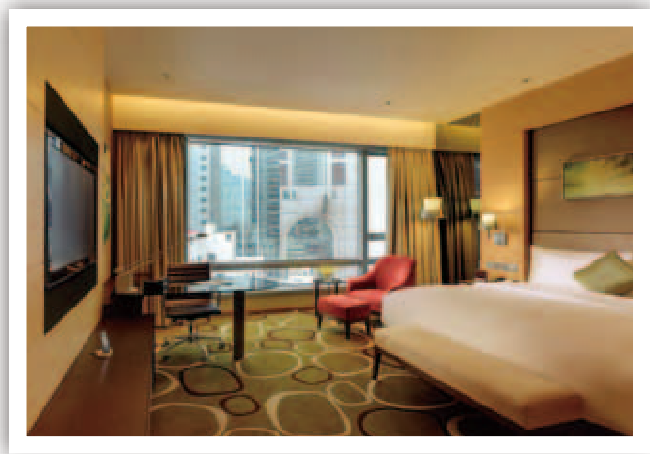
The Group has established two 51%-owned joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands in Chi Shan. The Group intends to acquire such lands through land auctions by different stages.

Australia and New Zealand

Turnover generated from the property investment and development projects in Australia and New Zealand for the year ended 31 December 2012 was HK$22.5 million (2011: HK$139.5 million). During the year, the Group had disposed the remaining block of Kaikainui Block in New Zealand. The strategy to sell the existing properties in Australia and New Zealand at reasonable prices remains unchanged.

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. It has achieved satisfactory occupancy and room rates for the year under review.



Crowne Plaza Hong Kong Causeway Bay

Chairman's Statement

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31 December 2012, the Group's total cash balance was HK$1,703.7 million (2011: HK$2,486.5 million) and unutilised facilities were HK$1,040.0 million (2011: HK$750.0 million).

Gearing ratio as at 31 December 2012, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.1% (2011: 9.4%).

As at 31 December 2012, maturity of the Group's outstanding borrowings was as follows:

	31 December 2012 HK$' million	31 December 2011 HK$' million
Due		
Within 1 year	**410.2**	1,055.2
1-2 years	**1,171.0**	116.4
3-5 years	**1,015.4**	2,081.3
Over 5 years	**300.9**	349.3
	2,897.5	3,602.2
Less: Front-end fee	**(15.4)**	(18.8)
	2,882.1	3,583.4

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2012 amounted to HK$2,725.1 million (2011: HK$3,422.3 million) which comprised of secured bank loans only (2011: comprised of secured bank loans of HK$3,162.3 million and unsecured bank loans of HK$260.0 million). The secured bank loans were secured by properties valued at HK$10,407.8 million (2011: HK$9,103.9 million) and fixed deposits of HK$58.8 million (2011: HK$0.8 million).

Certain subsidiaries of the Company operating in Australia and New Zealand pledged their properties with an aggregate carrying value of HK$249.9 million as at 31 December 2012 (2011: HK$270.9 million) to secure bank loans of HK$157.0 million (2011: HK$161.1 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2012, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 31 December 2012, the Group had a total of 376 employees (2011: 393 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK$238.9 million for the year ended 31 December 2012 (2011: HK$169.2 million).

The Group maintains good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted an employee share option scheme and a share award scheme with options to subscribe for shares in the Company and awards of shares being granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

In Mainland China, the transaction volume for residential properties has appeared to have hit its bottom already. The solid demand for domestic properties is accumulating and ready for release if there are some signals of relaxing of the housing policy by the Central Government. If inflationary pressure mitigate further, it is believed that the Central Government will adjust its housing policy to meet end-user demand.

Fo Tan Project

Ultra-low interest rates in Hong Kong have continued to support the high prices of commercial investment as well as residential properties. The Hong Kong Government has been forced to intervene twice in recent months to control the surging prices by imposing punitive stamp duty rates on transfer of both commercial and residential properties. The new Hong Kong Chief Executive has promised to increase the supply of residential units by releasing more lands to stabilise the housing prices.

Chairman's Statement

The Group is in the final stage of negotiation of the land premium for our Fotan project. With the new intervention measures introduced by the Hong Kong Government, it is difficult to predict residential prices over the short to mid term and accordingly the Group will proceed with caution. Despite a slightly decline in occupancy for our Hotel in Causeway Bay over 2012, which is in line with the general market conditions, there are signs of returning guests in recent months.

The Group is pressing on with both of its large residential projects in Kaifeng where the first pre-sales are likely to take place later this year and in Chengdu where sales are likely to commence in early 2014. There has been some easing of credit in China and thus property prices have begun to climb again although the Central Government will continue to monitor the overall state of the market to ensure stability. We remain confident that both of these projects will attract end user interest and will contribute to the Group's profitability over the coming years.

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 March 2013

Corporate Governance Report

The Company recognises the importance of good corporate governance to the Company's development and has devoted considerable efforts to identifying, formulating, establishing and enhancing corporate governance practices appropriate to the Company's needs. The Board, having regard to the size and nature of businesses of the Group, periodically reviews the Company's corporate governance practices to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements.

Corporate Governance Practices

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") made various amendments to the Code on Corporate Governance Practices (the "Former CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and renamed it as the Corporate Governance Code (the "Revised CG Code") with effect from 1 April 2012. The Company has applied the principles and complied with all the code provisions set out in the Former CG Code and the Revised CG Code during the relevant periods in which they are in force except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three independent non-executive directors ("INEDs").

- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing non-executive directors (including the INEDs) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

In addition to the above deviations, Mr. Walujo Santoso, Wally, an INED, was unable to attend the AGM of the Company held in May 2012 as provided for in Code provision A.6.7 due to other business engagement. However, all other INEDs were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

The Board will continually review and recommend such proposals as appropriate in the circumstances of such deviations.

Corporate Governance Report

Board of Directors

Composition

The directors of the Company who served the Board during the year under review and up to the date of this report are named as follows:

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Director

Mr. Lam Sing Tai

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

An updated list of directors of the Company and their respective roles and functions have been maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). Biographical particulars of the existing directors are set out in the section headed "Directors' Biographical Information" on pages 8 to 11.

Role and Function

The Company is governed by the Board and the directors are accountable to the shareholders for the activities and performance of the Group. To oversee the Group's business and development, the Board has reserved for its decision and consideration the following matters:

(i) adoption and overall oversight of objectives and strategic plans;

(ii) amendment to memorandum of association and bye-laws as well as alteration of share capital;

(iii) approval of interim dividends and other distribution and recommendation of final dividends for shareholders' approval;

(iv) establishment of board committees and delegation of powers of the Board to the board committees;

(v) appointment, re-appointment, re-designation and removal of board members;

(vi) approval of significant accounting policies and practices;

(vii) oversight of corporate governance and internal controls; and

(viii) other significant matters.

Matters other than the above mentioned have been delegated by the Board to the management and the major ones are execution of the Board's decisions (including business strategies and initiatives it has adopted) and daily operations, preparation of annual and interim financial statements for the Board's approval before public reporting, implementation of adequate systems of internal control and risk management procedures as well as compliance with relevant requirements, rules and regulations.

Corporate Governance Function

The Board is also responsible for performing the corporate governance duties including:

(i) to develop and review the Company's policies and practices on corporate governance;

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

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct applicable to employees and directors; and

(v) to review the Company's compliance with the Revised CG Code and disclosure in the Corporate Governance Report.

During the year, the Board reviewed the Company's corporate governance practices.

Retirement and Re-election

In accordance with the Company's Bye-laws, every director shall retire from office no later than the third annual general meeting after he was last elected or re-elected. Further, any director appointed by the Board as an additional Board member or to fill a casual vacancy shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. Those directors subject to retirement and re-election at the forthcoming 2013 AGM are Messrs. Lu Wing Yuk, Andrew, Lambert Lu and Chung Pui Lam (the "Retiring Directors") whose particulars are set out on pages 8 to 11 of this annual report and a circular dated 26 April 2013.

Meetings

The Board conducts meetings on a regular basis with at least 14 days' notice and on an ad hoc basis with reasonable notice that are required for significant and important issues. Before each Board and committee meetings, relevant agendas and documents with appropriate information are sent to directors who are consulted for including matters in the agendas. The Board held five Board meetings during the year to, amongst other matters, approve the 2011 final results and 2012 interim results respectively, consider financial and operating performances and granting of share options/share awards under the share incentive schemes of the Company. All businesses transacted at the Board meetings are well-documented and the records are maintained properly. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments.

Relationship

Of the directors, Mr. Lu Wing Chi is the father of Messrs. Lincoln Lu and Lambert Lu and a cousin of Mr. Lu Wing Yuk, Andrew who is an uncle of Messrs. Lincoln Lu and Lambert Lu. Other than these, there is no financial, business, family and other material relationship among other members of the Board.

Notwithstanding the above relationships, there has been an effective and balanced Board collectively responsible for the Company's activities and affairs. Throughout the year ended 31 December 2012, half of the Board members were executive directors and the other half were non-executive directors (including INEDs) whose views carry significant weight in the Board's decisions. The Board members have been free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

Training and Insurance for Directors

Directors are provided with timely updates on changes in laws and compliance issues relevant to the Group. The Company also encourages its directors to enroll in relevant professional development courses to continually update and further improve their relevant knowledge and skills. An in-house training session conducted by solicitors' firm was organised by the Company for the year 2012 as part of the continuous professional development for its directors to update them on the latest development and changes to the Listing Rules and the regulatory requirements in discharging their duties.

With effect from 1 April 2012, directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties.

A summary of training participated by the directors during the year ended 31 December 2012 is as follows:

Directors	In relation to updates on laws, rules and regulations		Reading regulatory updates and information relevant to the Group or its business
	Attend seminars	Reading materials	
Executive Directors			
Mr. Lu Wing Chi	✓	—	✓
Mr. Lu Wing Yuk, Andrew	✓	—	✓
Mr. Lincoln Lu	—	✓	✓
Mr. Lambert Lu	✓	—	✓
Non-executive Director			
Mr. Lam Sing Tai	✓	—	✓
INEDs			
Mr. Walujo Santoso, Wally	✓	—	✓
Mr. Leung Hok Lim	✓	—	✓
Mr. Chung Pui Lam	✓	✓	✓

The Company has also arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising out of corporate activities.

Non-executive Directors

The non-executive directors (including INEDs) of the Company serve the relevant function of bringing independent judgement and valuable guidance and advice on the development, performance and risk management of the Group.

Independent Non-executive Directors

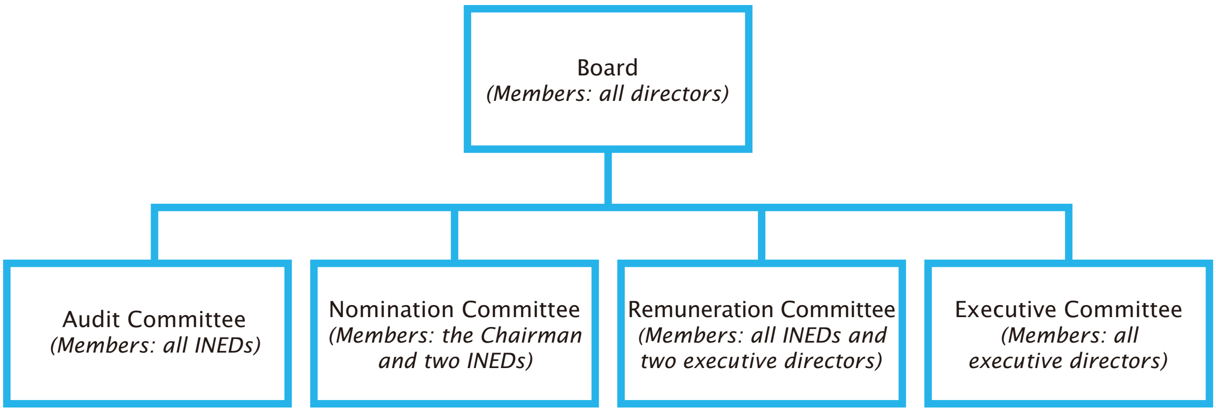
The Board consists of a total of eight directors, comprising four executive directors, one non-executive director and three INEDs. More than one-third of the Board are INEDs of which at least an INED possessing appropriate professional qualifications or accounting or related financial management expertise.

The three INEDs come from diverse business and professional backgrounds in the fields of international trading, accounting and laws, rendering valuable expertise and experience to promote the best interests of the Company and its shareholders as a whole and ensuring that issues are considered in an independent and a more objective manner. All of them serve on the Audit and Remuneration Committees and two of them serve on the Nomination Committee of the Company.

The Company has received from each of the INEDs an annual confirmation in writing of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of the INEDs are independent since their appointment.

Delegation — Board Committees

The Board has properly delegated its powers and established several Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Executive Committee, with specific written terms of reference that deal clearly with their authority and duties, to oversee particular aspects of the Company's affairs and assist in the execution of the Board's responsibilities.



Audit Committee

Composition

The Audit Committee was established in 1999. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found in the websites of the Company and HKEx. The Audit Committee currently comprises of three members and all of them are INEDs, namely:

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Role and Function

The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and the effectiveness of the audit process in accordance with applicable standards as well as to maintain an appropriate relationship with the independent external auditor of the Company.

