WING TAI PROPERTIES LIMITED
永泰地產有限公司

STOCK CODE 股份代號 369

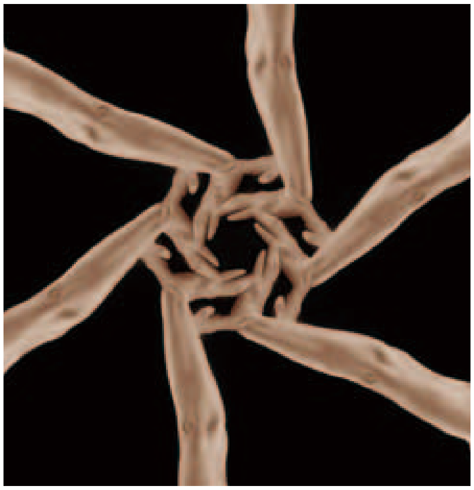
WE
DON'T
JUST BUILD,
WE
CRAFT

2013

ANNUAL REPORT
年報

WINGTAIASIA

Our brands,
Wing Tai Asia and Lanson Place,
are synonymous with quality
craftsmanship, a result of
the close alignment of values
and seamless cooperation of
our committed professional teams.



We strive to deliver sophisticated
yet warm homes that
turn our customers' dreams
into reality.

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FINANCIAL HIGHLIGHTS

The Group	2013	2012	
For the year ended 31 December	HK$'M	HK$'M (Restated)	*% Change*
Revenue	1,736.2	891.7	↑95%
Gross profit	818.8	667.3	↑23%
Change in fair value of investment properties	2,084.4	3,480.2	↓40%
Profit before taxation from continuing operations	2,746.2	4,612.1	↓40%
Profit for the year	2,661.2	4,793.8	↓44%
Profit attributable to equity holders of the Company	2,661.0	4,736.7	↓44%
Earnings per share attributable to equity holders of the Company			
Basic	HK$1.99	HK$3.56	↓44%
Diluted	HK$1.98	HK$3.54	↓44%
Dividends per ordinary share			
Interim	HK4.2 cents	HK4.2 cents	–
Final	HK9.3 cents	HK9.3 cents	–
Total	HK13.5 cents	HK13.5 cents	–
At 31 December	HK$'M	HK$'M (Restated)	*% Change*
Total assets	26,705.1	23,578.1	↑13%
Total equity	20,895.2	18,361.8	↑14%

GROUP'S MAJOR INVESTMENTS

	Group's Effective Interest
Property	
Property Development	
The Warren	100%
The Pierre	100%
Siu Sau, Tuen Mun (Tuen Mun Town Lot No. 435)	100%
Providence Bay	15%
Providence Peak	15%
The Graces • Providence Bay	15%
Seymour	30%
Hung Hom (Inland Lot No. 11184)	50%
Kau To, Shatin (Sha Tin Town Lot No. 567)	35%
Kau To, Shatin (Sha Tin Town Lot No. 565)	35%
Property Investment and Management	
Landmark East	100%
W Square	100%
Winner Godown Building	100%
Shui Hing Centre	100%
No. 1 Savile Row/7 Vigo Street, London	100%
8-12 (even) Brook Street, London	100%
Lujiazui, Shanghai	50%
Hospitality Investment and Management	
Lanson Place Hotel, Hong Kong	100%
Lanson Place Central Park Residences, Beijing (33 units)	100%
Lanson Place Jinlin Tiandi Residences, Shanghai	23.4%
Lanson Place Bukit Ceylon, Kuala Lumpur	50%
Management Services	
Wing Tai Properties Development	100%
Lanson Place Hospitality Management	100%

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the Group continued to deliver resilient growth and reported satisfactory results for 2013. Although the operating environment last year was challenging given the government's market cooling measures, which have curbed local residential property market activities, our prime investment properties continued to report a strong growth in rental reversion and recurring income, as well as good fair market value gains. As a result, the Group recorded consolidated revenue of HK$1,736 million and net profit of HK$2,661 million in 2013. The Board of Directors has proposed a final dividend of HK9.3 cents per share. Together with the interim dividend of HK4.2 cents per share, the total dividend for the year stands at HK13.5 cents per share.

Despite the prevailing market uncertainties, we continued to selectively acquire land parcels, which we believe have long-term growth potential to strengthen our development pipeline. We won a bid for a second land plot of premier residential site at the prestigious area of Kau To, Shatin through a 35% joint venture, as well as a low-density residential site at Siu Sau, Tuen Mun. These acquisitions have expanded our development pipeline to seven projects which will extend beyond 2018.

The Group will closely monitor the market to identify the right window to launch our residential projects. The re-launch of the remaining units of Seymour and The Warren, in July and October 2013 respectively, attracted favourable market attention and response. More than half of the units at The Graces have been sold since its launch in October 2013. During the year, the Group recognised revenue and related profits from the pre-sale of 79 units of The Warren.

We achieved close to full occupancy for all Grade-A offices and industrial buildings in Hong Kong as at 31 December 2013. These properties recorded good positive rental reversions on renewal or upon rent review, in particular Landmark East, with their spot rents continuing to trend up during the year. We expect that Landmark East will continue to maintain high occupancy and spot rents given the government's initiative to develop Kowloon East as a secondary CBD. On a like-for-like basis, the property investment and management segment recorded steady growth of 17% and 26% in revenue and profit before taxation respectively over 2012. The total value of our investment properties also rose 16% during the year.

To further diversify our investment portfolio, we expanded our investment footprint and acquired a Grade-A office building at West End in Central London in May 2013. The Group also completed the redevelopment and expansion of its high-end commercial property at No. 1 Savile Row in London in late 2013, and is in the progress of leasing out the Grade-A office space. The premier retail space has been fully leased on a long-term basis.

The Lanson Place hospitality business remained solid, recording good occupancy and rental rates. During the year, the Lanson Place brand continued to receive various awards from the industry. In addition to the existing two management contracts in Kuala Lumpur, Lanson Place Bukit Ceylon Serviced Residences marked its soft opening in 2013, which will expand our earnings base.

The Group continued to strengthen its capital structure for further expansion. Capturing the bond market window in early 2013, the Group raised HK$580 million through two private placements of 10-year unrated fixed-rate bonds at attractive coupon rates of 3.8% and 3.95%, reflecting the capital market's recognition of our solid financial position. As at 31 December 2013, the Group maintained a healthy gearing of 16.5% and had a total of HK$2,956 million in cash and unutilised revolving loan facilities, giving us the financial flexibility for investments and acquisition opportunities.

2013 was the first full year in which the Group enjoyed the benefits of fully integrating its commercial and industrial investment properties with the residential development and hospitality business. The Group had also ceased the remaining non-core apparel business in late 2013. We are confident that our strong brand positioning, healthy balance sheet, growing recurring revenue and proven execution capabilities will let us unlock more value from our quality and balanced asset portfolio to deliver steady returns to our shareholders.

I would like to express my gratitude to our shareholders, employees and business partners for their support over the years.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 21 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2013, the Group's revenue was HK$1,736 million, an increase of HK$844 million or 95% compared with HK$892 million in 2012. The Group's consolidated profit attributable to equity holders was HK$2,661 million, a decrease of HK$2,076 million or 44% compared with HK$4,737 million in 2012. The decrease is mainly due to a lower fair value gain on the Group's investment properties of HK$2,084 million in 2013 compared with HK$3,480 million in 2012. In addition, the Group disposed of two groups of subsidiaries in 2012 comprising (i) its non-core apparel branded business, Gieves & Hawkes, to Trinity Limited and (ii) the re-organised Winsor, including the sale of Regent Centre to Vanke Property (Hong Kong) Company Limited after the group re-organisation of Winsor Properties Holdings Limited ("Winsor"). These disposals resulted in a one-off gain of HK$513 million which was credited to the Group's consolidated income statement in 2012.

In 2013, the Group ceased its non-core garment manufacturing operations to focus on growing its property business. The cessation does not have any significant impact on the Group's net profit, net assets and cash flows. According to the Hong Kong Financial Reporting Standards No. 5 "Non-current Assets Held For Sale and Discontinued Operations", the cessation is presented as "Discontinued operations" in the Group's consolidated income statement with certain comparatives re-presented.

The new Hong Kong Financial Reporting Standards No. 11 "Joint arrangements" ("HKFRS 11") has been adopted in the Group's financial statements with effect from 1 January 2013. Because of the adoption of HKFRS 11, the Group's accounting policy for the method in accounting for joint ventures has changed from "Proportionate Consolidation" to "Equity Accounting", which was applied retrospectively. Accordingly, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated cash flow statement for the year ended 31 December 2012 as well as the consolidated balance sheets at 31 December 2012 and 1 January 2012 have been restated. This change in accounting policy, as well as its related financial impact, is detailed in Note 2 "Summary of Significant Accounting Policies" of Notes to the Consolidated Financial Statements. In respect of the above-mentioned changes, the profit or loss before taxation is used in this business review analysis for each segment so as to include the review of joint ventures' performance.

Property Development

The property development segment revenue was HK$1,010 million in 2013, an increase of HK$799 million compared with HK$211 million in 2012. The segment profit before taxation was HK$290 million, a decrease of HK$236 million compared with HK$526 million in 2012. The decrease was mainly due to fewer property sales recognised from joint venture projects at Tai Po in 2013, compared with 2012.

Wholly-owned projects

The Warren, located at 9 Warren Street, Causeway Bay, is a residential and commercial project with a saleable area of approximately 53,000 square feet. The commercial portion comprises two retail shops on the ground floor. Over 76% of the residential units have been sold, enabling the recognition of approximately HK$1 billion in revenue in 2013. We expect to hand over the sold units to the purchasers in 2014.

The Pierre, located at 1 Coronation Terrace, Mid-Levels West, is a residential project with a gross floor area of approximately 40,000 square feet. Over 97% of the residential units were sold within two weeks of the initial launch in September 2012. Superstructure works are in progress. The Occupation Permit is expected to be obtained in the second quarter of 2014 and we expect to deliver the sold units to the purchasers in 2014.

In August 2013, the Group acquired a low-density residential site at Siu Sau, Tuen Mun, with a gross floor area of 159,000 square feet. The project is scheduled for completion in 2018.

Joint venture projects

The Group has a 15% interest in each of the Providence Bay, Providence Peak and The Graces projects located at Pak Shek Kok, Tai Po. In 2013, around 9% and 8% of the residential units of Providence Bay and Providence Peak were sold respectively, while 48% of the residential units of The Graces were sold since its initial sales launch in October 2013. As at 31 December 2013, cumulative 60%, 81% and 48% of the residential units of Providence Bay, Providence Peak and The Graces have been sold respectively.