During the year ended 31 December 2012, the Audit Committee met twice with the representatives of the management and the independent auditor of the Company to discuss the auditing and financial reporting matters. During the meetings, the Audit Committee in particular reviewed and discussed about:

(i) the accounting principles and policies adopted by the Group;

(ii) the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2011;

(iii) the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2012;

(iv) any significant findings by the independent auditor during the financial audit and other audit issues;

(v) the letters of management representations issued to the independent auditor in connection with the audit or review of the Group's relevant financial statements; and

(vi) the system of internal control including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

It also recommended to the Board for the re-appointment of the independent auditor and reviewed the relevant audit fees. In March 2013, the Audit Committee reviewed with representatives of the management and the independent auditor of the Company the audited consolidated financial statements of the Company for the year ended 31 December 2012 and was of the opinion that such financial statements had been prepared in compliance with applicable financial reporting standards and requirements and adequate disclosure had been made.

Nomination Committee

Composition

A Nomination Committee of the Company has been established on 30 March 2012. Its terms of reference can be found in the websites of the Company and HKEx. The Nomination Committee comprises of three members including the Chairman of the Board and two INEDs, namely:

Mr. Lu Wing Chi *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Role and Function

The principal role of the Nomination Committee includes, inter alia, reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company and assess the independence of INEDs taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. Before its establishment, the role and function of the Nomination Committee was taken up by the Board.

During the year under review, no new director was appointed and no meeting was held by the Nomination Committee. Its first meeting was held on 22 March 2013 for reviewing the structure, size and composition of the Board and making recommendations in relation to the re-appointment of the Retiring Directors at the forthcoming 2013 AGM.

Remuneration Committee

Composition

The Remuneration Committee was established in 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found in the websites of the Company and HKEx. The Remuneration Committee currently comprises of five members including the Chairman of the Board, one executive director and three INEDs, namely:

Mr. Chung Pui Lam *(Chairman)*
Mr. Lu Wing Chi
Mr. Lambert Lu
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Role and Function

The Remuneration Committee is responsible for, amongst other matters, establishing a formal and transparent procedure for developing remuneration policies and overseeing the remuneration packages for the executive and non-executive directors and ensuring that no director will be involved in deciding his own remuneration. The Remuneration Committee has adopted the operation model where it determines the remuneration packages of individual executive directors and makes recommendations to the Board on the remuneration packages of individual non-executive directors.

In determining the directors' emoluments, the Remuneration Committee takes into consideration factors such as the qualifications, experience, time commitment, responsibilities, performance, contribution and remuneration of the directors for previous years, the Company's profitability, emoluments paid by comparable companies and employment conditions elsewhere in the Group.

At the 2005 AGM, the shareholders of the Company have passed an ordinary resolution to authorise the directors to fix the directors' fees for an aggregate amount not exceeding HK$1.0 million per annum. During the year, the Remuneration Committee met twice for the purposes of (i) determining matters relating to the remuneration packages and emoluments of executive directors as well as making recommendation to the Board on the remuneration packages and emoluments of non-executive directors; and (ii) determining/making recommendation to the Board on granting of share options/share awards to directors and employees of the Group under the share incentive schemes of the Company.

In March 2013, the Remuneration Committee held a meeting to review, determine or making recommendation to the Board on the bonus of the directors for the year ended 31 December 2012 as well as their director's fees for the current year.

Details of the directors' remuneration for the year ended 31 December 2012 is set out in note 14 to the consolidated financial statements.

Executive Committee

Composition

The Executive Committee was set up in 1990 and is currently comprised of the Chairman of the Board and all other executive directors, namely:

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu

Role and Function

The Executive Committee is primarily responsible for supervising and undertaking the day-to-day operations of the Group. It exercises leadership and develops and keeps under review business development initiatives of the Group and monitors their implementation. The Executive Committee meets as and when necessary.

Attendance Record at Meetings

The attendance record of each director at Board meetings, Audit Committee meetings and Remuneration Committee meetings during the year are set out in the following table:

	Number of meetings attended/ Number of meetings held		
Directors	Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Lu Wing Chi	5/5	—	2/2
Mr. Lu Wing Yuk, Andrew	5/5	—	—
Mr. Lincoln Lu	5/5	—	—
Mr. Lambert Lu	5/5	—	2/2
Non-executive Director			
Mr. Lam Sing Tai	5/5	—	—
INEDs			
Mr. Walujo Santoso, Wally	5/5	2/2	2/2
Mr. Leung Hok Lim	5/5	2/2	2/2
Mr. Chung Pui Lam	5/5	2/2	2/2

Note: The Nomination Committee was established on 30 March 2012 and no meeting was held during the year ended 31 December 2012.

Corporate Governance Report

Securities Transactions by Directors and Employees

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 own code of conduct regarding securities transactions by the directors of the Company.

In response to the specific enquiry made on them by the Company, all the directors of the Company have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2012.

Directors' interests in shares and underlying shares in the Company are contained in the section headed "Directors' Report" on pages 35, 36 and 39.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the directors of the Company) (the "Relevant Employees") to regulate their dealings in the listed shares of the Company and Asian Growth Properties Limited ("AGP"), a subsidiary of the Company, as the Relevant Employees are likely to be in possession of inside information in relation to such shares because of their office or employment.

Directors' Responsibility for Preparing Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group which give a true and fair view of the state of the Group's affairs and of its results. Their responsibilities have also been stated in the section headed "Independent Auditor's Report" on pages 45 and 46. In doing so, the directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the Accounting and Finance Department, the directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

In addition, the directors ensure timely publication of the financial statements of the Group.

Independent Auditor's Reporting Responsibility

The statement of Messrs. Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, the independent auditor of the Company, about their reporting responsibility on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on pages 45 and 46. Representatives of DTT also attend the AGMs to answer questions which shareholders may have.

Corporate Governance Report

Independent Auditor's Remuneration

At the AGM held on 31 May 2012, DTT were re-appointed by the shareholders as independent auditor of the Company at a fee to be agreed by the Board. The total fees paid/payable to DTT and its affiliated firms in respect of the audit and non-audit services provided during the year ended 31 December 2012 is set out as follows:

	HK$'000
Audit services	4,270
Non-audit services (reviewing and other reporting services)	400
Total	4,670

In addition, fees for the audit of the financial statements of certain members of the Group for the year under review conducted by other auditors amounted to about HK$310,000.

Going Concern

The directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internal Control

The Board has overall responsibility for the Group's system of internal control and the assessment and management of risks. The Group has implemented an effective internal control system which includes a defined management structure with clear lines of responsibility and limits of authority, proper procedures for income and expenditure, monthly review by the executive directors of operational and financial reports provided by the management, regular business meetings between the executive directors and the core management team and periodic review of the Group's financial results by the Board.

The Board and the Audit Committee continue to review the effectiveness and adequacy of the Group's system of internal control which includes financial, operational and compliance mechanisms and risk management functions in order to identify, evaluate and manage risks and take appropriate measures to avoid or mitigate those risks that could adversely impact the Group's business activities. The review process consists of, amongst other matters, assessment and implementation of material control issues identified by independent external auditor during statutory audit.

The Board and the Audit Committee make endeavours to review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Communication with Shareholders

The Board has adopted shareholders' communication policy with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. Information of the Company is disseminated to the shareholders through a number of channels as follows:

(i) corporate communication such as annual reports, interim reports and circulars are issued in printed form and are available on the websites of the Company and HKEx;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Company and HKEx;

(iii) corporate information is made available on the Company's website;

(iv) AGMs and special general meetings provide a forum for shareholders to make comments and exchange views with the directors and senior management; and

(v) the Company's Hong Kong branch share registrars serve the shareholders in respect of share registration and related matters.

Separate resolutions are proposed at general meetings on each substantial issue including the election of individual directors.

At the Company's last AGM held on 31 May 2012, all the resolutions relating to ordinary businesses and special businesses proposed thereat were passed. The forthcoming 2013 AGM will be held in Hong Kong on 31 May 2013 and for details, shareholders may refer to the circular containing the notice of such AGM which accompanies this annual report.

Constitutional Documents

The constitutional documents of the Company were posted on the websites of the Company and HKEx on 30 March 2012 and there is no change in the constitutional documents during the year.

Shareholders' Rights

Convening Special General Meeting ("SGM")

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a SGM of the Company. The purposes of the meeting must be stated in the related requisition and deposited at the Company's registered office and principal place of business in Hong Kong. If the directors of the Company do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene a SGM, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the request.

Putting forward proposals at general meetings

Shareholders holding not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting or not less than one hundred shareholders can submit a written request to move a resolution at a general meeting. The written request must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution and deposited at the Company's registered office and principal place of business in Hong Kong not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement provided that the shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in regard thereto.

Investor Relations

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone at (852) 2828 6363 during normal business hours, by fax at (852) 2598 6861, by e-mail at info@seagroup.com.hk or by post at 26/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.

Looking Forward

The above corporate governance practices will be monitored, reviewed, amended and revoked from time to time as considered necessary by the Board. The Company will take appropriate actions to ensure compliance with the required practices and standards including the code provisions and if reasonably practicable, the recommended best practices of the Revised CG Code at all times.

Directors' Report

The directors of the Company have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2012.

Principal Activities

During the year, the Company acted as an investment holding company and the activities of its principal subsidiaries were investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Mainland China, Australia and New Zealand.

Other particulars of the principal subsidiaries of the Company as at 31 December 2012 are set out in note 45 to the consolidated financial statements.

Segmental Analysis of Operations

An analysis of the Group's performance for the year by reportable segments is set out in note 6 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 47 and 48 respectively.

The state of affairs of the Group as at 31 December 2012 is set out in the consolidated statement of financial position on pages 49 and 50.

A review of the Group's operations and development is included in the section headed "Chairman's Statement" on pages 12 to 18.

Dividends

An interim dividend of HK5 cents per share (2011: HK5 cents) amounting to HK$33.6 million (2011: HK$33.5 million) was paid to the shareholders during the year. The Board has resolved to recommend for shareholders' approval at the forthcoming 2013 AGM the payment of a final dividend of HK6 cents per share for the year under review (2011: HK6 cents), amounting to HK$40.3 million (2011: HK$40.2 million), to the shareholders whose names appear on the register of members at the close of business on Tuesday, 11 June 2013. The relevant dividend warrants are expected to be despatched on or before Wednesday, 19 June 2013.

Share Capital

Details of the movements in the share capital of the Company during the year are set out in note 37 to the consolidated financial statements. Certain shares were issued on exercise of share options granted during the year.

Directors' Report

Reserves

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 51 and the Company's reserves available for distribution to shareholders as at 31 December 2012 were as follows:

	2012 HK$'000	2011 HK$'000
Contributed surplus	**190,081**	190,081
Retained profits	**1,189,730**	1,170,839
	1,379,811	1,360,920

Under the Companies Act 1981 of Bermuda (as amended), the amount of the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if after the payment:

(i) it is or would be unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than its liabilities.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Investment Properties

All the investment properties of the Group were revalued at 31 December 2012. The net increase in fair value of investment properties amounting to HK$1,300.3 million (2011: HK$1,083.6 million) has been credited directly to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 18 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

Properties

Details of the properties of the Group held for investment and sale purposes and under development at 31 December 2012 are set out in the section headed "Property Portfolio" on pages 4 and 5.

Directors' Report

Directors

The directors of the Company who served during the year and up to the date of this annual report were:

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Director

Mr. Lam Sing Tai

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

In accordance with Bye-laws 88(A), 88(B) and 89 of the Company's Bye-laws and in compliance with code provision A.4.2 of the Revised CG Code set out in Appendix 14 to the Listing Rules, Messrs. Lu Wing Yuk, Andrew, Lambert Lu and Chung Pui Lam will retire as directors by rotation and, being eligible, offer themselves for re-election at the forthcoming 2013 AGM.

All other directors shall continue in office.

Directors' Biographical Particulars

Biographical particulars of the present directors are set out on pages 8 to 11 of this annual report.

Further particulars of the directors to be re-elected at the 2013 AGM are set out in the circular to the shareholders sent together with this annual report.

Directors' Service Contracts

None of the directors of the Company proposed for re-election at the forthcoming 2013 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

Particulars of the emoluments of directors on a named basis for the year are set out in note 14 to the consolidated financial statements.

Directors' Interests in Contracts of Significance

No contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements for Directors to Acquire Shares and Debentures

Save as disclosed under the sections headed "Share Option Schemes" and "Share Award Schemes" below, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, the following directors and their associates (as defined in the Listing Rules) are considered by the Company to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where such directors have been appointed to represent the interests of the Company and/or other members of the Group:

(i) Mr. Lu Wing Chi, Chairman and Managing Director has shareholdings (for himself and on behalf of his associates) and holds directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

(ii) Mr. Lu Wing Yuk, Andrew, Executive Director has shareholdings (for himself and on behalf of his associates) and holds directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

(iii) Messrs. Lincoln Lu and Lambert Lu, both Executive Directors are the sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses in which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also have shareholdings (for themselves and on behalf of their associates) and hold directorships in certain private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

However, the Board presently comprises eight members including one non-executive director and three INEDs whose views carry significant weight in the board's decisions. Fundamentally, it is independent of the above individuals and the respective boards of directors of the above companies in which the relevant directors have personal interests. Further, all the directors are fully aware of, and have been discharging, their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the said competing businesses.

Management Contracts

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its holding companies or subsidiaries were entered into with third parties or subsisted during the year.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2012, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or 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, were as follows:

1. Long positions in shares of the Company

	Number of shares of HK$0.1 each		Number of underlying shares held under equity derivatives [i]		
Name of directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Personal interests (held as beneficial owner)	Total interests	Approximate % of interest in the issued share capital
Lu Wing Chi	9,917,285[ii]	—	6,690,000	16,607,285	2.47
Lu Wing Yuk, Andrew	666,000[ii]	—	1,338,000	2,004,000	0.30
Lincoln Lu	8,690,002[ii]	—	6,690,000	15,380,002	2.29
Lambert Lu	3,348,002[ii]	—	6,690,000	10,038,002	1.50
Lam Sing Tai	3,443,739[ii]	5,739	6,690,000	10,139,478	1.51
Walujo Santoso, Wally	334,000[ii]	—	666,000	1,000,000	0.15
Leung Hok Lim	990,928[ii]	—	666,000	1,656,928	0.25
Chung Pui Lam	990,928[ii]	—	666,000	1,656,928	0.25

Notes:

(i) The interests in underlying shares held under equity derivatives represented interests in share options granted to the directors under the share option scheme of the Company. Particulars of which are contained under the section of "Share Option Schemes" below.

(ii) These shares include awarded shares of the Company granted and transferred to the directors during the year. Particulars of the awarded shares granted are contained under the section of "Share Award Schemes" below.

The total number of issued shares of the Company as at 31 December 2012 was 671,281,726 shares.

2. Long positions in shares of associated corporations

(a) JCS Limited ("JCS") — ultimate holding company of the Company

Name of directors	Number of shares of HK$100.0 each Held as beneficial owner	Approximate % of interest in the issued share capital
Lu Wing Chi	15,000	32.61
Lincoln Lu	6,000	13.04
Lambert Lu	6,000	13.04

(b) Nan Luen International Limited ("NLI") — immediate holding company of the Company

Name of directors	Number of shares of HK$100.0 each Held as beneficial owner	Approximate % of interest in the issued share capital
Lu Wing Chi	46,938	30.00
Lincoln Lu	5,021	3.21
Lambert Lu	5,021	3.21

Saved as disclosed herein, as at 31 December 2012, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2012, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of shareholders	Number of shares of HK$0.1 each		Approximate % of interest in the issued share capital
	Held as beneficial owner	Held by controlled corporation	
JCS	—	409,616,754	61.02
NLI	409,616,754	—	61.02

Notes:

1. JCS held about 63.58% of the issued shares in NLI. The above 409,616,754 shares held by NLI were deemed to be JCS's interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.

2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS and NLI.

Saved as disclosed herein, as at 31 December 2012, none of the substantial shareholders and other persons (other than directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Share Option Schemes

The Company

The Company adopted an employee share option scheme (the "SEA Share Option Scheme") on 25 August 2005. A summary of the principal terms of the SEA Share Option Scheme is set out below:

1.	Purpose:	To provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the SEA Share Option Scheme).
2.	Participants:	Eligible participants include any director or full-time employee of any member of the Group.
3.	Total number of shares available for issue under the SEA Share Option Scheme and percentage of the issued share capital that it represents as at the date of this annual report:	The original maximum number of shares which could be issued upon exercise of all options granted or to be granted under the SEA Share Option Scheme was 53,066,578 shares (the "Scheme Mandate Limit"), representing approximately 10% of the shares of the Company in issue as at 19 August 2005. The Scheme Mandate Limit was refreshed and increased to 64,242,651 shares, representing approximately 10% of the shares of the Company in issue as at 10 June 2009, the date on which an ordinary resolution was passed by the shareholders of the Company to approve the refreshment of the Scheme Mandate Limit. The Scheme Mandate Limit was further refreshed and increased to 67,377,365 shares, representing approximately 10% of the shares of the Company in issue as at 27 May 2010, the date on which an ordinary resolution was passed by the shareholders of the Company to approve the further refreshment of the Scheme Mandate Limit. As at 27 March 2013, a total of 20,121,365 shares (excluding the underlying shares comprised in share options that have been granted but not yet lapsed, cancelled or exercised) were available for issue under the SEA Share Option Scheme, which represented approximately 2.99% of the issued share capital of the Company on that date.

4.	Maximum entitlement of each participant:	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company then in issue. In addition, for any grant of share options to a substantial shareholder and/or an independent non-executive director of the Company or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceed 0.1% of the shares of the Company then in issue and with an aggregate value in excess of HK$5 million, then the proposed grant is also subject to the approval of shareholders of the Company in general meeting.
5.	Period within which the shares must be taken up under an option:	The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.
6.	Minimum period for which an option must be held before it can vest:	As determined by the Board.
7.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$10 is payable to the Company upon acceptance of the option which must be taken up within 28 days from the date of offer.
8.	Basis of determining the exercise price:	The exercise price is determined by the Board which must be at least the highest of (i) the closing price of the share of the Company on the Stock Exchange on the date of grant of the option; (ii) the average of the closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.
9.	Remaining life of the SEA Share Option Scheme:	Valid and effective for a term of ten years from the date of adoption until 24 August 2015.

The following table shows the movements in share options under the SEA Share Option Scheme during the year ended 31 December 2012 and the options outstanding at the beginning and end of the year:

Name	Date of grant	Exercise price per share (HK$)	Exercise period	Number of underlying shares comprised in share options: As at 01.01.2012	Granted during the year	Exercised during the year	Lapsed during the year	As at 31.12.2012
Directors								
Lu Wing Chi	12.07.2012	3.454	(i)	–	6,690,000	–	–	6,690,000
Lu Wing Yuk, Andrew	12.07.2012	3.454	(i)	–	1,338,000	–	–	1,338,000
Lincoln Lu	12.07.2012	3.454	(i)	–	6,690,000	–	–	6,690,000
Lambert Lu	12.07.2012	3.454	(i)	–	6,690,000	–	–	6,690,000
Lam Sing Tai	12.07.2012	3.454	(i)	–	6,690,000	–	–	6,690,000
Walujo Santoso, Wally	12.07.2012	3.454	(i)	–	666,000	–	–	666,000
Leung Hok Lim	12.07.2012	3.454	(i)	–	666,000	–	–	666,000
Chung Pui Lam	12.07.2012	3.454	(i)	–	666,000	–	–	666,000
Sub-Total				–	30,096,000	–	–	30,096,000
Other eligible employees in aggregate	31.12.2008	2.262	31.12.2010 to 30.12.2012	1,100,000	–	(1,100,000)	–	–
			30.06.2011 to 29.06.2013	300,000	–	(300,000)	–	–
			31.12.2011 to 30.12.2013	100,000	–	(100,000)	–	–
			30.06.2012 to 29.06.2014	500,000	–	(500,000)	–	–
			31.12.2012 to 30.12.2014	350,000	–	–	–	350,000
			30.06.2013 to 29.06.2015	800,000	–	–	(100,000)	700,000
	12.07.2012	3.454	12.07.2012 to 30.06.2014	–	200,000	(100,000)	–	100,000
			01.01.2013 to 31.12.2014	–	340,000	–	–	340,000
			01.07.2013 to 30.06.2015	–	1,630,000	–	–	1,630,000
			01.01.2014 to 31.12.2015	–	2,800,000	–	(150,000)	2,650,000
			01.07.2014 to 30.06.2016	–	2,850,000	–	–	2,850,000
			01.01.2015 to 31.12.2016	–	2,270,000	–	(400,000)	1,870,000
			01.07.2015 to 30.06.2017	–	7,760,000	–	(140,000)	7,620,000
Sub-Total				3,150,000	17,850,000	(2,100,000)	(790,000)	18,110,000
Total				3,150,000	47,946,000	(2,100,000)	(790,000)	48,206,000

Notes:

(i) One-third of the share options are exercisable during the period from 1 July 2013 to 30 June 2015, a further one-third of the share options are exercisable during the period from 1 July 2014 to 30 June 2016 and the remaining one-third of the share options are exercisable during the period from 1 July 2015 to 30 June 2017.

(ii) The vesting period of the share options granted is from the date of grant until the commencement of the exercisable period.

(iii) The closing price of the shares of the Company immediately before 12 July 2012 on which the share options were granted was HK$3.38 per share.

(iv) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by other eligible employees was HK$4.124 per share.

(v) No share options had been cancelled under the SEA Share Option Scheme for the year ended 31 December 2012.

AGP

AGP, a 97.17%-owned subsidiary of the Company, also adopted a share option scheme (the "AGP Share Option Scheme") in 2010. A summary of the principal terms of the AGP Share Option Scheme is set out as follows:

1.	Purpose:	To provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the AGP Share Option Scheme).
2.	Participants:	Eligible participants include any (i) director or employee of AGP or any of its affiliate; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by AGP or any of its affiliate; (iii) customer, promoter, business ally or joint-venture partner of AGP or any of its affiliate; or (iv) trustee of any trust established for the benefit of employees of AGP or any of its affiliate.
3.	Total number of shares of AGP available for issue under the AGP Share Option Scheme and percentage of the issued share capital of AGP that it represents as at the date of this annual report:	The maximum number of the shares of AGP which could be issued upon exercise of all options granted or to be granted under the AGP Share Option Scheme was 88,634,781 shares, representing approximately 10% of the shares of AGP in issue as at the date of this annual report.
4.	Maximum entitlement of each participant:	Unless approved by shareholders of the Company, the total number of shares of AGP issued and to be issued upon exercise of the share options already granted or to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of AGP then in issue. In addition, for any grant of share options to a substantial shareholder and/or an independent non-executive director of the Company or AGP or any of their respective associates, and where the total number of shares of AGP issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceed 0.1% of the shares of AGP then in issue and with an aggregate value in excess of HK$5 million (or its equivalent amount in British Pound), then the proposed grant is subject to the approval of shareholders of the Company in general meeting.
5.	Period within which the shares of AGP must be taken up under an option:	The period during which an option may be exercised is determined by the board of directors of AGP (the "AGP Board") (or any committee delegated by the AGP Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

6.	Minimum period for which an option must be held before it can vest:	As determined by the AGP Board.
7.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$10 (or its equivalent amount in British Pound or United States dollar) is payable to AGP upon acceptance of the option which must be taken up within 28 days from the date of offer.
8.	Basis of determining the exercise price:	The exercise price is determined by the AGP Board (or any committee delegated by the AGP Board) which must be at least the highest of (i) the closing price of the share of AGP on the AIM Market of London Stock Exchange plc on the date of grant of the option; (ii) the average of the closing price of the share of AGP on the AIM Market on the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of AGP.
9.	Remaining life of the AGP Share Option Scheme:	Valid and effective for a term of ten years from the date of adoption until 15 August 2020.

No option was granted by AGP since the commencement of the AGP Share Option Scheme on 16 August 2010.

Share Award Schemes

The Company

A share award scheme of the Company (the "SEA Share Award Scheme") was approved by the shareholders of the Company at the special general meeting held on 27 May 2010. The SEA Share Award Scheme commenced on 15 June 2010 and will continue in force until the day immediately before the fifteenth anniversary of such date.

The purpose of the SEA Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the SEA Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and are listed on the Stock Exchange; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

During the year ended 31 December 2012, a total of 15,560,000 shares of the Company were awarded to the directors and an employee of the Group without vesting period. The awarded shares were acquired by the trustee of the SEA Share Award Scheme in the open market after the date of grant and the awarded shares were transferred to the awardees before the end of January 2013 at nil consideration. Details of the shares of the Company awarded during the year ended 31 December 2012 are as follows:

		Number of awarded shares		
Name	Date of grant	Granted during the year	Vested during the year	As at 31.12.2012
Directors				
Lu Wing Chi	12.07.2012	3,348,000	(3,348,000)	—
Lu Wing Yuk, Andrew	12.07.2012	666,000	(666,000)	—
Lincoln Lu	12.07.2012	3,348,000	(3,348,000)	—
Lambert Lu	12.07.2012	3,348,000	(3,348,000)	—
Lam Sing Tai	12.07.2012	3,348,000	(3,348,000)	—
Walujo Santoso, Wally	12.07.2012	334,000	(334,000)	—
Leung Hok Lim	12.07.2012	334,000	(334,000)	—
Chung Pui Lam	12.07.2012	334,000	(334,000)	—
Sub-Total		15,060,000	(15,060,000)	—
Other employee	12.07.2012	500,000	(500,000)	—
Total		15,560,000	(15,560,000)	—

AGP

A share award scheme of AGP (the "AGP Share Award Scheme") was approved by the shareholders of the Company on 27 May 2010 and by the AGP Board on 28 May 2010. The AGP Share Award Scheme commenced on 16 August 2010 and will continue in force until the day immediately before the fifteenth anniversary of such date.

The purpose of the AGP Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the AGP Share Award Scheme, the AGP Board (or any committee delegated by the AGP Board) may at its absolute discretion grant awards, which may comprise (a) new shares of AGP; (b) existing shares of AGP in issue and are listed on the AIM Market; (c) cash in lieu of the shares of AGP; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the AGP Share Award Scheme. No award may be granted under the AGP Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the AGP Share Award Scheme and any other share award scheme of AGP and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of AGP exceed 30% of the shares of AGP in issue from time to time.