The Group has a 30% interest in Seymour, located in Mid-levels. More than 96% of its residential units have been sold, with 4 units sold in 2013.

The Group has a 50% interest in a residential project in Hung Hom, right adjacent to the Ho Man Tin district and in close proximity to the to-be-completed MTR Shatin to Central Link. The project has a gross floor area of approximately 153,000 square feet. The Group is the lead project manager responsible for the planning and execution of the project and marketing strategies. Superstructure works commenced in February 2014 and the development is scheduled for completion in 2016.

The Group has two residential projects in Kau To, Shatin which were acquired in August 2012 and January 2013 respectively. The Group has a 35% interest in both sites which offer a combined gross floor area of approximately 460,000 square feet. The Group is the joint project manager and lead sales and marketing manager for both projects. The projects are scheduled for completion in 2017.

The Group has a 30% interest in Belle Vue Residences, a residential development in Singapore. In 2013, the remaining 5% of the residential units were sold. The development is now completely sold out.

Property Investment and Management

The property investment and management segment revenue was HK$564 million in 2013, an increase of HK$43 million compared with HK$521 million in 2012. The segment profit before taxation was HK$2,331 million, a decrease of HK$1,184 million compared with HK$3,515 million in 2012. The decrease was mainly due to lower fair value gain on investment properties.

In 2012, Regent Centre was disposed as part of the group re-organisation of Winsor. Its revenue and profit before taxation were HK$39 million and HK$29 million respectively in 2012. Excluding the contribution from Regent Centre, segment revenue increased by HK$82 million or 17% compared with 2012 on a like-for-like basis. Excluding the contribution from Regent Centre and fair value gains on investment properties, segment profit before taxation was HK$337 million, an increase of HK$70 million or 26% compared with HK$267 million in 2012 on a like-for-like basis.

Wholly-owned properties in Hong Kong

As at 31 December 2013, the Group's portfolio of investment properties in Hong Kong, comprising 1.5 million square feet of Grade-A office buildings and 0.7 million square feet of industrial buildings in the urban areas of Kowloon, had an aggregate fair market valuation of HK$16,086 million.

Landmark East is the Group's flagship property located in Kowloon East. This wholly-owned property is a Grade-A office complex consisting of twin towers of 36 and 34 floors respectively with a total of approximately 1,338,000 square feet of office space. As at 31 December 2013, the property recorded occupancy of approximately 99% with only about 60 tenants. In 2013, around 44% of leases were renewed or reviewed with an average upward rental reversion of approximately 45%. Around 27% of leases will expire or be subject to rent review in 2014 and will be subject to renewal on prevailing market terms.

Located at Hennessy Road in the heart of Wan Chai, W Square offers 129,000 square feet of office and retail space. As at 31 December 2013, W Square achieved an occupancy of approximately 98%. In 2013, around 14% of leases was renewed with an average upward rental reversion of approximately 7%. Around 56% of the leases will expire in 2014 and will be subject to renewal on prevailing market terms.

The Group has two industrial buildings, Winner Godown Building in Tsuen Wan and Shui Hing Centre in Kowloon Bay, with a combined gross floor area of approximately 684,000 square feet. As at 31 December 2013, the two properties achieved an occupancy of approximately 100%. In 2013, around 36% of leases was renewed with an average upward rental reversion of approximately 24%. Around 39% of the leases will expire in 2014 and will be subject to renewal on prevailing market terms.

Wholly-owned properties in London

The commercial property at No.1 Savile Row/7 Vigo Street, West End offers a net internal area of approximately 14,000 square feet of Grade-A office and premier retail space after the redevelopment to expand its office space was completed in late 2013. As at 31 December 2013, the property achieved an occupancy of approximately 56%. At the date of this report, the occupancy rate has improved to approximately 66%.

The high-end commercial property located at 8-12 (even) Brook Street, West End was acquired by the Group in May 2013. The property offers easy access to the Oxford Circus and Bond Street underground stations and a net internal area of approximately 19,000 square feet of Grade-A office and premier retail spaces. As at 31 December 2013, the property achieved an occupancy of approximately 74%.

Joint venture project in China

The Lujiazui project was acquired through a private treaty by a 50:50 joint venture. The property is located in Lujiazui, Pudong, Shanghai and comprises 97 apartment units, with a gross floor area of approximately 210,000 square feet. The Group is the lead project manager and lead sales and marketing manager. Interior fitting out works are in progress, with the project scheduled for completion in 2014.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK$141 million in 2013 compared with HK$139 million in 2012. The segment profit before taxation was HK$135 million in 2013, a decrease of HK$230 million compared with HK$365 million in 2012. The decrease is mainly due to a lower fair value gain on investment properties.

Lanson Place Bukit Ceylon Serviced Residences, our 50:50 joint venture property in Kuala Lumpur, Malaysia was soft-opened in August 2013. The residences is the second property in the Group's portfolio to qualify as one of the "Small Luxury Hotels of the World" and is also the first "Small Luxury Hotel" in Kuala Lumpur's central business district.

To enhance its market competitiveness and asset value, the Group completed refurbishment work at our Lanson Place Hotel in Hong Kong and Lanson Place Jinlin Tiandi Service Residences in Shanghai. During the period of refurbishment, both properties delivered satisfactory occupancy and average rental rates.

Lanson Place Central Park Residences in Beijing continued to achieve an occupancy of over 95% with a steady growth in the average rental rate.

Lanson Place properties continued to be well-recognised by travellers. The Lanson Place Hotel was awarded the "Winner of Asia Leading Boutique Hotel 2013" by World Travel Awards and "2013 Certificate of Excellence" by TripAdvisor.

Others

The others segment comprises investing activities and corporate. Segment revenue was HK$22 million in 2013 compared with HK$21 million in 2012. Segment loss before taxation was HK$9 million in 2013, a decrease of HK$215 million compared with profit before taxation of HK$206 million in 2012. The decrease was mainly due to a one-off gain of HK$237 million from the sale of re-organised Winsor in 2012.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totalled HK$20,895 million as at 31 December 2013 (31 December 2012: HK$18,362 million). The increase of HK$2,533 million mainly resulted from the profit of HK$2,661 million for the year, offset by the distribution of the 2012 final dividend and 2013 interim dividend of HK$180 million.

As at 31 December 2013, the Group's bank and other borrowings totalled HK$4,687 million (31 December 2012: HK$4,105 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2013		31 December 2012	
	HK$ million		HK$ million	
Repayable:				
Within one year	**1,740**	**37%**	1,053	26%
Between one and two years	**32**	**1%**	1,259	31%
Between two and five years	**1,236**	**26%**	636	15%
After five years	**1,679**	**36%**	1,157	28%
	4,687	**100%**	4,105	100%

The maturity profile was lengthened, in particular for the bank and other borrowings repayable after five years which rose to 36% from 28%. The increase is due to the issuance of the HK$580 million 10-year unrated fixed rate bonds in 2013.

Bank and other borrowings repayable within one year rose to 37% from 26%. The increase is due to project loans for The Warren and The Pierre maturing in 2014. The Group will receive property sales proceeds upon the handover of the sold units at The Warren and The Pierre in 2014, which will be used to repay the project loans.

As at 31 December 2013, the Group's net borrowings (total bank borrowings and fixed rate bonds less bank balances and cash) was HK$3,445 million (31 December 2012: HK$3,025 million), representing 16.5% of the Group's net assets (31 December 2012: 16.5%). Interest for the Group's bank borrowings is calculated mainly on a floating rate basis while interest for the Group's bonds is on a fixed-rate basis.

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

	31 December 2013 HK$ million	31 December 2012 HK$ million
Bank balances and cash	**1,242**	1,080
Unutilised revolving loan facilities	**1,714**	2,346
	2,956	3,426

Foreign Currencies

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

Contingent Liabilities

As at 31 December 2013, the Group had contingent liabilities of HK$2,865 million (31 December 2012: HK$1,537 million) in respect of guarantees given by the Company for banking facilities granted to an associated company and certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the associated company and joint ventures.

Pledge of Assets

As at 31 December 2013, the Group's advances to associates/joint ventures of HK$1,385 million (31 December 2012: HK$527 million) were subordinated to the loan facilities of associates/joint ventures and assigned. The shares in these associates/joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 31 December 2013, several of the Group's investment properties, other financial assets and properties for sale with carrying values of HK$16,037 million, HK$309 million and HK$1,421 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

Hong Kong's economy is expected to record modest growth supported by low levels of unemployment and inflation. We expect the operating environment for residential property will remain challenging in 2014 under the government's cooling measures. Escalating construction costs are also impacting developers' risk assessments for new project developments. However, we believe the residential property market will remain resilient in view of low mortgage rates, tight supply in the urban and luxurious areas, as well as strong domestic household demand. The government's plan to boost land supply will support the property market's healthy development in the long run.

With a scalable residential pipeline of 11 development and completed projects, we will continue to excel in our project design and execution, and identify the right market window to launch our projects, including The Warren, Providence Bay, Providence Peak, The Graces, as well as the projects in Hung Hom and Shanghai. Construction of The Warren and The Pierre will complete in 2014 followed by the handover of the units. Pre-sale revenue and related profits of The Pierre is expected to be recognised this year. Capitalising on the increasing land supply of various sizes and locations, we will continue to be proactive and selective in identifying suitable acquisition opportunities to replenish our land bank.

We are confident of maintaining the growth in recurring income and profit of our investment properties through positive rental reversion and high occupancy in 2014. The Grade-A office leasing market, especially in the emerging Kowloon East area, will remain active in 2014 and support high occupancy and spot rents. Notably, Landmark East and W Square have a considerable number of leases due for renewal or rental review in 2014, and will benefit from the high spot rates prevailing in Kowloon East and Wan Chai. Leveraging its quality tenant base and expertise in leasing and management, the Group will actively explore opportunities for acquisition and redevelopment in Hong Kong and other gateway cities to enhance its asset portfolio quality and recurring earnings.

Lanson Place Bukit Ceylon in 2013 is set to be a showcase of the exquisite Lanson Place style of living. An upcoming serviced residences managed by Lanson Place will open in Shanghai in late 2014, the third in this city. The Lanson Place team will endeavour to extend its franchise to gateway cities, offering an impeccable experience and convenience to its residents.

Our uncompromising attitude and pursuit of excellence, coupled with strong execution capabilities, will drive our continued growth in the years to come. We are optimistic on the long-term growth opportunities across our different business segments and will strive to become one of the best in the market.

EMPLOYEES

As at 31 December 2013, the Group had approximately 650 employees. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits to all employees in Hong Kong.

Employees, including directors, are eligible for the Company's share incentive scheme where the incentive shares are generally exercisable in stages within ten years.

OTHERS

In respect of Code Provision C.1.4 of Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, discussion and analysis of the Group's performance in 2013 and corporate strategies are set out in "Chairman's Statement" on pages 6 and 7 and "Management Discussion and Analysis" on pages 8 to 12.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Dr. CHENG Wai Chee, Christopher *GBS OBE JP*, aged 65, was appointed Chairman of the Company in 1991. Dr. Cheng is a member of the Remuneration Committee and Nomination Committee of the Company. He is also a director of certain members of the Group. Dr. Cheng is a director of several listed companies in Hong Kong, including NWS Holdings Limited, New World China Land Limited and Kingboard Chemical Holdings Limited. He is an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Dr. Cheng holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong. He graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.

Dr. Cheng plays an active role in public service. He is a member of the Judicial Officers Recommendation Commission of the Government of the HKSAR. Dr. Cheng is also a member of the board of overseers of Columbia Business School, a member of the council of The University of Hong Kong and a steward of the board of The Hong Kong Jockey Club. His term of membership with The Exchange Fund Advisory Committee of the Government of the HKSAR expired on 10 December 2013.

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

Mr. CHENG Wai Sun, Edward *SBS JP*, aged 58, was appointed executive director and Chief Executive in 1994 and Deputy Chairman of the Company in 2007. Mr. Cheng is a member of the Remuneration Committee and the Nomination Committee of the Company and a director of a number of members of the Group. He is also an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master's degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

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

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

Mr. CHENG Man Piu, Francis, aged 61, was appointed executive director of the Company in 1991 and is also a director of a couple of members of the Group. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and an MBA degree. He is the Vice-Chairman of The Federation of Hong Kong Garment Manufacturers, a general committee member of The Chinese Manufacturers' Association of Hong Kong and Textile Council of Hong Kong and also a member of The Accountancy Training Board of the Vocational Training Council.

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

Mr. CHOW Wai Wai, John, aged 64, was appointed executive director of the Company in 2007. He is the Managing Director of the Group's Property Investment and Management Division and a director of certain members of the Group. Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (Manager of the Singapore-listed Suntec Real Estate Investment Trust). Mr. Chow has over 30 years of experience in the property investment and management business.

Mr. Chow is the son of Mr. Chow Chung Kai and Mrs. Chow Yu Yue Chen and a director of Farnham Group Limited ("Farnham") and Gala Land Investment Company Limited ("Gala"). Mr. Chow Chung Kai, Mrs. Chow Yu Yue Chen, Farnham and Gala are the substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. AU Hing Lun, Dennis, aged 54, was appointed executive director of the Company in 2004. He is the Managing Director of the Group's Property Division and is responsible for the Group's corporate finance function. Mr. Au is also a director of a number of members of the Group. He holds a Master of Business Administration degree and a Bachelor of Science degree. Mr. Au is a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. KWOK Ping Luen, Raymond *JP*, aged 60, was appointed non-executive director of the Company in 1991. He is Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP") (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited.

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

Mr. YUNG Wing Chung, aged 67, was appointed as the alternate director to Mr. Kwok Ping Luen, Raymond in 2010. He is a Corporate Advisor of SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Yung is a director of RoadShow Holdings Limited, YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company, Limited and Airport Freight Forwarding Centre Company Limited.

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

Mr. HONG Pak Cheung, William, aged 59, was appointed non-executive director of the Company in 2002. Mr. Hong is a member of the Audit Committee of the Company. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. NG Tak Wai, Frederick, aged 56, acted as executive director from 1995 and was re-designated as a non-executive director of the Company in April 2011. He graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with an MBA degree. Mr. Ng has held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. His background is in manufacturing operations and management information systems.

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

Mrs. CHEN Chou Mei Mei, Vivien, aged 64, was appointed non-executive director of the Company in 2012 and has been with the Group since 2007. She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is a non-executive director of Agritrade Resources Limited and an independent non-executive director of Bingo Group Holdings Limited.

Mrs. Chen is a director of Farnham and Gala which are substantial shareholders of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Simon MURRAY *CBE*, aged 73, was appointed independent non-executive director of the Company in 1994. Mr. Murray is the Chairman of the Remuneration Committee of the Company. He is the Chairman of General Enterprise Management Services International Limited, a private equity fund management company. Mr. Murray is an independent non-executive director of Cheung Kong (Holdings) Limited and Orient Overseas (International) Limited. On 20 November 2013, he was appointed independent non-executive director of Spring Asset Management Limited (the manager of Spring Real Estate Investment Trust which was listed on the Hong Kong Stock Exchange on 5 December 2013). Mr. Murray is the Independent Non-Executive Chairman and Senior Independent Director of Gulf Keystone Petroleum Ltd (quoted on the AIM of the London Stock Exchange plc). He is also a non-executive director of Greenheart Group Limited, IRC Limited, Compagnie Financière Richemont SA (listed on SWX Swiss Exchange) and the Vice Chairman and non-executive director of Essar Energy plc (listed on the London Stock Exchange). Mr. Murray has been the Executive Chairman of Asia Pacific for the Deutsche Bank Group.

Mr. FANG Hung, Kenneth *GBS CBE JP*, aged 75, was appointed independent non-executive director of the Company in 1997. Mr. Fang is a member of the Audit Committee and the Remuneration Committee of the Company. He is the Chairman of Fang Brothers Knitting Limited and Yeebo (International Holdings) Limited. Mr. Fang is currently a non-executive director of Jiangsu Expressway Company Limited (listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and Xiezhong International Holdings Limited. He graduated from Massachusetts Institute of Technology, U.S.A. in 1961 with a Master's degree in Chemical Engineering. Mr. Fang was also conferred an Honorary Degree of Doctor of Business Administration by The Hong Kong Polytechnic University in 2005. He is an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association.

Mr. YEUNG Kit Shing, Jackson, aged 64, was appointed independent non-executive director of the Company in 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Yeung has over 25 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

Mr. Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*, aged 70, was appointed independent non-executive director of the Company in 2012 and has been with the Group since 2007. He is a member of the Nomination Committee of the Company. Mr. Barma graduated with a Bachelor of Arts degree from The University of Hong Kong and worked in the Hong Kong government for 30 years. After retiring from the civil service in 1996, he served as Chairman of the Public Service Commission from August 1996 to April 2005. Mr. Barma then served as Chief Executive Officer of the Hong Kong Research Institute of Textiles and Apparel from April 2006 to July 2012.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. CHENG Hoi Chuen, Vincent *GBS OBE JP*, aged 65, was appointed independent non-executive director and Chairman of the Nomination Committee of the Company in February 2013. He graduated with a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master's degree of Philosophy in Economics from The University of Auckland. Mr. Cheng is an independent non-executive director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, Hui Xian Asset Management Limited (the manager of the publicly listed Hui Xian Real Estate Investment Trust), China Minsheng Banking Corp., Ltd. and Shanghai Industrial Holdings Limited.

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

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

SENIOR MANAGEMENT

Ms. FUNG Ching Man, Janet, aged 51, joined the Group in 2007. She is the Chief Financial Officer and Company Secretary of the Company. Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. CHUNG Siu Wah, Henry, aged 59, is the Group Legal Counsel. He joined the Group in 1993. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant and a Chartered Secretary.

Mr. LEUNG Chun Keung, Andrew, aged 57 joined the Group in 2005. He is the Executive Director of China Investment and is responsible for overseeing the Group's investments in China. Prior to joining the Group, he was an executive director of Sunday Communications Limited. Mr. Leung graduated from The University of Hong Kong with an Honours Bachelor's degree in Laws and a Post Graduate Certificate in Laws and was qualified as a solicitor in New South Wales, Australia, the United Kingdom and Hong Kong.

Mrs. LI Kan Fung Ling, Karen, aged 52, is the Executive Director of Lanson Place, the hospitality management arm of the Group and also the Director of Corporate Development of the Group. Joining the Group in 1994, she has been responsible for the hospitality projects and the branding for the Group. She has over 25 years of international experience in strategic planning and operations with majority relating to luxurious residential and hotel projects. She has previously worked for Wharf Hotels Investment Limited (H.K.) and Hilton Hotels Corporation (Beverly Hills, U.S.A.). She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and a MBA degree in Finance and International Business from George Washington University, Washington, D.C.

Mr. Marc Rudolf HEDIGER, aged 56, joined the Lanson Place Hospitality Management Limited, the hospitality management arm of the Group, as Chief Executive Officer in 2011.

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

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

The Group's joint ventures and associates are principally engaged in property investment, property development and hospitality investment.

Details of the Company's principal subsidiaries, the Group's principal joint ventures and associates at 31 December 2013 are set out in notes 44 to 46 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated income statement on page 49.

An interim dividend of HK4.2 cents (2012: HK4.2 cents) per share, amounting to a total of about HK$56.1 million, was paid to shareholders on 26 September 2013.

The Directors recommend the payment of a final dividend of HK9.3 cents per share for the year ended 31 December 2013 (2012: HK9.3 cents per share) to shareholders whose names appear on the register of members of the Company on 29 May 2014, which together with the interim dividend payment amounts to a total of approximately HK$180.4 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 13 June 2014.

SHARE CAPITAL

Movements in the Company's authorised and issued share capital are set out in note 33 to the financial statements.

RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 55 and those of the Company are set out in note 35 to the financial statements.

INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31 December 2013 on an open market value basis. Movements in the investment properties balance during the year are set out in note 15 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2013 is set out on pages 140 to 141.

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of the Group's other properties, plant and equipment as at 31 December 2013 are set out in note 16 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations totaling HK$0.3 million.