No award was granted by AGP since the commencement of the AGP Share Award Scheme on 16 August 2010.

Directors' Report

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2012.

Major Suppliers and Major Customers

During the year, the aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 20% of the Group's total purchases and sales respectively.

Corporate Governance

The Company is committed to maintain a high corporate governance standards so as to ensure better transparency and protection of shareholders' interests. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 19 to 30.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the issued shares in the Company was held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) during the year and up to the date of this annual report.

Charitable Donations

During the year, the Group made charitable donations amounting to about HK$171,000 (2011: HK$62,000).

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Highlights" on page 2.

Review by Audit Committee

The audit committee comprises three members, namely Messrs. Leung Hok Lim, Walujo Santoso, Wally and Chung Pui Lam, all being INEDs of the Company. The audit committee has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2012.

Directors' Report

Independent Auditor

The consolidated financial statements of the Company for the year under review have been audited by DTT, who will retire and, being eligible, offer themselves for re-appointment. Approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint DTT as independent auditor of the Company for the ensuing year will be put to the forthcoming 2013 AGM for shareholders' approval.

On behalf of the Board

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 March 2013

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF S E A HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 112, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 Bermuda Companies Act, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2013

Consolidated Income Statement

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	7	**607,274**	701,279
Interest income		**24,334**	16,140
Other income	8	**21,048**	48,112
Costs:			
Property and related costs	9	**(74,518)**	(209,248)
Staff costs		**(238,947)**	(169,171)
Depreciation and amortisation		**(83,899)**	(76,876)
Other expenses	10	**(202,778)**	(138,070)
		(600,142)	(593,365)
Profit from operations before fair value changes on properties		**52,514**	172,166
Fair value changes on investment properties		**1,300,282**	1,083,584
Profit from operations after fair value changes on properties		**1,352,796**	1,255,750
Share of results of associates		**2,510**	1,530
Share of results of jointly controlled entities		**(2,667)**	(1,314)
Finance costs	11	**(92,526)**	(101,237)
Profit before taxation	12	**1,260,113**	1,154,729
Income tax expense	13	**(87,064)**	(68,403)
Profit for the year		**1,173,049**	1,086,326
Attributable to:			
Company's shareholders		**1,161,289**	1,061,292
Non-controlling interests		**11,760**	25,034
		1,173,049	1,086,326
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	17		
Basic		**174.0**	158.4
Diluted		**172.9**	158.0
(Loss) earnings per share excluding fair value changes on properties net of deferred tax	*17*		
Basic		***(6.1)***	*8.0*
Diluted		***(6.1)***	*8.0*

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**1,173,049**	1,086,326
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**4,016**	140,598
Revaluation increase upon reclassification of property, plant and equipment to investment properties	**—**	1,428
Share of translation differences of jointly controlled entities	**(250)**	1,997
Share of translation differences of associates	**635**	(86)
Total comprehensive income for the year	**1,177,450**	1,230,263
Total comprehensive income attributable to:		
Company's shareholders	**1,172,415**	1,196,760
Non-controlling interests	**5,035**	33,503
	1,177,450	1,230,263

Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties	18	**9,612,715**	8,298,288
Property, plant and equipment	19	**1,081,675**	1,140,060
Properties for development	20	**1,292,243**	1,288,272
Club memberships	21	**8,574**	8,574
Interests in associates	22	**13,191**	10,046
Interests in jointly controlled entities	23	**—**	44,574
Loans receivable	24	**9,396**	16,911
Note receivable	25	**15,510**	—
Other receivable	26	**365,800**	381,183
Pledged bank deposits	31	**58,750**	—
Derivative financial instrument	27	**—**	80
		12,457,854	11,187,988
Current assets			
Properties held for sale	28		
Completed properties		**314,748**	330,713
Properties under development		**733,991**	660,638
Other inventories		**935**	1,019
Loans receivable	24	**642**	978
Trade receivables, deposits and prepayments	29	**118,242**	137,206
Tax recoverable		**3,014**	2,477
Amounts due from non-controlling shareholders	30	**1,270**	1,384
Pledged bank deposits	31	**—**	785
Bank balances and cash	32	**1,644,905**	2,485,688
		2,817,747	3,620,888
Assets classified as held for sale	33	**42,090**	—
		2,859,837	3,620,888
Current liabilities			
Payables, rental deposits and accrued charges	34	**357,590**	311,406
Sales deposits		**—**	601
Provisions	35	**—**	5,107
Tax liabilities		**109,882**	103,074
Amounts due to non-controlling shareholders	30	**211,404**	195,966
Bank borrowings — due within one year	36	**409,367**	1,054,331
		1,088,243	1,670,485
Net current assets		**1,771,594**	1,950,403
Total assets less current liabilities		**14,229,448**	13,138,391

Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Capital and reserves			
Share capital	37	**67,129**	66,919
Reserves		**10,902,667**	9,822,750
Equity attributable to the Company's shareholders		**10,969,796**	9,889,669
Non-controlling interests		**302,166**	302,036
Total equity		**11,271,962**	10,191,705
Non-current liabilities			
Bank borrowings — due after one year	36	**2,472,794**	2,529,036
Derivative financial instrument	27	**2,158**	—
Deferred taxation	38	**482,534**	417,650
		2,957,486	2,946,686
		14,229,448	13,138,391

The consolidated financial statements on pages 47 to 112 were approved and authorised for issue by the Board of Directors on 27 March 2013 and are signed on its behalf by:

Lu Wing Chi
Chairman and Managing Director

Lambert Lu
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to the Company's shareholders												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Capital redemption reserve HK$'000	Shares on trust for awardees under share award scheme HK$'000	Share options/ award reserve HK$'000	Property revaluation reserves HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2011	66,913	354,721	277,707	365,575	4,451	–	1,502	–	(391)	7,701,787	8,772,265	277,400	9,049,665
Profit for the year	–	–	–	–	–	–	–	–	–	1,061,292	1,061,292	25,034	1,086,326
Exchange differences arising on translation of foreign operations	–	–	–	132,186	–	–	–	–	–	–	132,186	8,412	140,598
Revaluation increase upon reclassification of property, plant and equipment to investment property	–	–	–	–	–	–	–	1,428	–	–	1,428	–	1,428
Share of translation differences of jointly controlled entities	–	–	–	1,940	–	–	–	–	–	–	1,940	57	1,997
Share of translation differences of associates	–	–	–	(86)	–	–	–	–	–	–	(86)	–	(86)
Other comprehensive income for the year	–	–	–	134,040	–	–	–	1,428	–	–	135,468	8,469	143,937
Total comprehensive income for the year	–	–	–	134,040	–	–	–	1,428	–	1,061,292	1,196,760	33,503	1,230,263
Recognition of equity-settled share-based payments	–	–	–	–	–	–	155	–	–	–	155	–	155
Share repurchased and cancelled	(250)	(11,331)	–	–	–	–	–	–	–	–	(11,581)	–	(11,581)
Shares issued on exercise of share options	256	6,300	–	–	–	–	(771)	–	–	–	5,785	–	5,785
Dividends paid	–	–	–	–	–	–	–	–	–	(73,715)	(73,715)	–	(73,715)
Disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,933	1,933
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(10,800)	(10,800)
At 31 December 2011	66,919	349,690	277,707	499,615	4,451	–	886	1,428	(391)	8,689,364	9,889,669	302,036	10,191,705
Profit for the year	–	–	–	–	–	–	–	–	–	1,161,289	1,161,289	11,760	1,173,049
Exchange differences arising on translation of foreign operations	–	–	–	10,734	–	–	–	–	–	–	10,734	(6,718)	4,016
Share of translation differences of jointly controlled entities	–	–	–	(243)	–	–	–	–	–	–	(243)	(7)	(250)
Share of translation differences of associates	–	–	–	635	–	–	–	–	–	–	635	–	635
Other comprehensive income for the year	–	–	–	11,126	–	–	–	–	–	–	11,126	(6,725)	4,401
Total comprehensive income for the year	–	–	–	11,126	–	–	–	–	–	1,161,289	1,172,415	5,035	1,177,450
Recognition of equity-settled share-based payments													
– share awards	–	–	–	–	–	–	51,970	–	–	–	51,970	–	51,970
– share options	–	–	–	–	–	–	8,160	–	–	–	8,160	–	8,160
Purchase of shares under share award scheme	–	–	–	–	–	(83,558)	–	–	–	–	(83,558)	–	(83,558)
Shares transferred to participants under share award scheme	–	–	–	–	–	83,558	(51,970)	–	–	(31,588)	–	–	–
Shares issued on exercise of share options	210	5,326	–	–	–	–	(666)	–	–	–	4,870	–	4,870
Dividends paid	–	–	–	–	–	–	–	–	–	(73,730)	(73,730)	–	(73,730)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(4,905)	(4,905)
At 31 December 2012	67,129	355,016	277,707	510,741	4,451	–	8,380	1,428	(391)	9,745,335	10,969,796	302,166	11,271,962

Contributed surplus represents the excess of the nominal value of the shares of the acquired company over the nominal value of the Company's shares issued for the acquisition pursuant to the group reorganisation in previous years.

Other reserves represent the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**1,260,113**	1,154,729
Adjustments for:		
Interest expenses	**85,886**	93,925
Write-down of properties held for sale	**21,336**	14,277
Reversal of provision on relocation compensation	**(5,089)**	—
Depreciation and amortisation	**83,899**	76,876
Fair value changes on investment properties	**(1,300,282)**	(1,083,584)
Fair value changes on held for trading investments	**—**	36
Fair value changes on derivative financial instrument	**2,243**	(1,952)
Fair value adjustment on other receivable	**14,706**	517
Share of results of associates	**(2,510)**	(1,530)
Share of results of jointly controlled entities	**2,667**	1,314
Interest income	**(24,334)**	(16,140)
(Gain) loss on disposal/write-off of property, plant and equipment	**(53)**	19,683
Share-based payment expenses	**60,130**	155
Operating cash flows before movements in working capital	**198,712**	258,306
(Increase) decrease in properties held for sale	**(75,797)**	141,912
Decrease in other inventories	**84**	226
Decrease in trade receivables, deposits and prepayments	**20,574**	758
Increase in payables, rental deposits and accrued charges	**8,459**	13,972
Decrease in sales deposits	**(601)**	(5,081)
Cash generated from operations	**151,431**	410,093
Interest paid	**(87,682)**	(92,321)
Tax paid	**(14,418)**	(56,786)
Payment for shares under share award scheme	**(83,558)**	—
Net cash (used in) from operating activities	**(34,227)**	260,986
Investing activities		
Acquisition of and additional cost on properties for development	**(25,417)**	(472,420)
Interest received	**22,292**	14,757
Receipt of repayments of loans receivable	**7,851**	18,258
Investment in index-link note	**(15,510)**	—
(Placement) withdrawal of bank deposits	**(94,964)**	263,318
Purchase of property, plant and equipment	**(4,349)**	(11,577)
Additional costs on investment properties	**(9,482)**	—
Proceeds on disposal of property, plant and equipment	**288**	1,425
Proceeds on disposal of held for trading investments	**—**	111
Increase in other receivable	**(11)**	(30,219)
Loan to a jointly controlled entity	**—**	(2,566)
Deposit received on disposal of jointly controlled entities	**40,000**	—
Net cash used in investing activities	**(79,302)**	(218,913)

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Financing activities		
Draw down of bank loans	**1,000,326**	1,330,410
Repayments of bank loans	**(1,705,446)**	(1,193,586)
Payment of front-end fee	—	(12,487)
Issue of new shares	**4,870**	5,785
Advances from non-controlling shareholders	**8,687**	15,575
Repayments from non-controlling shareholders	**114**	194
Repurchase of shares	—	(11,581)
Dividends paid	**(73,730)**	(73,715)
Dividends paid to non-controlling shareholders	**(4,905)**	(10,800)
Net cash (used in) from financing activities	**(770,084)**	49,795
Net (decrease) increase in cash and cash equivalents	**(883,613)**	91,868
Cash and cash equivalents at beginning of the year	**2,485,688**	2,355,639
Effect of foreign exchange rate changes	**5,831**	38,181
Cash and cash equivalents at end of the year	**1,607,906**	2,485,688
Represented by:		
Bank balance and cash	**1,644,905**	2,485,688
Less: Fixed deposits with original maturity date more than 3 months	**(36,999)**	—
	1,607,906	2,485,688

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Nan Luen International Limited and its ultimate holding company is JCS Limited. Both holding companies are incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the directory of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 45.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the amendments to HKFRS 7 "Disclosures — Transfers of Financial Assets" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The application of the above amendments to HKFRS in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 "Income Taxes" which is mandatorily effective for the current year has been applied in advance in the year ended 31 December 2011.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective

The directors of the Company expect that the application of the new and revised standards, amendments or interpretations that were issued but not yet effective will have no material impact on the results and financial position of the Group. However, those which may be relevant to the Group's financial statements are disclosed below.

Amendments to HKFRS 7 and HKAS 32 "Offsetting Financial Assets and Financial Liabilities and related disclosures"

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors expect that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 "Financial Instruments"

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

Key requirements of HKFRS 9 are described as follows:

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective *(continued)*

HKFRS 9 "Financial Instruments" (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors expect that the application of HKFRS 9 will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

The directors consider that the application of HKFRS 10, HKFRS 11, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), together with amendments relating to the transitional guidance on the application of these HKFRS issued in July 2012, will not have any impact on the amounts reported in the consolidated financial statements.