DIRECTORS AND DIRECTORS' SERVICES CONTRACTS

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

Executive Directors:

Cheng Wai Chee, Christopher *GBS OBE JP (Chairman)*
Cheng Wai Sun, Edward *SBS JP (Deputy Chairman and Chief Executive)*
Cheng Man Piu, Francis
Chow Wai Wai, John
Au Hing Lun, Dennis *(resignation taking effect on 6 May 2014)*

Non-Executive Directors:

Kwok Ping Luen, Raymond *JP*
Yung Wing Chung *(alternate to Kwok Ping Luen, Raymond)*
Hong Pak Cheung, William
Ng Tak Wai, Frederick
Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:

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

In accordance with Bye-law 100(A) of the Company's Bye-laws and Code A.4.2 of Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), Chow Wai Wai, John, Kwok Ping Luen, Raymond, Ng Tak Wai, Frederick and Yeung Kit Shing, Jackson will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

PUBLIC FLOAT

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

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

As at 31 December 2013, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules are as follows:

Interests in the Company

	Number of shares held						
Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives *(Note d)*	Aggregate interests	Approx. percentage of the issued share capital *(Note a)*
Cheng Wai Chee, Christopher	7,982,566	–	–	462,488,185 *(Note b)*	2,322,000	472,792,751	35.41%
Cheng Wai Sun, Edward	6,383,231	–	–	462,488,185 *(Note b)*	1,854,000	470,725,416	35.25%
Cheng Man Piu, Francis	–	–	–	462,488,185 *(Note b)*	–	462,488,185	34.64%
Chow Wai Wai, John	200,002	–	–	–	129,000	329,002	0.02%
Au Hing Lun, Dennis	2,116,497	–	–	–	790,500	2,906,997	0.22%
Kwok Ping Luen, Raymond	–	–	–	9,224,566 *(Note c)*	–	9,224,566	0.69%
Ng Tak Wai, Frederick	578,057	1,016,000	–	–	14,000	1,608,057	0.12%

Notes:

(a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2013 was 1,335,297,529.

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

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

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

Save as disclosed herein, as at 31 December 2013, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

The Share Option Scheme expired on 10 June 2013. During the year, none of the directors and employees of the Group have been granted any options pursuant to the Share Option Scheme. There were no outstanding options granted under the Share Option Scheme upon its expiry.

Details of the Share Option Scheme of the Company are set out in note 34 to the financial statements.

SHARE INCENTIVE SCHEME

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

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2013 under the Share Incentive Scheme are as follows:

		Number of incentive shares						
Director	Date of award	As at 1.1.2013	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2013	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Chee, Christopher	25.6.2010	532,000	–	532,000	–	–	N/A	N/A
	31.3.2011	193,000	–	–	–	193,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	386,000	–	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	275,000	–	–	–	275,000	17.1.2013	17.1.2013 to 24.5.2022
	24.5.2012	275,000	–	–	–	275,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	550,000	–	–	–	550,000	17.1.2015	17.1.2015 to 24.5.2022
	6.5.2013	–	160,750	–	–	160,750	23.1.2014	23.1.2014 to 6.5.2023
	6.5.2013	–	160,750	–	–	160,750	23.1.2015	23.1.2015 to 6.5.2023
	6.5.2013	–	321,500	–	–	321,500	23.1.2016	23.1.2016 to 6.5.2023

Director	Date of award	Number of incentive shares: As at 1.1.2013	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2013	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Sun, Edward	25.6.2010	532,000	–	532,000	–	–	N/A	N/A
	31.3.2011	193,000	–	193,000	–	–	N/A	N/A
	31.3.2011	386,000	–	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	275,000	–	275,000	–	–	N/A	N/A
	24.5.2012	275,000	–	–	–	275,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	550,000	–	–	–	550,000	17.1.2015	17.1.2015 to 24.5.2022
	6.5.2013	–	160,750	–	–	160,750	23.1.2014	23.1.2014 to 6.5.2023
	6.5.2013	–	160,750	–	–	160,750	23.1.2015	23.1.2015 to 6.5.2023
	6.5.2013	–	321,500	–	–	321,500	23.1.2016	23.1.2016 to 6.5.2023

Director	Date of award	Number of incentive shares As at 1.1.2013	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2013	Vesting date of the outstanding awards	Exercisable period
Au Hing Lun, Dennis	25.6.2010	255,500	–	255,500	–	–	N/A	N/A
	31.3.2011	81,250	–	81,250	–	–	N/A	N/A
	31.3.2011	162,500	–	–	–	162,500	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	115,000	–	115,000	–	–	N/A	N/A
	24.5.2012	115,000	–	–	–	115,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	230,000	–	–	–	230,000	17.1.2015	17.1.2015 to 24.5.2022
	6.5.2013	–	70,750	–	–	70,750	23.1.2014	23.1.2014 to 6.5.2023
	6.5.2013	–	70,750	–	–	70,750	23.1.2015	23.1.2015 to 6.5.2023
	6.5.2013	–	141,500	–	–	141,500	23.1.2016	23.1.2016 to 6.5.2023
Ng Tak Wai, Frederick	25.6.2010	19,500	–	19,500	–	–	N/A	N/A
	31.3.2011	7,000	–	7,000	–	–	N/A	N/A
	31.3.2011	14,000	–	–	–	14,000	20.1.2014	20.1.2014 to 31.3.2021
Chow Wai Wai, John	6.5.2013	–	32,250	–	–	32,250	23.1.2014	23.1.2014 to 6.5.2023
	6.5.2013	–	32,250	–	–	32,250	23.1.2015	23.1.2015 to 6.5.2023
	6.5.2013	–	64,500	–	–	64,500	23.1.2016	23.1.2016 to 6.5.2023

Employees	Date of award	As at 1.1.2013	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2013	Vesting date of the outstanding awards	Exercisable period
		Number of incentive shares						
Employees In aggregate	25.6.2010	557,000	–	557,000	–	–	N/A	N/A
	31.3.2011	203,000	–	203,000	–	–	N/A	N/A
	31.3.2011	406,000	–	–	–	406,000	20.1.2014	20.1.2014 to 31.3.2021
	24.5.2012	270,000	–	270,000	–	–	N/A	N/A
	24.5.2012	270,000	–	–	–	270,000	17.1.2014	17.1.2014 to 24.5.2022
	24.5.2012	540,000	–	–	–	540,000	17.1.2015	17.1.2015 to 24.5.2022
	6.5.2013	–	126,000	–	–	126,000	23.1.2014	23.1.2014 to 6.5.2023
	6.5.2013	–	126,000	–	–	126,000	23.1.2015	23.1.2015 to 6.5.2023
	6.5.2013	–	252,000	–	–	252,000	23.1.2016	23.1.2016 to 6.5.2023
		7,667,750	2,202,000	3,040,250	–	6,829,500		

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

Details of Share Incentive Scheme of the Company are set out in note 34 to the financial statements.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2013, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

	Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
1.	Brave Dragon Limited	Beneficial owner	141,794,482	10.62%
2.	Crossbrook Group Limited	Beneficial owner	270,411,036	20.25%
3.	Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 *(Notes 2(a) & 3)*	34.64%
4.	Deutsche Bank International Trust Co. Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.64%
5.	Deutsche Bank International Trust Co. (Cayman) Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.64%
6.	Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 *(Note 5)*	13.67%
7.	Renowned Development Limited	Interest of controlled corporation	182,560,826 *(Notes 2(c) & 5)*	13.67%
8.	Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 *(Notes 2(c) & 6)*	14.97%
9.	Sun Hung Kai Properties Limited	Interest of controlled corporation	182,608,533 *(Note 7)*	13.68%

Name of Shareholder		Capacity	Number of Shares interested	Approx. percentage of the issued share capital
10.	Gala Land Investment Company Limited	Beneficial owner	101,579,467	7.61%
11.	Farnham Group Limited	Interest of controlled corporation	101,579,467 *(Notes 2(d) & 8)*	7.61%
12.	Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 *(Notes 2(d) & 9)*	13.48%
13.	Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 *(Notes 2(d) & 10)*	11.29%

Notes:

1 The total number of issued Shares as at 31 December 2013 was 1,335,297,529.

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

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

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

(c) the interests of party 6 duplicated with the interests of party 7 entirely and were included in the interests of party 8.

(d) the interests of party 10 duplicated with the interests of party 11 entirely and were included in the interests of parties 12 and 13.

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

4 Deutsche Bank International Trust Co. Limited was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.36% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.28% of the issued shares of Wing Tai Holdings Limited.

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 93,629,998 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Save as disclosed above, as at 31 December 2013, the Company had not been notified of any interests or short positions held by any substantial shareholder in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF ANY OTHER PERSONS

As at 31 December 2013, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

Kwok Ping Luen, Raymond is a director of Transport International Holdings Limited ("TIH") and Yung Wing Chung is the alternate director to Kwok Ping Luen, Raymond of TIH until 31 March 2013. Businesses of TIH consist of property holdings and development. Only in these respects they are regarded to be interested in the relevant competing business with the Group.

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

As disclosed in the 2012 annual report of the Company, garment manufacturing was one of the Company's businesses. Since the second half of 2013, the Company has taken steps to close down and wind up its garment manufacturing operations on a phase by phase basis. The garment manufacturing operations have been ceased, and the winding up is still being processed.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are interested in certain garment manufacturing businesses carrying on in China, Cambodia, Mauritius and Malaysia which might be regarded as competitive to the Group's garment manufacturing business before its cessation.

Since the Group's garment manufacturing business was ceased and was being wound up as of 31 December 2013, they are no longer regarded as interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

CONNECTED TRANSACTIONS

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

1. Connected Transaction

On 24 April 2008, the Company announced that the Company, Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad)("WTMB") and Kualiti Gold Sdn Bhd (the "JV Company") entered into a joint venture and shareholders' agreement on 23 April 2008 (the "JV Agreement") in relation to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development") and operating it as a serviced apartment block. The estimated total commitment of the Company and its subsidiaries (the "Group") to the JV Company would not exceed RM103,500,000 as at the date of the JV Agreement.

On 28 March 2013, the Company announced that the estimated total commitment of the Group to the JV Company would be increased by no more than RM15,500,000 (the "Further Commitment") to no more than RM119,000,000.

Wing Tai Holdings Limited ("WTHL") is a substantial and controlling shareholder of the Company and WTMB is a subsidiary of WTHL, WTMB therefore is a connected person of the Company and the making of Further Commitment constituted a connected transaction of the Company under Chapter 14A of the Listing Rules as set out in the Company's announcement dated 28 March 2013.

2. Continuing Connected Transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The total fees of HK$4.0 million received by the LP Group Companies under the 2009 Operating Agreements and the 2009 Licence Agreements for the year ended 31 December 2013 is within the annual cap of HK$13.3 million for 2013 as set out in the Company's announcement dated 8 January 2009.

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

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

The consideration received by Begin Land from WTC under the Offer for the year ended 31 December 2013 totaled HK$3,459,000 which is within the 2013 annual cap of HK$4,600,000 as set out in the Company's announcement dated 20 April 2011.

3. Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2013 have been entered into:

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

(b) on normal commercial terms;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 30 to 32 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As at 31 December 2013, the aggregate amounts due from and all guarantees given by the Group on behalf of the affiliated companies of Nan Fung Group Holdings Limited (the "Relevant Companies") exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the amounts for the Relevant Companies as at 31 December 2013 are as follows:

Name of the Relevant Company	Group's % of attributable equity interest therein	Amount of guarantee for loan facilities given on its behalf by the Company as at 31 December 2013 *(Note 1)*	Amount due from it to the Group as at 31 December 2013 *(Note 2)*	Total	Final maturity date of the loan facilities
		HK$'M	HK$'M	HK$'M	
Century Rise Limited	15%	–	513.3	513.3	–
The Graces – Providence Bay Finance Company Limited	15%	–	4.3	4.3	–
Pacific Bond Limited	15%	–	235.3	235.3	–
Providence Bay Finance Company Limited	15%	–	8.0	8.0	–
Brave Sky Investments Limited	50%	756.3	403.8	1,160.1	the earlier of (a) 2 April 2016 or (b) the date falling 9 months after the issuance of the Certificate of Compliance by the Directors of Lands (or, if earlier, the issuance of the Consent to Assign)
Property Sky Limited	50%	–	337.8	337.8	–
Estate Success Limited	50%	–	0.6	0.6	–
Total				2,259.4	

Notes:

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

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

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2013, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK$5,900.5 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2013 are presented below:

	Pro-forma combined balance sheet	**Group's attributable interest**
	HK$'M	HK$'M
Non-current assets	3,861.7	1,545.3
Current assets	16,604.1	4,131.9
Current liabilities	(1,928.9)	(418.4)
Non-current liabilities	(4,711.1)	(1,928.6)
Amounts and loans due from shareholders	25.9	12.3
Amounts and loans due to shareholders	(10,377.5)	(2,730.5)
Net assets	3,474.2	612.0

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

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

PRE-EMPTIVE RIGHTS

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 143 of this annual report.

AUDITOR

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

On behalf of the Board

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 21 March 2014

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") throughout the year ended 31 December 2013, with the exception of code provisions A.5.1 to A.5.4.

The Company did not establish a nomination committee until 1 February 2013 pursuant to code provisions A.5.1 to A.5.4 of the CG Code. Prior to the nomination committee was established, the board of directors of the Company (the "Board") was responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that the Board had a balanced composition of skills and experience appropriate for the requirement of the business of the Company.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

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

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2013, and received confirmations from all the directors that they had fully complied with the required standard set out in the Model Code throughout the year.

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

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive directors (i.e. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Au Hing Lun, Dennis), four non-executive directors (i.e. Kwok Ping Luen, Raymond (Yung Wing Chung as his alternate) Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien) and five independent non-executive directors (i.e. Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent). Biographies of all the directors are set out on pages 13 to 16 of this annual report.

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

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

Chairman and Chief Executive

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

Retirement by Rotation and Specific Term of Office

The non-executive directors (including independent non-executive directors) were appointed for a fixed term of three years and all directors of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws of the Company or code provision A.4.2 of the CG Code.

Independent Non-Executive Directors

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in the annual report, they did not have any business or financial interest with the Company and its subsidiaries (the "Group") and were independent as at 31 December 2013 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

Functions and Responsibilities of the Board

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

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

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

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

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

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

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

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

Directors' Induction and Continuous Professional Development

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

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

During the year under review, all directors of the Company, namely Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John, Au Hing Lun, Dennis, Kwok Ping Luen, Raymond, Yung Wing Chung (retired on 15 May 2013), Hong Pak Cheung, William, Ng Tak Wai, Frederick, Chen Chou Mei Mei, Vivien, Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent (appointed on 1 February 2013) were provided with written materials to develop and refresh their professional skills and the latest development of applicable laws, rules and regulations for the directors to assist them in discharging their duties as well as monthly commentary on the Group's business, operations and financial matters.

Cheng Wai Sun, Edward, Chow Wai Wai, John, Kwok Ping Luen, Raymond and Yeung Kit Shing, Jackson also attended seminars/briefings during the year.

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

The following works on corporate governance functions were performed by the Board during 2013:

(a) setting up of the Nomination Committee and approval of the terms of reference of the Nomination Committee;

(b) approval of the revised terms of reference of the Nomination Committee;

(c) approval of the board nomination policy;

(d) approval of the board diversity policy;

(e) approval of the inside information policy;

(f) setting up of an inside information committee;

(g) approval of the revised corporate governance policy;

(h) approval of the revised Codes for Securities Transaction by Directors of Listed Issues and Relevant Employees of the Group; and

(i) approval of the corporate governance report.

REMUNERATION COMMITTEE

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

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

Simon Murray *(Committee Chairman)*
Cheng Wai Chee, Christopher
Cheng Wai Sun, Edward
Fang Hung, Kenneth
Yeung Kit Shing, Jackson

Remuneration Committee met once in 2013. The attendance record of each member at the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Remuneration Committee during 2013:

(a) review and approval of remuneration package of certain executive directors and senior management for the year ended 31 December 2013;

(b) setting up of a standing committee to implement the grant of approved incentive shares; and

(c) review and approval of the proposal of directors' fees for the year ended 31 December 2013, with a recommendation to the shareholders for approval.

Remuneration Policy for Executive Directors and Senior Management

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

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

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

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

(iv) performance of the Group as a whole.

Remuneration Policy for Non-Executive Directors

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

DIRECTORS' REMUNERATION

The directors' remuneration is set out in note 9 to the financial statements on pages 97 to 98 of this annual report.

SENIOR MANAGEMENT'S REMUNERATION

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

	Number of individuals 2013
Emoluments bands	
HK$2,000,001 – HK$3,000,000	2
HK$3,000,001 – HK$4,000,000	1
HK$4,000,001 – HK$5,000,000	2
	5

NOMINATION COMMITTEE

The Nomination Committee was established on 1 February 2013. The terms of reference of the Nomination Committee explaining its role and the authority delegated to it by the Board are available on the Company's website. According to its terms of reference, the Nomination Committee shall consist of not less than three members and the majority of them shall be Independent Non-executive Directors. The following Directors have been the members of the Nomination Committee since its establishment:

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

Prior to the establishment of the Nomination Committee, the Board reviewed its structure, size and composition on a regular basis to satisfy itself that members of the Board had the skills, knowledge and experience to perform its functions and discharge its responsibilities. The Bye-laws of the Company provide, amongst other things, that the Board shall have power from time to time and any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board and that any Director so appointed shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Nomination Committee met once in 2013. The attendance record of each member at the Nomination Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Nomination Committee during 2013:

(a) review of the structure, size and composition of the Board;

(b) review of the independence of the Independent Non-executive Directors;

(c) making recommendations on the re-election of Directors at the 2013 annual general meeting;

(d) review of the board nomination policy, with a recommendation to the Board for approval;

(e) review of the board diversity policy and the measurable objectives and making a recommendation to the Board for approval; and

(f) review of the terms of reference of the Nomination Committee and making revision recommendations to the Board for approval.

Board Diversity Policy

A summary of the Board Diversity Policy adopted by the Board on 29 August 2013 is shown below:

The Company recognizes that a diverse Board will enhance the performance of the Company and that an increasing diversity at the Board level is inductive to the attainment of the Company's strategic objectives and the Company's sustainable development. Hence the purpose of the Board Diversity Policy aims to achieve diversity on the board (including but not limited to genders, age, cultural and educational backgrounds, ethnicities, professional experience, skills, knowledge and length of service).

Measurable Objectives

The Nomination Committee have agreed the measurable objectives shown below for implementing the Board Diversity Policy.

Gender

Maintain equal opportunity culture for both male and female representation on the board, subject to identification of candidate with appropriate skills and experience

Age

Maintain equal opportunity culture for different age group to join the board ideally younger candidates, subject to identification of candidate with appropriate skills and experience

Type of Directors

(i) Maintain a balanced composition of executive, non-executive and independent non-executive directors

(ii) Comply with the relevant requirements of Listing Rules

Professional Qualifications

(i) Maintain a board with balanced professional qualifications in order to carry out the duties as directors

(ii) Comply with Listing Rules requirements

Areas of Expertise

Maintain a board with balanced experience from various industries in order to widen the views of the board and assist in setting up and developing the strategies of the Company

All the measurable objectives will be taken into account when vacancies in the Board arise. The measureable objectives concerning types of directors and professional qualifications of Directors will be reviewed on an annual basis.

AUDIT COMMITTEE

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

Yeung Kit Shing, Jackson	*(Committee Chairman)*
Fang Hung, Kenneth	
Hong Pak Cheung, William	*(alternate to Yung Wing Chung until 15 May 2013 and appointed on 15 May 2013)*
Yung Wing Chung	*(retired on 15 May 2013)*

The Audit Committee met three times in 2013. The attendance record of each member at the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Audit Committee during 2013:

(a) review of the external auditor's audit plan for the year ended 31 December 2013;

(b) review of the 2014 internal audit plan;

(c) review of the 2013 work progress report and the works performed by internal audit in 2013;

(d) review of the annual report and results announcement for the year ended 31 December 2012, with a recommendation to the Board for approval;

(e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2012;

(f) review of the interim report and interim results announcement for the six months ended 30 June 2013, with a recommendation to the Board for approval;

(g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2013;

(h) approval of the 2014 annual budget for audit and non-audit services; and

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

ATTENDANCE AT MEETINGS

The attendance record of individual members at the Board and Committees meetings and general meeting in 2013 are detailed in the following table:

	Meetings attended/Eligible to attend				
	General Meeting	Board	Remuneration Committee	Audit Committee	Nomination Committee
Executive directors					
Cheng Wai Chee, Christopher	1/1	4/4	1/1	N/A	1/1
Cheng Wai Sun, Edward	1/1	4/4	1/1	N/A	1/1
Cheng Man Piu, Francis	0/1	3/4	N/A	N/A	N/A
Chow Wai Wai, John	1/1	4/4	N/A	N/A	N/A
Au Hing Lun, Dennis	1/1	4/4	N/A	N/A	N/A
Non-executive directors					
Kwok Ping Luen, Raymond	0/1	0/4	N/A	N/A	N/A
(attended by his alternate, Yung Wing Chung)	0/1	3/4	N/A	N/A	N/A
Hong Pak Cheung, William (appointed as a member of Audit Committee on 15 May 2013)	1/1	4/4	N/A	2/2	N/A
Ng Tak Wai, Frederick	1/1	4/4	N/A	N/A	N/A
Chen Chou Mei Mei, Vivien	1/1	3/4	N/A	N/A	N/A
Yung Wing Chung (retired on 15 May 2013)	0/1	1/1	N/A	1/1	N/A
Independent non-executive directors					
Simon Murray	0/1	2/4	1/1	N/A	N/A
Fang Hung, Kenneth	1/1	4/4	1/1	3/3	N/A
Yeung Kit Shing, Jackson	1/1	4/4	1/1	3/3	1/1
Haider Hatam Tyebjee Barma	1/1	3/4	N/A	N/A	1/1
Cheng Hoi Chuen, Vincent (appointed on 1 February 2013)	1/1	4/4	N/A	N/A	1/1

INTERNAL CONTROLS

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

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

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

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

For the financial year ended 31 December 2013, the Board through the Audit Committee had conducted a review of the effectiveness of the Group's internal control system as reported by the Group's internal audit department.

Whistleblowing Policy

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

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

AUDITORS' REMUNERATION

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2013 are HK$5,912,000 (2012: HK$5,847,000) and HK$1,009,000 (2012: HK$3,858,000) respectively.

The remuneration in respect of significant non-audit services in 2013 includes the following:

Nature of services	Fee paid HK$
Tax services	609,000
Special projects	400,000
Total	1,009,000

COMPANY SECRETARY

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

FINANCIAL REPORTING

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies have been selected and applied consistently. The statement of the auditor of the Group relating to their reporting and responsibilities on the financial statements of the Group and the Company is set in the Independent Auditor's Report on page 48 of this annual report.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2013. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company and the Stock Exchange.

CORPORATE COMMUNICATION

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

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

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

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

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

SHAREHOLDERS' RIGHTS

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

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

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

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

Procedures for Shareholders to Put Forward Proposals at a General Meeting

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

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

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

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

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

We have audited the consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 139, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2014

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'M	2012 HK$'M (Restated)
Continuing operations			
Revenue	5	1,736.2	891.7
Cost of sales		(917.4)	(224.4)
Gross profit		818.8	667.3
Other gains, net	7	142.3	129.0
Selling and distribution costs		(85.9)	(56.7)
Administrative expenses		(236.9)	(229.0)
Change in fair value of investment properties	15	2,084.4	3,480.2
Gain on disposal of subsidiaries	41	–	237.4
Profit from operations	8	2,722.7	4,228.2
Finance costs	10	(159.1)	(97.8)
Finance income	10	13.2	66.9
Share of results of joint ventures	18(a)	163.5	352.6
Share of results of associates	19(a)	5.9	62.2
Profit before taxation from continuing operations		2,746.2	4,612.1
Taxation	11	(91.4)	(78.4)
Profit for the year from continuing operations		2,654.8	4,533.7
Discontinued operations	40(c)		
Profit/(loss) for the year from discontinued operations		6.4	(15.5)
Gain on disposal of subsidiaries		–	275.6
		6.4	260.1
Profit for the year		2,661.2	4,793.8
Profit for the year attributable to:			
Equity holders of the Company			
– From continuing operations		2,654.6	4,476.6
– From discontinued operations		6.4	260.1
		2,661.0	4,736.7
Non-controlling interests			
– From continuing operations		0.2	57.1
		2,661.2	4,793.8

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013	2012 (Restated)
Earnings per share attributable to equity holders of the Company (expressed in HK dollar per share)	12		
Basic earnings per share			
– From continuing operations		HK$1.99	HK$3.36
– From discontinued operations		–	HK$0.20
		HK$1.99	HK$3.56
Diluted earnings per share			
– From continuing operations		HK$1.98	HK$3.35
– From discontinued operations		–	HK$0.19
		HK$1.98	HK$3.54
Dividends (expressed in HK$'M)	13	180.4	180.2

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 HK$'M	2012 HK$'M (Restated)
Profit for the year		2,661.2	4,793.8
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net surplus arising on revaluation of land use rights and other properties, plant and equipment upon transfer to investment properties		7.1	26.6
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		13.5	25.5
Exchange differences realised upon disposal of subsidiaries	40(b)	–	(3.8)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets		(50.0)	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset		–	(22.0)
Investment revaluation reserve realised upon disposal of available-for-sale financial assets		–	(79.4)
Net loss on net investment hedge		(7.9)	–
Net gain/(loss) on cash flow hedge			
– Fair value gain/(loss)		33.5	(55.6)
– Realised upon settlement		45.6	46.8
		34.7	153.9
Other comprehensive income for the year, net of tax	11	41.8	180.5
Total comprehensive income for the year		2,703.0	4,974.3
Total comprehensive income for the year attributable to:			
Equity holders of the Company		2,702.8	4,895.7
Non-controlling interests		0.2	78.6
		2,703.0	4,974.3
Total comprehensive income for the year attributable to equity holders of the Company:			
– From continuing operations		2,696.4	4,638.2
– From discontinued operations		6.4	257.5
		2,702.8	4,895.7

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2013

	Note	At 31 December 2013 HK$'M	At 31 December 2012 HK$'M (Restated)	At 1 January 2012 HK$'M (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Land use rights	14	–	3.2	3.2
Investment properties	15	19,002.7	16,321.5	13,892.2
Other properties, plant and equipment	16	68.0	100.2	169.3
Investments in joint ventures	18(a)	511.5	337.0	(18.1)
Loans to joint ventures	18(a)	1,726.7	2,016.4	2,421.9
Investments in associates	19(a)	100.5	281.3	469.5
Loans to associates	19(a)	24.7	31.2	47.8
Deposits and loan receivables	20	20.1	21.7	0.3
Other financial assets	21	401.6	505.7	423.5
Deferred tax assets	31	9.4	12.2	7.4
Derivative financial instruments	25	30.2	0.2	0.2
		21,895.4	19,630.6	17,417.2
Current assets				
Inventories	22	–	16.8	68.8
Properties for sale	23	1,425.0	1,324.4	1,306.1
Deposits and loan receivables		–	–	175.0
Trade and other receivables, deposits and prepayments	24	1,885.9	1,206.2	220.6
Other financial assets	21	51.3	57.0	29.2
Sales proceeds held in stakeholders' accounts	26	192.4	252.1	60.2
Tax recoverable		2.3	0.7	0.8
Restricted bank deposits	27	10.6	10.5	2.7
Bank balances and cash	28	1,242.2	1,079.8	931.9
		4,809.7	3,947.5	2,795.3
Current liabilities				
Trade and other payables and accruals	29	684.9	710.3	742.3
Derivative financial instruments	25	39.5	52.4	45.8
Tax payable		71.7	31.6	38.8
Bank and other borrowings	30	1,739.7	1,053.2	718.0
		2,535.8	1,847.5	1,544.9
Net current assets		2,273.9	2,100.0	1,250.4
Total assets less current liabilities		24,169.3	21,730.6	18,667.6

	Note	At 31 December 2013 HK$'M	At 31 December 2012 HK$'M (Restated)	At 1 January 2012 HK$'M (Restated)
Non-current liabilities				
Bank and other borrowings	30	2,947.1	3,051.4	3,084.2
Other long-term liability	32	58.9	74.2	–
Derivative financial instruments	25	54.2	70.2	67.2
Deferred tax liabilities	31	213.9	173.0	153.5
		3,274.1	3,368.8	3,304.9
NET ASSETS		20,895.2	18,361.8	15,362.7
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	33	667.6	666.1	663.2
Reserves	35(a)	20,226.1	17,693.7	12,264.5
		20,893.7	18,359.8	12,927.7
Non-controlling interests		1.5	2.0	2,435.0
TOTAL EQUITY		20,895.2	18,361.8	15,362.7

The financial statements on pages 49 to 139 were approved and authorised for issue by the Board of Directors on 21 March 2014 and are signed on its behalf by:

Cheng Wai Chee, Christopher
DIRECTOR

Cheng Wai Sun, Edward
DIRECTOR

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

BALANCE SHEET

At 31 December 2013

	Note	2013 HK$'M	2012 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	7,062.1	7,248.0
Current assets			
Other receivables and prepayments		0.6	0.6
Bank balances and cash	28	0.2	1.2
		0.8	1.8
Current liabilities			
Other payables		4.8	4.5
Net current liabilities		(4.0)	(2.7)
Total assets less current liabilities		7,058.1	7,245.3
NET ASSETS		7,058.1	7,245.3
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	667.6	666.1
Reserves	35(b)	6,390.5	6,579.2
TOTAL EQUITY		7,058.1	7,245.3

Cheng Wai Chee, Christopher
DIRECTOR

Cheng Wai Sun, Edward
DIRECTOR

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2013												
– as previously report	666.1	3,267.0	(101.8)	228.1	12.2	57.0	63.0	751.0	13,430.8	18,373.4	2.0	18,375.4
– effect of adoption of HKFRS11	–	–	–	–	–	–	–	–	(13.6)	(13.6)	–	(13.6)
– as restated	666.1	3,267.0	(101.8)	228.1	12.2	57.0	63.0	751.0	13,417.2	18,359.8	2.0	18,361.8
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	2,661.0	2,661.0	0.2	2,661.2
Other comprehensive income												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	13.5	–	–	13.5	–	13.5
Net fair value loss arising from revaluation of available-for-sale financial assets	–	–	–	(50.0)	–	–	–	–	–	(50.0)	–	(50.0)
Net loss on net investment hedge	–	–	(7.9)	–	–	–	–	–	–	(7.9)	–	(7.9)
Net gain on cash flow hedge	–	–	79.1	–	–	–	–	–	–	79.1	–	79.1
Net surplus arising on revaluation of land use rights and other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	7.1	–	–	–	7.1	–	7.1
Total comprehensive income	–	–	71.2	(50.0)	–	7.1	13.5	–	2,661.0	2,702.8	0.2	2,703.0
Transactions with owners												
Value of employee services relating to grants of incentive shares	–	–	–	–	9.9	–	–	–	–	9.9	–	9.9
Incentive shares exercised	1.5	6.6	–	–	(6.6)	–	–	–	–	1.5	–	1.5
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.7)	(0.7)
2012 final dividend paid	–	–	–	–	–	–	–	–	(124.2)	(124.2)	–	(124.2)
2013 interim dividend paid	–	–	–	–	–	–	–	–	(56.1)	(56.1)	–	(56.1)
Total transactions with owners	1.5	6.6	–	–	3.3	–	–	–	(180.3)	(168.9)	(0.7)	(169.6)
At 31 December 2013	667.6	3,273.6	(30.6)	178.1	15.5	64.1	76.5	751.0	15,897.9	20,893.7	1.5	20,895.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2012												
– as previously report	663.2	3,255.8	(90.4)	104.6	12.9	30.4	42.7	161.0	8,767.5	12,947.7	2,435.0	15,382.7
– effect of adoption of HKFRS11	–	–	–	–	–	–	–	–	(20.0)	(20.0)	–	(20.0)
– as restated	663.2	3,255.8	(90.4)	104.6	12.9	30.4	42.7	161.0	8,747.5	12,927.7	2,435.0	15,362.7
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	4,736.7	4,736.7	57.1	4,793.8
Other comprehensive income												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	24.1	–	–	24.1	1.4	25.5
Exchange differences released upon disposal of subsidiaries (Note 40(b))	–	–	–	–	–	–	(3.8)	–	–	(3.8)	–	(3.8)
Net fair value gain arising from revaluation of available-for-sale financial assets	–	–	–	220.3	–	–	–	–	–	220.3	22.1	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	–	–	–	(17.4)	–	–	–	–	–	(17.4)	(4.6)	(22.0)
Investment revaluation reserve realised upon disposal of available-for-sale financial assets	–	–	–	(79.4)	–	–	–	–	–	(79.4)	–	(79.4)
Net loss on cash flow hedge	–	–	(11.4)	–	–	–	–	–	–	(11.4)	2.6	(8.8)
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	26.6	–	–	–	26.6	–	26.6
Total comprehensive income	–	–	(11.4)	123.5	–	26.6	20.3	–	4,736.7	4,895.7	78.6	4,974.3
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.9	–	–	–	–	8.9	–	8.9
Share options and incentive shares exercised	2.9	11.2	–	–	(9.6)	–	–	–	–	4.5	–	4.5
Acquisition of non-controlling interests (Note 42(a) & (b))	–	–	–	–	–	–	–	–	–	–	(2,193.7)	(2,193.7)
Bargain purchase of a non-wholly owned subsidiary (Note 42(a))	–	–	–	–	–	–	–	681.6	–	681.6	–	681.6
Wavier of share of net liabilities of non-controlling interests	–	–	–	–	–	–	–	–	–	–	3.0	3.0
Dividends paid to non-controlling interests (Note 41)	–	–	–	–	–	–	–	–	–	–	(90.2)	(90.2)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(230.7)	(230.7)
2011 final dividend paid	–	–	–	–	–	–	–	(91.6)	(11.0)	(102.6)	–	(102.6)
2012 interim dividend paid	–	–	–	–	–	–	–	–	(56.0)	(56.0)	–	(56.0)
Total transactions with owners	2.9	11.2	–	–	(0.7)	–	–	590.0	(67.0)	536.4	(2,511.6)	(1,975.2)
At 31 December 2012 (as restated)	666.1	3,267.0	(101.8)	228.1	12.2	57.0	63.0	751.0	13,417.2	18,359.8	2.0	18,361.8