The directors expect that the application of HKFRS 12, a disclosure standard applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities, will result in more extensive disclosure in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards.

The application of the standard is not expected to have significant impact on amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values, subject to certain exceptions, where applicable, of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Contingent consideration for assets or liabilities (if any) is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss (if any) is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The Group reports provisional amounts for the items for which the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Property, plant and equipment

Leasehold land and building held for use in the supply of services, or for administrative purpose and other property, plant and equipment other than crockery, utensils and linens are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than crockery, utensils and linens, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Initial expenditure incurred for crockery, utensils and linens is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development

When buildings are in the course of development held for use in the supply of services or for administrative purposes, the amortisation of prepaid lease payments, where the leasehold land is classified as operating leases, provided during the construction period is included as part of the cost of the building under construction. Buildings under construction are carried at cost, less any identified impairment losses. Cost comprises development costs including attributable borrowing costs, prepaid lease payments and directly attributable costs capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the condition necessary for them to be capable of operating in the manner intended by management).

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development are stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties will be transferred to the appropriate categories according to the management's intention of use of the properties after completion of development.

Inventories

Properties held for sale

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

Other inventories

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as either loans and receivables or financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including loans receivable, note receivable, other receivable, amounts due from non-controlling shareholders, trade receivables, bank deposits and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

Financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans receivable, other receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial liabilities

Financial liabilities including payables, amounts due to non-controlling shareholders and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Club memberships

Club memberships are recognised at cost on initial recognition. Club memberships with indefinite useful lives are subsequently stated at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of a club membership are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect of the time value of money is material.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits received under current liabilities.

Rental income is recognised on a straight-line basis over the term of the relevant lease. In the event that lease incentives are provided to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Hotel operation and other service income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity (translation reserve) and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted/share awarded at the grant date is expensed immediately or on a straight-line basis over the vesting period, with a corresponding increase in share options reserve/share award reserve.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

When trustee purchases the Company's shares from the open market for award to grantees under the share award scheme, the consideration paid, including any directly attributable costs, is deducted from equity and the shortage/excess of the cost of purchase over the fair value of the awarded shares is credited/debited to retained profits upon the relevant shares are transferred to the grantees.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties are presumed to be recovered through sale, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxes

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are using the fair value model, the directors have determined the Group's investment properties situated in Hong Kong are held under a business model whose objective is to recover the value through sale rather than consume substantially all of the economic benefits embodied in the investment properties over time whereas those situated in the People's Republic of China ("PRC") are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted for properties situated in Hong Kong. As a result, the Group has not recognised any deferred taxes on changes in fair value of these investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties. The presumption that the carrying amount of the Group's investment properties in the PRC is to recover through sale rather than use has been rebutted and deferred tax on the changes in fair value is recognised according to the relevant tax rules.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

Income tax

No deferred tax asset has been recognised in respect of tax losses and deductible temporary differences of HK$655,552,000 and HK$128,089,000 (2011: HK$606,910,000 and HK$128,089,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

Impairment of property, plant and equipment

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$726,119,000 (2011: HK$746,177,000) has any indication of impairment by considering the recoverable amount of hotel building which has been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from hotel operating cash flows discounted to arrive at the present value of the asset. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value of investment properties

Investment properties with carrying amount of HK$9,612,715,000 (2011: HK$8,298,288,000) are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

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

Key sources of estimation uncertainty *(continued)*

Valuation of properties for development

The Group performs a review annually to determine whether properties for development with aggregate carrying amount of HK$1,292,243,000 (2011: HK$1,288,272,000) has any indication of impairment by considering the recoverable amounts of the properties which has been determined based on the current market price of properties of comparable location. In case the recoverable amounts of the properties are less than the carrying amount, material adjustment for impairment loss may result.

Valuation of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,048,739,000 (2011: HK$991,351,000) is based on an estimation of the net realisable value of these properties which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable location, the estimated costs to complete the development, where appropriate, and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are (more) less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for (reversal of) write-down of the properties held for sale may result.

Impairment of other receivable

In determining whether there is any impairment loss on the carrying amount of the other receivable of HK$365,800,000 (2011: HK$381,183,000) in relation to cost incurred on certain pieces of land as detailed in note 26, the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, may arise.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents and equity attributable to the Company's shareholders, comprising issued capital, retained profits and reserves.

The directors of the Company review the capital structure periodically and maintain a low gearing. The Group's net debt to the total funds employed for financing the Group's principal assets, the properties (presented as investments properties, hotel property, properties held for own used, properties for development and properties held for sale in the consolidated statement of financial position) at the end of the reporting period is as follows:

	2012 HK$'000	2011 HK$'000
Bank borrowings	2,882,161	3,583,367
Pledged bank deposits	(58,750)	(785)
Bank balances and cash	(1,644,905)	(2,485,688)
Net debt	1,178,506	1,096,894
Total carrying value of properties	12,963,406	11,615,941
Net debt to total funds employed	9.1%	9.4%

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is mainly focused on property development, property investment and hotel operation. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Property investment and development activities are in Hong Kong, PRC, Australia and New Zealand whereas the hotel operation is in Hong Kong.

6. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue and results by reportable segment:

Segment revenues and results

For the year ended 31 December 2012

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	39,196	319,872	248,206	—	607,274
Inter-segment sales	—	1,185	—	(1,185)	—
Total	39,196	321,057	248,206	(1,185)	607,274
SEGMENT RESULTS					
Segment (loss) profit	(100,393)	1,549,366	58,614		1,507,587
Interest income					24,334
Corporate income less expenses					(179,125)
Share of results of associates					2,510
Share of results of jointly controlled entities					(2,667)
Finance costs					(92,526)
Profit before taxation					1,260,113

For the year ended 31 December 2011

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	176,726	291,071	233,482	—	701,279
Inter-segment sales	—	601	—	(601)	—
Total	176,726	291,672	233,482	(601)	701,279
SEGMENT RESULTS					
Segment profit	1,721	1,295,446	56,579		1,353,746
Interest income					16,140
Corporate expenses					(114,136)
Share of results of associates					1,530
Share of results of jointly controlled entities					(1,314)
Finance costs					(101,237)
Profit before taxation					1,154,729

6. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

Inter-segment sales are at mutually agreed terms.

The Group does not allocate interest income, corporate income less expenses, share of results of associates and jointly controlled entities and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision maker.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

Other segment profit or loss information

The following amounts are included in the measurement of segment profit or loss.

For the year ended 31 December 2012

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amortisation and depreciation					
— Properties for development	21,533	—	—	—	21,533
— Deprecation of property, plant and equipment	1,595	2,057	48,966	9,748	62,366
Increase in fair value of investment properties	—	1,300,282	—	—	1,300,282
Fair value adjustment on other receivable	14,706	—	—	—	14,706
Write-down of properties held for sale	21,336	—	—	—	21,336
Loss (gain) on disposal of property, plant and equipment	7	33	47	(140)	(53)
Reversal of provision on relocation compensation	5,089	—	—	—	5,089

For the year ended 31 December 2011

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amortisation and depreciation					
— Properties for development	15,084	—	—	—	15,084
— Deprecation of property, plant and equipment	1,066	1,579	50,117	9,030	61,792
Increase in fair value of investment properties	—	1,083,584	—	—	1,083,584
Fair value adjustment on other receivable	517	—	—	—	517
Write-down of properties held for sale	14,277	—	—	—	14,277
(Gain) loss on disposal/write-off of property, plant and equipment	(208)	63	19,978	(150)	19,683

6. SEGMENT INFORMATION *(continued)*

Geographical information

The Group operates in four principal geographical areas, Hong Kong (country of domicile), PRC, Australia and New Zealand.

The Group's revenue from external customers by geographical location of properties is detailed below.

	2012 HK$'000	2011 HK$'000
Hong Kong	**459,215**	447,300
PRC	**125,596**	114,433
Australia	**20,265**	20,330
New Zealand	**2,198**	119,216
	607,274	701,279

No single customer contributes over 10% of the total revenue of the Group for both years.

The Group's information about its non-current assets, which exclude financial assets, by geographical location are detailed below.

	2012 HK$'000	2011 HK$'000
Hong Kong	**8,185,465**	7,173,090
PRC	**3,576,690**	3,332,784
Australia	**232,935**	230,061
New Zealand	**13,308**	10,287
	12,008,398	10,746,222

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision maker in the resource allocation and assessment of performance.

7. REVENUE

The following is an analysis of the Group's revenue from its major business activities:

	2012 HK$'000	2011 HK$'000
Sale of properties	**39,196**	176,726
Renting of investment properties	**319,872**	291,071
Hotel operation	**248,206**	233,482
	607,274	701,279

8. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Included in other income is:		
Net exchange gain	**7,273**	20,865
Rental income from properties held for sale temporarily leased	**6,415**	17,387

9. PROPERTY AND RELATED COSTS

	2012 HK$'000	2011 HK$'000
Changes in completed properties and properties under development held for sale	**15,777**	147,419
Reversal of provision on relocation compensation (note 35)	**(5,089)**	—
Write-down of properties held for sale	**21,336**	14,277
Selling and marketing expenses	**2,949**	4,746
Direct operating expenses of investment properties	**39,545**	42,806
	74,518	209,248

10. OTHER EXPENSES

	2012 HK$'000	2011 HK$'000
Included in other expenses are:		
Hotel operating expenses	**63,244**	59,741
Legal and professional fees	**12,367**	13,574
Reversal of tax penalty	—	(17,000)

11. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	**51,188**	61,152
Bank borrowings not wholly repayable within 5 years	**38,387**	35,065
	89,575	96,217
Less: Amounts capitalised to property development projects	**(3,689)**	(2,292)
	85,886	93,925
Front end fee	**3,463**	3,684
Other charges	**3,177**	3,628
	92,526	101,237

12. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**4,378**	4,486
Fair value adjustment on other receivable	**14,706**	517
Share-based payment expense	**8,160**	155
Share-award expense	**51,970**	—
Depreciation and amortisation	**84,175**	76,876
Less: Amount capitalised to property development projects	**(276)**	—
	83,899	76,876
and crediting:		
Gross rental income from investment properties	**319,872**	291,071
Less: Direct operating expenses	**(39,545)**	(42,806)
Net rental income	**280,327**	248,265
Interest income from second mortgage loans	**791**	1,523
Interest earned on bank deposits	**23,111**	13,791
Imputed interest income on loans to jointly controlled entities	**432**	826
	24,334	16,140
Fair value changes on derivative financial instrument	**2,243**	(1,952)
Gain (loss) on disposal/write-off of property, plant and equipment	**53**	(19,683)

13. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**12,928**	16,901
PRC Enterprise Income Tax	**8,963**	5,417
Other jurisdictions	**129**	148
	22,020	22,466
Under (over) provision in prior years		
Hong Kong Profits Tax	**1,012**	(5,543)
Deferred tax	**64,032**	51,480
	87,064	68,403

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Income tax arising in PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Tax overprovided of HK$5,501,000 in relation to the estimated assessment revised by the Hong Kong Inland Revenue Department ("IRD") under a tax audit for the various years of assessment was reversed upon settlement with the IRD in the preceding year.

Details of deferred taxation are set out in note 38.

13. INCOME TAX EXPENSE *(continued)*

Income tax expense for the year can be reconciled from profit before taxation per the consolidated income statement as follows:

	2012 HK$'000	2011 HK$'000
Profit before taxation	**1,260,113**	1,154,729
Tax at the domestic income tax rate of 16.5%	**207,918**	190,530
Tax effect of share of results of associates	**(414)**	(252)
Tax effect of share of results of jointly controlled entities	**440**	217
Tax effect of expenses not deductible for tax purpose	**27,087**	26,638
Tax effect of income not taxable for tax purpose	**(180,695)**	(179,330)
Tax effect of tax losses not recognised	**15,892**	23,602
Utilisation of tax losses previously not recognised	**(12,668)**	(4,479)
Tax effect of deductible temporary differences not recognised	**—**	200
Utilisation of deductible temporary differences not previously recognised	**—**	(2,436)
Withholding tax in other jurisdictions	**129**	148
Effect of different tax rates of subsidiaries operated in other jurisdictions	**24,594**	19,078
Under (over) provision in respect of prior years' tax expense	**1,012**	(5,543)
Others	**3,769**	30
Income tax expense for the year	**87,064**	68,403

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Group and its subsidiaries for the year are as follows:

	Lu Wing Chi HK$'000	Lu Wing Yuk, Andrew HK$'000	Lincoln Lu HK$'000	Lambert Lu HK$'000	Lam Sing Tai HK$'000	Walujo Santoso Wally HK$'000	Leung Hok Lim HK$'000	Chung Pui Lam HK$'000	Total HK$'000
2012									
Fees	265	20	20	265	20	200	250	250	1,290
Other emoluments									
Salaries and other benefits	5,700	960	2,790	2,790	1,830	–	–	–	14,070
Discretionary and performance based bonus (Note below)	37,065	350	3,089	3,089	1,000	–	–	–	44,593
Retirement benefits scheme contribution	879	144	349	373	275	–	–	–	2,020
Share based payment expense	1,206	243	1,206	1,206	1,206	120	120	120	5,427
Share awards expense	11,182	2,224	11,182	11,182	11,182	1,116	1,116	1,116	50,300
Total emoluments	56,297	3,941	18,636	18,905	15,513	1,436	1,486	1,486	117,700
2011									
Fees	269	20	20	269	20	200	250	250	1,298
Other emoluments									
Salaries and other benefits	5,400	840	2,520	2,520	1,560	–	–	–	12,840
Discretionary and performance based bonus (Note below)	33,891	350	2,824	2,824	1,000	–	–	–	40,889
Retirement benefits scheme contribution	835	105	315	340	234	–	–	–	1,829
Total emoluments	40,395	1,315	5,679	5,953	2,814	200	250	250	56,856

Note:

The discretionary and performance based bonus to Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu are based on their contribution to the Group and calculated on the basis of profit before taxation attributable to the Company's shareholders. Messrs. Lu Wing Yuk, Andrew and Lam Sing Tai are based on the performance of the Group and their individual performance.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2011: four) were directors of the Company whose emoluments are disclosed in note 14. The emoluments of the remaining one (2011: one) individual for the year amounted to HK$4,477,000 (2011: HK$3,847,000), representing salaries and other benefits of HK$3,845,000 (2011: HK$3,189,000), retirement benefits scheme of HK$122,000 (2011: HK$122,000), discretionary and performance-based bonus of HK$510,000 (2011: HK$536,000), for his service rendered to the Group.

16. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividend recognised as distribution during the year:		
2012 interim dividend — HK5 cents (2011: HK5 cents) per share	**33,561**	33,459
2011 final dividend — HK6 cents (2010: HK6 cents) per share	**40,169**	40,256
	73,730	73,715
2012 final dividend proposed: HK6 cents (2011: HK6 cents) per share	**40,318**	40,151

A final dividend of HK6 cents (2011: HK6 cents) per share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

17. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Earnings for the purpose of basic and diluted earnings per share	**1,161,289**	1,061,292

	Number of shares 2012	 2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**667,569,240**	670,016,989
Effect of dilutive potential ordinary share options	**3,908,998**	1,674,846
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**671,478,238**	671,691,835

For the purpose of assessing the performance of the Group, the directors are of the view that the profit for the year should be adjusted for the fair value changes on properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	2012 HK$'000	2011 HK$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**1,161,289**	1,061,292
Fair value changes on investment properties	**(1,300,282)**	(1,083,584)
Deferred tax thereon	**61,277**	44,983
Attributable to non-controlling interests	**36,710**	30,945
Adjusted (loss) profit attributable to the Company's shareholders	**(41,006)**	53,636
(Loss) earnings per share excluding fair value changes on properties net of deferred tax		
Basic	**HK(6.1) cents**	HK8.0 cents
Diluted	**HK(6.1) cents**	HK8.0 cents

The computation of diluted adjusted loss per share for the year ended 31 December 2012 does not assume the exercise of the share options as it would result in decrease in loss per share. The denominators used in the calculation of basic and diluted adjusted earnings per share for the year ended 31 December 2011 and basic adjusted loss per share for the year ended 31 December 2012 are the same as those detailed above.

18. INVESTMENT PROPERTIES

	Hong Kong	PRC		Australia	
	Medium-term lease HK$'000	Long lease HK$'000	Medium-term lease HK$'000	Medium-term lease HK$'000	Total HK$'000
At 1 January 2011	5,197,600	1,502,728	221,760	222,288	7,144,376
Fair value changes	895,000	170,342	18,242	—	1,083,584
Reclassified to property, plant and equipment	—	(34,001)	—	—	(34,001)
Reclassified from property, plant and equipment	—	15,488	—	—	15,488
Exchange adjustments	—	77,770	11,385	(314)	88,841
At 31 December 2011	6,092,600	1,732,327	251,387	221,974	8,298,288
Additions	9,482	—	—	—	9,482
Fair value changes	1,058,218	224,311	18,559	(806)	1,300,282
Exchange adjustments	—	485	23	4,155	4,663
At 31 December 2012	**7,160,300**	**1,957,123**	**269,969**	**225,323**	**9,612,715**

All of the Group's property interests are held under operating leases to earn rentals and/or for capital appreciation purpose. These properties are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's Hong Kong and PRC investment properties with aggregate carrying value of HK$9,387,392,000 at 31 December 2012 (2011: HK$8,076,314,000) were arrived at on the basis of valuation carried out at those dates by Savills Valuation and Professional Services Limited ("Savills") whereas those in Australia had been arrived at on the basis of valuation carried out on 31 December 2012 and 2011 by CBRE Valuations Pty Limited ("CBRE").

Savills and CBRE are independent professional valuers not connected with the Group. They are members of Institute of Valuers, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units as well as those of similar properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation are adopted is by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted for the valuers' knowledge of factors specific to the respective properties.

19. PROPERTY, PLANT AND EQUIPMENT

	Land in Hong Kong under medium-term lease and building HK$'000	Properties in PRC under medium-term lease HK$'000	Properties in PRC under long lease HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles and vessel HK$'000	Leasehold improvements HK$'000	Crockery, utensils and linens HK$'000	Total HK$'000
COST									
At 1 January 2011	1,075,272	12,798	14,278	46,908	50,670	27,313	89,726	4,222	1,321,187
Additions	–	–	–	–	3,229	3,518	4,001	829	11,577
Reclassified from investment properties	–	–	34,001	–	–	–	–	–	34,001
Fair value changes upon reclassification	–	–	1,428	–	–	–	–	–	1,428
Reclassified to investment properties	–	–	(15,989)	–	–	–	–	–	(15,989)
Adjustment on finalisation of construction costs	(13,531)	–	–	(5,614)	(588)	–	(4,039)	–	(23,772)
Disposals/write-off	(12,793)	–	–	(2,041)	(8,003)	(3,126)	(9,055)	–	(35,018)
Exchange adjustments	–	634	1,079	2	293	309	150	–	2,467
At 31 December 2011	1,048,948	13,432	34,797	39,255	45,601	28,014	80,783	5,051	1,295,881
Additions	–	–	–	–	2,252	1,612	485	–	4,349
Disposals	(55)	–	–	–	(264)	(1,464)	(17)	–	(1,800)
Exchange adjustments	–	(2)	(5)	16	11	251	2	–	273
At 31 December 2012	**1,048,893**	**13,430**	**34,792**	**39,271**	**47,600**	**28,413**	**81,253**	**5,051**	**1,298,703**
DEPRECIATION									
At 1 January 2011	31,250	282	369	5,542	24,201	15,377	30,776	–	107,797
Provided for the year	27,387	366	494	4,064	8,788	1,959	18,734	–	61,792
Eliminated on reclassification to investment properties	–	–	(501)	–	–	–	–	–	(501)
Eliminated on disposals/write-off	(538)	–	–	(357)	(6,012)	(3,068)	(3,935)	–	(13,910)
Exchange adjustments	–	22	16	–	384	174	47	–	643
At 31 December 2011	58,099	670	378	9,249	27,361	14,442	45,622	–	155,821
Provided for the year	27,172	334	752	3,928	9,051	2,721	18,684	–	62,642
Eliminated on disposals	(4)	–	–	–	(159)	(1,390)	(12)	–	(1,565)
Exchange adjustments	–	2	3	4	9	103	9	–	130
At 31 December 2012	**85,267**	**1,006**	**1,133**	**13,181**	**36,262**	**15,876**	**64,303**	**–**	**217,028**
CARRYING VALUES									
At 31 December 2012	**963,626**	**12,424**	**33,659**	**26,090**	**11,338**	**12,537**	**16,950**	**5,051**	**1,081,675**
At 31 December 2011	990,849	12,762	34,419	30,006	18,240	13,572	35,161	5,051	1,140,060

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

Leasehold land	Over the lease terms ranging from 42 years to 45.5 years
Building	2% to 5%
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles and vessel	20% – 25%
Leasehold improvements	25%

20. PROPERTIES FOR DEVELOPMENT

	2012 HK$'000	2011 HK$'000
COST		
At 1 January	**1,310,596**	789,806
Addition	**25,693**	472,420
Exchange adjustments	**(120)**	48,370
At 31 December	**1,336,169**	1,310,596
AMORTISATION		
At 1 January	**22,324**	6,643
Provided for the year	**21,533**	15,084
Exchange adjustments	**69**	597
At 31 December	**43,926**	22,324
CARRYING VALUE		
At 31 December	**1,292,243**	1,288,272

The carrying amount represents the Group's interest in certain pieces of lands located in the PRC to be held for future development.

The carrying amount is amortised on a straight-line basis over the lease term of 40 to 70 years of the leasehold land.

21. CLUB MEMBERSHIPS

The club memberships are considered as having an indefinite useful life as the directors are of the opinion that the Group would derive benefits from the use of club memberships perpetually. The club memberships are stated at cost. No amortisation will be made on their carrying amount unless their useful life are determined to be finite. The club memberships will be tested for impairment annually or whenever there is an indication of impairment. Up to the end of the reporting period, no impairment has been made on the amount presented as there is no indication of impairment.

22. INTERESTS IN ASSOCIATES

	2012 HK$'000	2011 HK$'000
Unlisted investments, at cost	**96,990**	96,990
Share of post-acquisition reserves	**(3,403)**	(6,548)
Impairment loss recognised	**(80,396)**	(80,396)
	13,191	10,046

Included in the cost of investment in associates is goodwill of HK$80,396,000 (2011: HK$80,396,000) arising on acquisitions of the associates and against which impairment loss had been fully recognised in prior years.

Details of the Group's principal associates at 31 December 2012 and 2011, all of which are companies with limited liability, are as follows:

Name of associate	Form of business structure	Place/ country of incorporation/ operation	Effective percentage of issued ordinary share capital indirectly held by the Group 2012	2011	Principal activities
GSB Supplycorp Limited	Incorporated	New Zealand	**50**	50	Public sector e-procurement
Professional Service Brokers Limited	Incorporated	New Zealand	**50**	50	e-procurement management
Conexa Limited	Incorporated	New Zealand	**40**	40	e-commerce marketplace

The directors are of the opinion that a complete list of the particulars of all associates of the Group will be of excessive length and therefore the above list contains only the particulars of associates which principally affect the results or assets of the Group.

22. INTERESTS IN ASSOCIATES *(continued)*

The summarised financial information in respect of the Group's associates is as follows:

	2012 HK$'000	2011 HK$'000
Total assets	31,239	29,248
Total liabilities	(4,857)	(9,156)
Net assets	26,382	20,092
Group's share of net assets of associates	13,191	10,046
Revenue	67,044	64,750
Profit for the year	5,019	3,059
Other comprehensive income	1,270	(171)
Total comprehensive income for the year	6,289	2,888
Group's share of total comprehensive income of associates for the year	3,145	1,444

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2012 HK$'000	2011 HK$'000
Cost of unlisted investments in jointly controlled entities	3,994	3,994
Share of post-acquisition reserves	(5,929)	(3,012)
	(1,935)	982
Loans to jointly controlled entities	44,025	43,592
	42,090	44,574
Transfer to assets classified as held for sale	(42,090)	—
	—	44,574

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

As at 31 December 2012 and 2011, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place/ country of incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group	Principal activities
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	49	Investment holding
Leiyang Shunhua Real Estate Development Ltd.# 耒陽順華置業有限公司	Established	PRC	Registered capital	49	Property development

English translation of the entity's official name.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2012 HK$'000	2011 HK$'000
Current assets	**192,901**	169,471
Non-current assets	**4,783**	4,816
Current liabilities	**121,519**	104,760
Non-current liabilities	**78,100**	68,545
Income recognised in profit or loss	**3,387**	25,845
Expenses recognised in profit or loss	**6,054**	27,159
Other comprehensive income	**(250)**	1,997

Interests in jointly controlled entities were reclassified to "assets classified as held for sale" upon entering into an agreement for the disposal of the Group's entire equity interest in these entities to the joint venture partner. Details are set out in note 33.

The loans to the jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. Prior to the disposal, it was the Group's intention not to demand the jointly controlled entities to repay the loans within one year and accordingly the amounts are classified as non-current assets at the end of the prior reporting period.

On application of HKAS 39 "Financial Instruments — Recognition and Measurement", the fair value of the loans advanced to jointly controlled entities is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advances, determined on initial recognition, deemed to be capital contributed to the jointly controlled entities, is included as part of the cost of investments in the jointly controlled entities.

24. LOANS RECEIVABLE

	2012 HK$'000	2011 HK$'000
Second mortgage loans	**10,038**	17,877
Unsecured loans	—	12
	10,038	17,889
Analysed for reporting purposes		
Current assets	**642**	978
Non-current assets	**9,396**	16,911
	10,038	17,889

The loans bear interest at Hong Kong Prime Rate and are repayable by monthly installments over a period of 20 years or as stipulated in the respective agreements.

The second mortgage loans are secured by the leasehold properties of the borrowers.

The effective interest rate of the loans receivable is 5.0% (2011: 5.0%) per annum.

Loans receivable balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loans receivable, the Group considers, among other factors, any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being large and unrelated. No single loan receivable is individually material.

25. NOTE RECEIVABLE

The amount represents the carrying value of a five-year zero coupon principal protected index-linked note with principal amount of USD2,000,000 (equivalent to HK$15,510,000) maturing on 7 February 2017. The index is a proprietary index named Forex Yield Differential Accrual Perpetual Index, which is a proprietary non-discretionary algorithm to calculate the risk filter multiple of non-discretionary trading that observes a basket of ten currencies.