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'M	2012 HK$'M (Restated)
Cash flows from operating activities			
Profit from operations			
– continuing operations		2,722.7	4,228.2
– discontinued operations	40(d)	6.4	260.4
		2,729.1	4,488.6
Adjustments for:			
Change in fair value of investment properties	15	(2,084.4)	(3,480.2)
Gain on disposal of subsidiaries			
– continuing operations		–	(237.4)
– discontinued operations		–	(275.6)
Gain on disposal of an available-for-sale financial asset		(1.2)	(101.6)
Gain on disposal of an associate		(29.5)	–
Gain on return of investment of an available-for-sale financial asset		(59.4)	(22.0)
Net loss on disposal of other properties, plant and equipment		1.1	–
Impairment loss of other properties, plant and equipment		0.2	–
Write-off of other properties, plant and equipment		–	12.5
Depreciation and amortisation			
– trademark		0.1	0.1
– land use rights		0.1	–
– other properties, plant and equipment		19.9	25.7
Net fair value (gain)/loss on derivative financial instruments		(21.7)	2.1
Write-off of deposits and loan receivables		1.9	–
Share-based compensation expenses		11.4	11.3
(Write-back of provision)/provision for trade receivables		(0.1)	0.1
Impairment on loans to an associate		0.1	4.9
Amortisation of interest income on held-to-maturity investments		(6.4)	(11.9)
Operating cash flows before movements in working capital		561.2	416.6
Repayment from available-for-sale financial assets		–	2.7
Decrease/(increase) in inventories		16.8	(5.3)
Increase in properties for sale		(92.7)	(10.7)
(Increase)/decrease in trade and other receivables, deposits and prepayments		(97.8)	55.0
Decrease/(increase) in sales proceeds held in stakeholders' accounts		59.7	(191.9)
(Decrease)/increase in trade and other payables and accruals		(37.9)	82.1
Increase in restricted bank deposits		(0.1)	(7.8)
Net cash generated from operations		409.2	340.7
Interest income received		13.2	66.9
Coupon received from held-to-maturity investments		1.0	1.0
Interest paid on bank and other borrowings		(161.7)	(101.2)
Hong Kong profits tax paid		(21.0)	(43.5)
Tax paid in other jurisdictions		(0.2)	(0.6)
Net cash generated from operating activities		240.5	263.3

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'M	2012 HK$'M (Restated)
Cash flows from investing activities			
Additions of investment properties		(518.0)	(39.7)
Purchase of other properties, plant and equipment		(8.1)	(23.3)
Advances of loans to joint ventures		(390.0)	(1,047.6)
Repayments of loans to joint ventures		58.3	395.3
Repayments of loans to associates		6.3	7.0
Proceeds from disposal of other properties, plant and equipment		2.3	1.0
Proceeds from disposal of available-for-sale financial assets		–	137.4
Proceeds from disposal of an associate		46.6	–
Proceeds from return of capital of available-for-sale financial assets		63.6	27.4
Dividend income from associates		185.3	250.2
Purchase of held-to-maturity investments		–	(31.2)
Cash received from a held-to-maturity investment upon maturity		62.0	29.2
Net cash inflow from disposal of subsidiaries			
– discontinued operations	40(b)	–	369.0
– continuing operations	41	–	1,098.7
Release of pledged deposits		–	175.0
Placement of deposits with bank with original maturity of more than three months		(58.4)	–
Net cash (used in)/generated from investing activities		(550.1)	1,348.4
Cash flows from financing activities			
Issue of shares upon exercise of share options		–	2.1
Issue of fixed rate bonds		580.0	1,076.0
Direct issue costs incurred on fixed rate bonds		(13.8)	(12.2)
Cash settlement on derivative financial instruments		(13.7)	–
Bank and other borrowings raised		1,279.3	1,360.6
Repayments of bank and other borrowings		(1,237.2)	(2,096.9)
Dividends paid by the Company		(180.3)	(158.6)
Dividends paid to non-controlling shareholders		(0.7)	(90.2)
Repayment of loan from non-controlling shareholders		–	(32.5)
Acquisition of non-controlling interests	42(c)	–	(1,512.1)
Net cash generated from/(used in) financing activities		413.6	(1,463.8)
Increase in cash and cash equivalents		104.0	147.9
Cash and cash equivalents at the beginning of the year		1,079.8	931.9
Cash and cash equivalents at the end of the year	28	1,183.8	1,079.8

The notes on pages 59 to 139 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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

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

The Group's joint ventures and associates are principally engaged in property investment, property development and hospitality investment.

In 2013, the Group has ceased its garment manufacturing operations. The ceased business is presented as discontinued operations and certain comparatives had been re-presented according to Hong Kong Financial Reporting Standards ("HKFRS") No. 5 "Non-current Assets Held for Sale and Discontinued Operations" to conform with current presentation. Details of which are disclosed in Note 40(a) to the consolidated financial statements. In 2012, the Group disposed its branded products distribution. The disposal was presented as discontinued operations. Details of which are disclosed in Note 40(b) to the consolidated financial statements.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 21 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Notes 4 and 15.

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 16 (Amendment)	Property, plant and equipment
HKAS 19 (Amendment)	Employee benefits
HKFRS 10 and HKAS 27 (Revised 2011)	Consolidated financial statements and Separate financial statements
HKFRS 11 and HKAS 28 (Revised 2011)	Joint arrangements and Investments in associates and joint ventures
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Except for HKAS 1 (Amendment), HKFRS 11, HKFRS 12 and HKFRS 13, the adoption of the other new or revised standards, amendments and improvements to standards and interpretations of HKFRS stated above did not have any significant impact to the Group's financial statements in the current and prior year.

(1) As a result of the amendments to **HKAS 1 "Presentation of Financial Statements"**, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that may be classified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The amendment affected presentation only and had no impact on the Group's assets, liabilities and comprehensive income.

(2) As a result of **HKFRS 11 "Joint Arrangements"**, the Group has changed its accounting policy for its interests in joint arrangements. Under HKFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments from jointly controlled entities to joint ventures. Effective from 1 January 2013, the Group no longer presents its share of each of the assets, liabilities, income and expenses of the joint ventures line by line in the consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice under HKFRS 11. Instead, the joint ventures are accounted for using the equity method in accordance with HKAS 28 (Revised 2011) "Investments in Associates and Joint Ventures".

The adoption of HKFRS 11 has been accounted for retrospectively and the consolidated income statement, the consolidated statement of comprehensive income and the consolidated cash flow statement for the year ended 31 December 2012 and the consolidated balance sheet as at 31 December 2012 have been restated.

(3) **HKFRS 12 "Disclosure of interests in other entities"** was issued in May 2011, and provides disclosure requirements on interests in subsidiaries, joint ventures, associates and unconsolidated structured entities.

The group has applied HKFRS 12 retrospectively. The HKFRS 12 affected presentation only and had no impact on the Group's assets, liabilities and comprehensive income.

(4) **HKFRS 13 "Fair Value Measurement"** establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other HKFRS. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other HKFRS, including HKFRS 7 "Financial Instruments: Disclosures". Some of these disclosures are specifically required in consolidated financial statements; accordingly, the Group has included additional disclosures in this regard (see Notes 4 and 15).

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

The following tables summarise the financial impacts resulting from the above changes in HKFRS 11, together with the presentation of the garment manufacturing operations in accordance with HKFRS 5 on the consolidated income statement, consolidated statement of comprehensive income and the consolidated cash flow statement for the year ended 31 December 2012, and the consolidated balance sheets as at 31 December 2012 and 1 January 2012.