The host contract of the note is measured at amortised cost. The index-linked feature is regarded as a derivative embedded but not closely related to the host contract in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement". However, in the opinion of the directors, the fair value of the embedded derivative at the end of the reporting period is insignificant and therefore it has not been accounted for as a separate component in the consolidated financial statements.

26. OTHER RECEIVABLE

At 31 December 2012, the Group had incurred a total amount of RMB321,052,000 (2011: RMB321,511,000) equivalent to HK$395,954,000 (2011: HK$396,583,000) for the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands in Nanjing of the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the lands or out of the proceeds received by the relevant PRC local government from the other successful tenderer. The directors estimate that, based on the Group's development plan, the time schedule for auction of the relevant lands will be initiated before the end of 2016 at which the full amount will be recovered. The balance is carried at the present value of the original amount of RMB321,052,000 expected to be recovered in the year 2016 discounted at the rate of 2% per annum.

27. DERIVATIVE FINANCIAL INSTRUMENT

The carrying amount represents the fair value of an interest rate swap with notional amount of AUD12,645,000 having fixed interest payment of 6.23% per annum and floating interest receipt of Bank Bill Swap Bid Rate plus 2.25% and maturing on 19 December 2014. The fair value is determined based on the discounted future cash flows using the applicable yield curve over the duration of the swap.

28. PROPERTIES HELD FOR SALE

Properties under development are expected to be realised in more than twelve months after the end of the reporting period.

29. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 HK$'000	2011 HK$'000
Trade receivables	**11,671**	9,368
Accrued income, deposits and prepayments	**106,922**	128,168
Less: Allowance for impairment loss	**(351)**	(330)
	118,242	137,206

Trade receivables mainly comprise of rental receivable from tenants for the use of the Group's properties and receivable from corporate customers and travel agents for the use of hotel facilities. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

Receivables from sale of properties are payable according to the payment terms of each individual contract and have to be fully settled before the transfer of legal title of the related properties to the customers.

29. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

	2012 HK$'000	2011 HK$'000
0 to 30 days	**10,761**	8,294
31 to 60 days	**763**	782
61 to 90 days	**4**	153
91 to 365 days	**142**	129
Over 365 days	**1**	10
	11,671	9,368

Before granting credit to any customer, the Group uses an internal credit assessment policy to assess the potential customers' credit quality and defines credit limit by customer. Trade receivable of HK$2,088,000 (2011: HK$1,370,000) at the end of the reporting period which are past due but not considered impaired as these debtors have good repayment history. The Group does not hold any collateral over these balances.

30. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The balances are unsecured, interest-free and repayable on demand.

31. PLEDGED BANK DEPOSITS

Pledged bank deposits carry interest at fixed rates ranging from 0.1% to 2.9% (2011: 0.1%) per annum. Deposits pledged to secure long-term bank borrowings and short-term bank borrowings are included in non-current assets and current assets respectively.

32. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term bank deposits which carry fixed interest rates ranging from 0.1% to 3.1% (2011: 0.1% to 4.6%) per annum. Included in bank balances and cash is a fixed deposit of HK$36,999,000 (2011: nil) with original maturity period of more than three months.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2012 HK$'000	2011 HK$'000
Hong Kong dollars	**100**	101
United States dollars	**76,495**	51,133
Renminbi	**808,689**	1,017,072

33. ASSETS CLASSIFIED AS HELD FOR SALE

	2012 HK$'000	2011 HK$'000
Cost of unlisted investment in jointly controlled entities	**3,994**	—
Share of post-acquisition reserves	**(5,929)**	—
	(1,935)	—
Loans to jointly controlled entities	**44,025**	—
	42,090	—

On 7 March 2012, the Group entered into an agreement to dispose of its entire equity interest together with the assignment of the loans to the jointly controlled entities to the joint venture partner for a total cash consideration of HK$61,250,000 of which deposit of HK$40,000,000 had been received. The disposal is expected to be completed in May 2013.

34. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2012 HK$'000	2011 HK$'000
Trade payables	**2,720**	2,022
Rental deposits	**93,539**	83,930
Rental received in advance	**8,590**	10,208
Other payables, other deposits and accrued charges	**252,741**	215,246
	357,590	311,406

Included in other payables is an aggregate amount of HK$85,761,000 (2011: HK$85,986,000) payable to contractors for the cost in relation to the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands as detailed in note 26 and deposit of HK$40,000,000 (2011: nil) received from disposal of the interests in jointly controlled entities.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK$61,667,000 (2011: HK$60,701,000).

Trade payables are aged less than 60 days at the end of the reporting period based on the invoice date.

35. PROVISIONS

	2012 HK$'000	2011 HK$'000
At 1 January	**5,107**	4,865
Exchange adjustments	**(18)**	242
Reversed during the year	**(5,089)**	—
At 31 December	**—**	5,107

The provisions represent the outstanding compensation payable to the former owners for possession of their properties for redevelopment by the Group. The compensation had to be either settled in cash or an equivalent value of the Group's properties in other locations or the redeveloped properties to be agreed between the relevant parties and the Group. Through civil arbitration, the Group had reached an agreement with the former owners for final settlement of the disputed compensation during the year and based on which, the excess provisions made in prior years are fully reversed.

36. BANK BORROWINGS

	2012 HK$'000	2011 HK$'000
Secured	**2,897,538**	3,342,212
Unsecured	**—**	260,000
	2,897,538	3,602,212
Less: Front-end fee	**(15,377)**	(18,845)
	2,882,161	3,583,367
Analysed for reporting purpose as:		
Current liabilities	**409,367**	1,054,331
Non-current liabilities	**2,472,794**	2,529,036
	2,882,161	3,583,367
The bank borrowings are repayable as follows:		
On demand or within one year	**410,210**	1,055,176
More than one year, but not exceeding two years	**1,170,973**	116,388
More than two years, but not exceeding five years	**1,015,430**	2,081,259
More than five years	**300,925**	349,389
	2,897,538	3,602,212

36. BANK BORROWINGS *(continued)*

All bank borrowings are denominated in the functional currencies of the relevant group entities. Except for a fixed rate bank borrowing with carrying amount of HK$101,757,000 (2011: HK$99,888,000) carried interest at 6.23% (2011: 6.23%) per annum, other borrowings carrying interest at floating rates with effective interest rates ranging from 1.49% to 7.76% (2011: 0.8% to 7.5%) per annum are analysed below:

Denominated in	Interest rates	2012 HK$'000	2011 HK$'000
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 0.75% to 2.75% (2011: HIBOR plus 0.45% to 2.5%)	**2,173,182**	2,839,183
Renminbi	95% to 110% of People's Bank of China ("PBOC") Prescribed Interest Rates (2011: 95% to 110% PBOC Prescribed Interest Rates)	**567,318**	601,948
Australian dollars	Bank Bill Swap Bid Rate plus 2.25% (2011: Bank Bill Swap Bid Rate plus 2.25%)	**33,918**	33,296
New Zealand dollars	Bank Bill Rate plus 3.5% (2011: Bank Bill Rate plus 1.35% to 3.5%)	**21,363**	27,897
		2,795,781	3,502,324

37. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each		Nominal value	
	2012	2011	2012 HK$'000	2011 HK$'000
Authorised	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of year	**669,181,726**	669,126,798	**66,919**	66,913
Shares issued upon exercise of share options	**2,100,000**	2,556,928	**210**	256
Shares repurchased and cancelled	**—**	(2,502,000)	**—**	(250)
At end of year	**671,281,726**	669,181,726	**67,129**	66,919

37. SHARE CAPITAL *(continued)*

During the year, 100,000 (2011: nil) and 2,000,000 (2011: 2,556,928) shares of HK$0.10 each in the Company were issued upon the exercise of share options at a subscription price of HK$3.454 and HK$2.262 (2011: HK$2.262) per share respectively.

In June 2011, the Company repurchased 2,502,000 of its own shares at prices ranging from HK$4.57 to HK$4.66 with aggregate consideration of HK$11,581,000. The shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased or sold any of the Company's shares during the year.

38. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Fair value of investment properties HK$'000	Effective rental income HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2011	35,063	326,839	15,701	(24,926)	(1,155)	351,522
Exchange adjustments	98	13,887	801	(103)	(35)	14,648
(Credit) charge to profit or loss	(6,356)	44,983	1,095	8,828	2,930	51,480
At 31 December 2011	28,805	385,709	17,597	(16,201)	1,740	417,650
Exchange adjustments	7	992	2	(152)	3	852
(Credit) charge to profit or loss	(4,267)	61,277	1,543	6,737	(1,258)	64,032
At 31 December 2012	**24,545**	**447,978**	**19,142**	**(9,616)**	**485**	**482,534**

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

At 31 December 2012, the Group has unused tax losses of HK$695,521,000 (2011: HK$684,707,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$39,969,000 (2011: HK$77,797,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$655,552,000 (2011: HK$606,910,000) as it is not probable that taxable profit will be available for offset against the tax losses due to the unpredictability of future profit streams. All unrecognised tax losses may be carried forward indefinitely.

At 31 December 2012, the Group has deductible temporary differences of HK$128,089,000 (2011: HK$128,089,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,157,699**	2,949,538
Derivative financial instrument	**—**	80
	2,157,699	2,949,618
Financial liabilities		
Financial liabilities at amortised cost	**3,301,096**	3,988,191
Derivative financial instrument	**2,158**	—
	3,303,254	3,988,191

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets, which expose the Group to foreign currency risk. The Group currently does not have a policy to hedge the foreign currency exposure. However, the management monitors the related foreign currency fluctuation closely and will consider entering into foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period in the respective group entities are as follows:

	2012 HK$'000	2011 HK$'000
Hong Kong dollars	**100**	101
United States dollars	**76,495**	51,133
Renminbi	**808,689**	1,017,072

The loans for foreign operations within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currency, other than the functional currency of the respective foreign entities, the Hong Kong dollars and United States dollars, at the end of the reporting period amounted to HK$207,908,000 (2011: HK$207,903,000) and HK$92,387,000 (2011: HK$92,704,000) respectively.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2011: 5%) appreciation in the functional currencies of the relevant subsidiaries, Renminbi and Hong Kong dollars, relative to the foreign currencies of the relevant subsidiaries, the Hong Kong dollars, United States dollars and Renminbi. There would be an equal and opposite impact where Renminbi and Hong Kong dollars weaken 5% (2011:5%) against the relevant currencies. 5% increase or decrease represents management's assessment of the reasonably possible change in Renminbi and Hong Kong dollars.

	Decrease in profit for the year		Increase in equity	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong dollars	**5**	5	**10,395**	10,395
United States dollars	**3,824**	2,557	**4,619**	4,635
Renminbi	**40,434**	50,854	**—**	—

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

Since Hong Kong dollars are pegged to United States dollars under the Linked Exchange Rate System, management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuation between Hong Kong dollars and United States dollars.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loans receivable, bank balances and deposits. The directors consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is presented. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, PBOC Prescribed Interest Rates, Australian Bank Bill Swap Bid Rate and New Zealand Bank Bill Rate on the bank borrowings, and Hong Kong Prime Rate on the loans receivable.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowing.

The management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loans receivable at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would decrease/increase by HK$13,928,000 (2011: HK$17,328,000).

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 December 2012, the Group has concentration of credit risk on loans to jointly controlled entities and other receivable from two counterparties.

Although the placing of deposits and note subscribed are concentrated on certain banks, the credit risk on these financial assets is limited because the counterparties are licensed banks.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2012, the Group has available unutilised bank loan facilities of approximately HK$1,040,000,000 (2011: HK$750,000,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest, estimated based on interest rate at the end of the reporting period, and principal cash flows.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	Weighted average effective interest rate %	Within 3 months HK$'000	3 months to 6 months HK$'000	6 months to 9 months HK$'000	9 months to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2012								
Payables and deposits received	–	216,647	3,967	9,631	9,158	61,667	301,070	301,070
Amounts due to non-controlling shareholders	–	211,404	–	–	–	–	211,404	211,404
Variable rates bank borrowings	2.76	62,863	41,656	41,502	336,034	2,587,666	3,069,721	2,780,404
Fixed rate bank borrowing	6.23	1,585	1,585	1,585	1,585	114,227	120,567	101,757
		492,499	47,208	52,718	346,777	2,763,560	3,702,762	3,394,635
At 31 December 2011								
Payables and deposits received	–	214,033	3,138	1,628	13,288	60,701	292,788	292,788
Amounts due to non-controlling shareholders	–	195,966	–	–	–	–	195,966	195,966
Variable rates bank borrowings	2.44	657,463	59,025	39,090	122,856	2,949,251	3,827,685	3,483,479
Fixed rate bank borrowing	6.23	1,556	1,556	1,556	1,556	112,129	118,353	99,888
		1,069,018	63,719	42,274	137,700	3,122,081	4,434,792	4,072,121

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of derivative financial instrument is determined in accordance with generally accepted pricing model based on discounted cash flow analysis with reference to interest rate at the end of the reporting period for remaining duration of the outstanding contract; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models which is based on discounted cash flow analysis using the relevant prevailing market rates as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The measurement of fair value of derivative financial instrument subsequent to initial recognition is derived from inputs, other than quoted prices for financial assets and liabilities trade in active markets, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

40. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$1,091,000 (2011: HK$1,188,000).

At the end of the reporting period, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**714**	710
In the second to fifth years inclusive	**87**	527
	801	1,237

Leases are negotiated for the range of 1 to 2 years (2011: 1 to 2 years) with fixed monthly rentals.

The Group as lessor

Majority of the Group's investment properties were leased out under operating leases.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2012 HK$'000	2011 HK$'000
Within one year	**338,905**	305,436
In the second to fifth years inclusive	**588,849**	630,799
Over five years	**865,424**	879,320
	1,793,178	1,815,555

In addition to the annual minimum lease payments, the Group is entitled to, in respect of lease, in addition to committed rent, additional rental based on a specified percentage of revenue, if achieved, earned by the tenant. No such additional rental was received during the year and the preceding year.

The lease terms of the remaining leased properties range from 1 to 20 years (2011: 1 to 21 years).

41. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

(a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK$9,199,061,000 (2011: HK$7,966,255,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$726,119,000 (2011: HK$746,177,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$732,430,000 (2011: HK$660,638,000).

(d) Fixed charges on completed properties for sale with aggregate carrying value of Nil (2011: HK$1,672,000).

(e) Bank deposits of HK$58,750,000 (2011: HK$785,000).

42. SHARE-BASED PAYMENTS

Share Option Scheme of the Company

The employee share option scheme of the Company (the "SEA Share Option Scheme") was approved by the shareholders on 19 August 2005 and came into effect on 25 August 2005. Unless terminated earlier by the board of directors of the Company (the "Board"), the SEA Share Option Scheme shall be valid and effective for a term of 10 years until 24 August 2015.

Under the SEA Share Option Scheme, the Board may offer to the eligible participants options to subscribe for shares of the Company at a price at least the highest of (i) the nominal value of the share of the Company; (ii) the average of the closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of the Company on the Stock Exchange on the date of grant of the option.

Without prior approval of the shareholders of the Company in general meeting, (a) no option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue; and (b) any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period should not exceed 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK$5 million.

42. SHARE-BASED PAYMENTS *(continued)*

Share Option Scheme of the Company *(continued)*

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10. The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

Details of the share options granted under the SEA Share Option Scheme during the two years ended 31 December 2012 are as follows:

			Number of share options							
Date of grant	Exercisable period upon vesting	Exercise price HK$	At 1 January 2011	Exercised	Lapsed	At 31 December 2011	Granted	Exercised	Lapsed	At 31 December 2012
Granted to the directors										
31.12.2008	31.12.2009 - 30.12.2011	2.262	656,928	(656,928)	–	–	–	–	–	–
12.07.2012	01.07.2013 - 30.06.2015	3.454	–	–	–	–	10,032,000	–	–	10,032,000
12.07.2012	01.07.2014 - 30.06.2016	3.454	–	–	–	–	10,032,000	–	–	10,032,000
12.07.2012	01.07.2015 - 30.06.2017	3.454	–	–	–	–	10,032,000	–	–	10,032,000
			656,928	(656,928)	–	–	30,096,000	–	–	30,096,000
Granted to the employees										
31.12.2008	31.12.2010 - 30.12.2012	2.262	2,900,000	(1,800,000)	–	1,100,000	–	(1,100,000)	–	–
31.12.2008	30.06.2011 - 29.06.2013	2.262	400,000	(100,000)	–	300,000	–	(300,000)	–	–
31.12.2008	31.12.2011 - 30.12.2013	2.262	100,000	–	–	100,000	–	(100,000)	–	–
31.12.2008	30.06.2012 - 29.06.2014	2.262	500,000	–	–	500,000	–	(500,000)	–	–
31.12.2008	31.12.2012 - 30.12.2014	2.262	350,000	–	–	350,000	–	–	–	350,000
31.12.2008	30.06.2013 - 29.06.2015	2.262	960,000	–	(160,000)	800,000	–	–	(100,000)	700,000
12.07.2012	12.07.2012 - 30.06.2014	3.454	–	–	–	–	200,000	(100,000)	–	100,000
12.07.2012	01.01.2013 - 31.12.2014	3.454	–	–	–	–	340,000	–	–	340,000
12.07.2012	01.07.2013 - 30.06.2015	3.454	–	–	–	–	1,630,000	–	–	1,630,000
12.07.2012	01.01.2014 - 31.12.2015	3.454	–	–	–	–	2,800,000	–	(150,000)	2,650,000
12.07.2012	01.07.2014 - 30.06.2016	3.454	–	–	–	–	2,850,000	–	–	2,850,000
12.07.2012	01.01.2015 - 31.12.2016	3.454	–	–	–	–	2,270,000	–	(400,000)	1,870,000
12.07.2012	01.07.2015 - 30.06.2017	3.454	–	–	–	–	7,760,000	–	(140,000)	7,620,000
			5,210,000	(1,900,000)	(160,000)	3,150,000	17,850,000	(2,100,000)	(790,000)	18,110,000
		Total	5,866,928	(2,556,928)	(160,000)	3,150,000	47,946,000	(2,100,000)	(790,000)	48,206,000
Exercisable at year end			3,556,928			1,500,000				450,000

Total consideration received by the Group for exercising the share options during the year amounted to HK$4,870,000 (2011: HK$5,785,000) and the weighted average share price at the dates of exercise is HK$4.23 (2011: HK$4.85).

42. SHARE-BASED PAYMENTS *(continued)*

Share Option Scheme of the Company *(continued)*

On 12 July 2012, 47,946,000 (2011: nil) share options were granted to the directors and employees and the closing prices of the Company's shares immediately preceding the date of grant was HK$3.38. The estimated fair values of the share options granted to directors and employees on that date are HK$18,720,000 and HK$11,145,000 respectively. The directors determined the fair values of share options with reference to the calculation of the fair value of the share options granted made by an independent professional valuer.

The fair values were calculated using The Binominal Option Pricing model. The inputs into the model were as follows:

Share price as at grant date	:	HK$3.340
Exercise price	:	HK$3.454
Expected volatility	:	24.68% – 31.22%
Expected dividend yield	:	3.29%
Risk-free rate	:	0.18% – 0.33%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in computing the fair value of the share options are based on director's best estimate. The value of option varies with different variables of certain subjective assumptions.

Share Award Scheme of the Company

The share award scheme of the Company (the "SEA Share Award Scheme") was approved by the shareholders of the Company on 27 May 2010 and came into effect on 15 June 2010. Unless terminated earlier by the Board, the SEA Share Award Scheme shall be valid and effective for a term of 15 years until 14 June 2025.

The purpose of the SEA Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined in the SEA Share Award Scheme). Under the SEA Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and is listed on the Stock Exchange from time to time; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

42. SHARE-BASED PAYMENTS *(continued)*

Share Award Scheme of the Company *(continued)*

The Company has appointed trustee to acquire the Company's shares from the open market with funds provided by the Company and to hold the shares before they are vested and transferred to the selected participants.

On 12 July 2012, 15,060,000 shares and 500,000 shares of the Company were awarded to directors of the Company and a director of Asian Growth Properties Limited ("AGP"), a subsidiary of the Company, respectively and vested immediately.

Share Option Scheme of AGP

The share option scheme of AGP (the "AGP Share Option Scheme") was approved by the shareholders of the Company on 27 May 2010 and by the board of directors of AGP (the "AGP Board") on 28 May 2010 and came into effect on 16 August 2010. Unless terminated earlier by the AGP Board, the AGP Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

Under the AGP Share Option Scheme, the AGP Board (or any committee delegated by the AGP Board) may offer to the eligible participants options to subscribe for shares of AGP at a price at least the highest of (i) the closing price of the share of AGP on the AIM Market of London Stock Exchange plc. (the "AIM Market") on the date of grant of the option; (ii) the average of the closing price of the share of AGP on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of AGP.

Without prior approval of the shareholders of the Company in general meeting, (a) no option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of AGP then in issue; and (b) any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or AGP or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period should not exceed 0.1% of the shares of AGP then in issue and with an aggregate value exceeding HK$5 million (or its equivalent amount in British Pound).

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10 (or its equivalent amount in British Pound or United States dollars). The period during which an option may be exercised is determined by the AGP Board (or any committee delegated by the AGP Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the AGP Board (or any committee delegated by the AGP Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the commencement of the AGP Share Option Scheme.

42. SHARE-BASED PAYMENTS *(continued)*

Share Award Scheme of AGP

The share award scheme of AGP (the "AGP Share Award Scheme") was approved by the shareholders of the Company on 27 May 2010 and by the AGP Board on 28 May 2010 and came into effect on 16 August 2010. Unless terminated earlier by the AGP Board, the AGP Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

The purpose of the AGP Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined in the AGP Share Award Scheme). Under the AGP Share Award Scheme, the AGP Board (or any committee delegated by the AGP Board) may at its absolute discretion grant awards, which may comprise (a) new shares of AGP; (b) existing shares of AGP in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of AGP; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the AGP Share Award Scheme. No award may be granted under the AGP Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the AGP Share Award Scheme and any other share award scheme of AGP and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of AGP exceed 30% of the shares of AGP in issue from time to time.

No award was granted since the commencement of the AGP Share Award Scheme.

43. RETIREMENT BENEFIT PLANS

The Group participates in defined contribution schemes which are registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% to 15% of relevant payroll costs to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK$7,306,000 (2011:HK$5,604,000). No forfeited contributions (2011: nil) has been used to reduce the level of contributions in both years.

44. RELATED PARTY TRANSACTIONS

(a) Details of the loans to jointly controlled entities and interest income therefrom are disclosed in the consolidated statement of financial position and notes 33 and 12 respectively.

In addition, the Group entered into an agreement to dispose of its entire equity interest in the jointly controlled entities to the joint venture partner as disclosed in note 33.

(b) The remuneration of directors who are the Group's key management personnel is set out in note 14.

The remuneration of directors and key executives is determined/recommended to the Board for approval by the remuneration committee having regard to the performance of individuals and market trends.

45. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company 2012	2011	Principal activities
Direct subsidiaries					
SEABO Pacific Limited	Bermuda/ PRC	767,919 ordinary shares of HK$1 each	**100**	100	Investment holding
South-East Asia Investment And Agency Company, Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	**100**	100	Provision of corporate and property management services
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property development and investment
Asian Growth Properties Limited	British Virgin Islands ("B.V.I.")/ Hong Kong	886,347,812 ordinary shares of US$0.05 each	**97**	97	Investment holding
Chengdu Huashang House Development Co., Ltd.* 成都華商房屋開發有限公司	PRC	RMB200,000,000 registered capital	**97**	97	Property investment
Chengdu Yulong No.1 Property Development Company Limited* 成都裕龍壹號房地產開發有限公司	PRC	RMB275,000,000 registered capital	**97**	97	Property development

45. PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company 2012	2011	Principal activities
Indirect subsidiaries (continued)					
Chengdu Yulong No.2 Property Development Company Limited* 成都裕龍貳號房地產開發有限公司	PRC	RMB80,000,000 registered capital	**97**	97	Property development
Chengdu Yulong No.3 Property Development Company Limited* 成都裕龍叁號房地產開發有限公司	PRC	RMB450,000,000 registered capital	**97**	97	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	**97**	97	Hotel operation
Giant Well Enterprises Limited	B.V.I./ Hong Kong	1 ordinary share of US$1	**97**	97	Investment holding
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Treasury services
Guangzhou Yingfat House Property Development Co., Ltd. ** 廣州市盈發房產發展有限公司	PRC	US$20,110,000 registered capital	**97**	97	Property development and investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited* 黃山市徽州區楓丹白露投資開發有限公司	PRC	RMB35,000,000 registered capital	**97**	97	Property and tourist leisure facilities development
Kaifeng International City No.1 Realty Development Company Limited* 開封國際城一號實業開發有限公司	PRC	US$76,500,000 registered capital	**97**	97	Property development
Kaifeng International City No.5 Realty Development Company Limited* 開封國際城五號實業開發有限公司	PRC	US$42,450,000 registered capital	**97**	97	Property development
Kingston Pacific Investment Limited	B.V.I./ Hong Kong	100 ordinary shares of US$1 each	**53**	53	Property development

45. PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company 2012	2011	Principal activities
Indirect subsidiaries (continued)					
Leighton Road Hotel Management Services Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Nanjing Hushu Ecology Travel Development Co., Ltd.@ 南京湖熟生態旅遊發展有限公司	PRC	RMB100,000,000 registered capital	**50**	50	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@ 南京搭里崗旅遊開發有限公司	PRC	RMB35,000,000 registered capital	**50**	50	Property, cultural and tourism development
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Sino Harvest Real Estate Development (Chengdu) Company Limited* 漢泰房地產開發(成都)有限公司	PRC	US$3,000,000 registered capital	**97**	97	Property investment
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Trans Tasman Properties Limited	New Zealand	154,194,592 shares of no par value	**100**	100	Investment holding
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property investment

* Wholly foreign owned enterprises.

** The Group is entitled to the remaining profit/asset after the PRC partner's entitlement which is the higher of a fixed sum of return or 5% of the profit generated from the related property development project.

@ Sino-foreign equity joint venture.

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

None of the subsidiaries has issued any debt securities at the end of the year.

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(於百慕達註冊成立之有限公司)