Consolidated Income Statement
For the year ended 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Continuing operations				
Revenue	2,961.5	(398.6)	(1,671.2)	891.7
Cost of sales	(1,704.4)	325.8	1,154.2	(224.4)
Gross profit	1,257.1	(72.8)	(517.0)	667.3
Other gains, net	130.9	(4.2)	2.3	129.0
Selling and distribution costs	(151.2)	10.4	84.1	(56.7)
Administrative expenses	(291.5)	59.9	2.6	(229.0)
Change in fair value of investment properties	3,653.4	–	(173.2)	3,480.2
Gain on disposal of subsidiaries	237.4	–	–	237.4
Profit from operations	4,836.1	(6.7)	(601.2)	4,228.2
Finance costs	(99.0)	–	1.2	(97.8)
Finance income	8.4	–	58.5	66.9
Share of results of joint ventures	–	–	352.6	352.6
Share of results of associates	62.2	–	–	62.2
Profit before taxation from continuing operations	4,807.7	(6.7)	(188.9)	4,612.1
Taxation	(273.6)	(0.1)	195.3	(78.4)
Profit for the year from continuing operations	4,534.1	(6.8)	6.4	4,533.7
Discontinued operations				
Loss for the year from discontinued operations	(22.3)	6.8	–	(15.5)
Gain on disposal of subsidiaries	275.6	–	–	275.6
	253.3	6.8	–	260.1
Profit for the year	4,787.4	–	6.4	4,793.8
Profit for the year attributable to:				
Equity holders of the Company				
– From continuing operations	4,477.0	(6.8)	6.4	4,476.6
– From discontinued operation	253.3	6.8	–	260.1
	4,730.3	–	6.4	4,736.7
Non-controlling interests				
– From continuing operations	57.1	–	–	57.1
	4,787.4	–	6.4	4,793.8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Income Statement (Continued)
For the year ended 31 December 2012

	As previously reported	Effect of HKFRS 5 adjustments	Effect of adoption of HKFRS 11	As restated
Earnings per share attributable to equity holders of the Company (expressed in HK dollar per share)				
Basic earnings per share				
– From continuing operations	HK$3.36	(HK$0.01)	HK$0.01	HK$3.36
– From discontinued operations	HK$0.19	HK$0.01	–	HK$0.20
	HK$3.55	–	HK$0.01	HK$3.56
Diluted earnings per share				
– From continuing operations	HK$3.35	–	–	HK$3.35
– From discontinued operations	HK$0.19	–	–	HK$0.19
	HK$3.54	–	–	HK$3.54

The profit for the year ended 31 December 2012 has been increased by HK$6.4M as a result of adoption of HKFRS 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Profit for the year	4,787.4	–	6.4	4,793.8
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	26.6	–	–	26.6
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	25.5	–	–	25.5
Exchange differences realised upon disposal of subsidiaries	(3.8)	–	–	(3.8)
Net fair value gain arising from revaluation of available-for-sale financial assets	242.4	–	–	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	(22.0)	–	–	(22.0)
Investment revaluation reserve realised upon disposal of available-for-sale financial assets	(79.4)	–	–	(79.4)
Net (loss)/gain on cash flow hedge				
– Fair value loss	(55.6)	–	–	(55.6)
– Realised upon settlement	46.8	–	–	46.8
	153.9	–	–	153.9
Other comprehensive income for the year, net of tax	180.5	–	–	180.5
Total comprehensive income for the year	4,967.9	–	6.4	4,974.3
Total comprehensive income for the year attributable to:				
Equity holders of the Company	4,889.3	–	6.4	4,895.7
Non-controlling interests	78.6	–	–	78.6
	4,967.9	–	6.4	4,974.3
Total comprehensive income for the year attributable to equity holders of the Company:				
– From continuing operations	4,638.6	(6.8)	6.4	4,638.2
– From discontinued operations	250.7	6.8	–	257.5
	4,889.3	–	6.4	4,895.7

The total comprehensive income for the year ended 31 December 2012 has been increased by HK$6.4M as a result of adoption of HKFRS 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Balance Sheet
As at 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Non-current assets				
Land use rights	3.2	–	–	3.2
Investment properties	17,046.3	–	(724.8)	16,321.5
Other properties, plant and equipment	100.2	–	–	100.2
Investments in joint ventures	–	–	337.0	337.0
Loans to joint ventures	–	–	2,016.4	2,016.4
Investments in associates	281.3	–	–	281.3
Loans to associates	31.2	–	–	31.2
Deposits and loan receivables	209.0	–	(187.3)	21.7
Other financial assets	505.7	–	–	505.7
Deferred tax assets	13.5	–	(1.3)	12.2
Derivative financial instruments	0.2	–	–	0.2
	18,190.6	–	1,440.0	19,630.6
Current assets				
Inventories	16.8	–	–	16.8
Properties for sale	4,608.6	–	(3,284.2)	1,324.4
Deposits and loan receivables	0.6	–	(0.6)	–
Trade and other receivables, deposits and prepayments	758.5	–	447.7	1,206.2
Other financial assets	57.0	–	–	57.0
Sales proceeds held in stakeholders' accounts	456.8	–	(204.7)	252.1
Tax recoverable	0.7	–	–	0.7
Restricted bank deposits	11.4	–	(0.9)	10.5
Bank balances and cash	1,260.9	–	(181.1)	1,079.8
	7,171.3	–	(3,223.8)	3,947.5
Current liabilities				
Trade and other payables and accruals	1,242.4	–	(532.1)	710.3
Derivative financial instruments	52.4	–	–	52.4
Tax payable	156.0	–	(124.4)	31.6
Bank and other borrowings	1,584.8	–	(531.6)	1,053.2
	3,035.6	–	(1,188.1)	1,847.5
Net current assets	4,135.7	–	(2,035.7)	2,100.0
Total assets less current liabilities	22,326.3	–	(595.7)	21,730.6

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Balance Sheet (Continued)
As at 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Non-current liabilities				
Bank and other borrowings	3,510.7	–	(459.3)	3,051.4
Other long-term liability	74.2	–	–	74.2
Derivative financial instruments	70.2	–	–	70.2
Deferred tax liabilities	295.8	–	(122.8)	173.0
	3,950.9	–	(582.1)	3,368.8
Net assets	18,375.4	–	(13.6)	18,361.8
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	666.1	–	–	666.1
Reserves	17,707.3	–	(13.6)	17,693.7
	18,373.4	–	(13.6)	18,359.8
Non-controlling interests	2.0	–	–	2.0
Total equity	18,375.4	–	(13.6)	18,361.8

As a result of adoption of HKFRS 11, total non-current assets at 31 December 2012 has been increased by HK$1,440.0M. Total current assets, current liabilities, non-current liabilities and net assets at 31 December 2012 have been decreased by HK$3,223.8M, HK$1,188.1M, HK$582.1M and HK$13.6M respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Balance Sheet

As at 1 January 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Non-current assets				
Land use rights	3.2	–	–	3.2
Investment properties	13,894.0	–	(1.8)	13,892.2
Other properties, plant and equipment	180.9	–	(11.6)	169.3
Investments in joint ventures	–	–	(18.1)	(18.1)
Loans to joint ventures	–	–	2,421.9	2,421.9
Investments in associates	469.5	–	–	469.5
Loans to associates	47.8	–	–	47.8
Deposits and loan receivables	306.1	–	(305.8)	0.3
Other financial assets	423.5	–	–	423.5
Deferred tax assets	9.4	–	(2.0)	7.4
Derivative financial instruments	0.2	–	–	0.2
	15,334.6	–	2,082.6	17,417.2
Current assets				
Inventories	68.8	–	–	68.8
Properties for sale	4,227.9	–	(2,921.8)	1,306.1
Deposits and loan receivables	175.0	–	–	175.0
Trade and other receivables, deposits and prepayments	874.0	–	(653.4)	220.6
Other financial assets	29.2	–	–	29.2
Sales proceeds held in stakeholders' accounts	146.4	–	(86.2)	60.2
Tax recoverable	0.8	–	–	0.8
Restricted bank deposits	3.5	–	(0.8)	2.7
Bank balances and cash	976.6	–	(44.7)	931.9
	6,502.2	–	(3,706.9)	2,795.3
Current liabilities				
Trade and other payables and accruals	908.2	–	(165.9)	742.3
Derivative financial instruments	45.8	–	–	45.8
Tax payable	90.7	–	(51.9)	38.8
Bank and other borrowings	1,704.6	–	(986.6)	718.0
	2,749.3	–	(1,204.4)	1,544.9
Net current assets	3,752.9	–	(2,502.5)	1,250.4
Total assets less current liabilities	19,087.5	–	(419.9)	18,667.6

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) *New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)*

Consolidated Balance Sheet (Continued)
As at 1 January 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Non-current liabilities				
Bank and other borrowings	3,484.1	–	(399.9)	3,084.2
Derivative financial instruments	67.2	–	–	67.2
Deferred tax liabilities	153.5	–	–	153.5
	3,704.8	–	(399.9)	3,304.9
Net assets	15,382.7	–	(20.0)	15,362.7
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	663.2	–	–	663.2
Reserves	12,284.5	–	(20.0)	12,264.5
	12,947.7	–	(20.0)	12,927.7
Non-controlling interests	2,435.0	–	–	2,435.0
Total equity	15,382.7	–	(20.0)	15,362.7

As a result of adoption of HKFRS 11, total non-current assets at 1 January 2012 have been increased by HK$2,082.6M. Total current assets, current liabilities, non-current liabilities and net assets at 1 January 2012 have been decreased by HK$3,706.9M, HK$1,204.4M, HK$399.9M and HK$20.0M respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Cash Flow Statement
For the year ended 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Cash flows from operating activities				
Profit from operations				
– continuing operations	4,836.1	(6.7)	(601.2)	4,228.2
– discontinued operations	253.7	6.7	–	260.4
	5,089.8	–	(601.2)	4,488.6
Adjustments for:				
Change in fair value of investment properties	(3,653.4)	–	173.2	(3,480.2)
Loss on disposal of investment properties	1.7	–	(1.7)	–
Gain on disposal of subsidiaries				
– continuing operations	(237.4)	–	–	(237.4)
– discontinued operations	(275.6)	–	–	(275.6)
Gain on disposal of an available-for-sale financial asset	(101.6)	–	–	(101.6)
Gain on return of investment of an available-for-sale financial asset	(22.0)	–	–	(22.0)
Net loss on disposal of other properties, plant and equipment	5.6	–	(5.6)	–
Write-off of other properties, plant and equipment	12.5	–	–	12.5
Depreciation and amortisation				
– trademark	0.1	–	–	0.1
– other properties, plant and equipment	32.0	–	(6.3)	25.7
Interest income on loans to associates	(0.3)	–	0.3	–
Net fair value loss on derivative financial instruments	2.1	–	–	2.1
Share-based compensation expenses	11.3	–	–	11.3
Provision for trade receivables	0.1	–	–	0.1
Impairment on loans to an associate	4.9	–	–	4.9
Amortisation of interest income on held-to-maturity investments	(11.9)	–	–	(11.9)
Operating cash flows before movements in working capital	857.9	–	(441.3)	416.6
Repayment from available-for-sale financial assets	2.7	–	–	2.7
Increase in inventories	(5.3)	–	–	(5.3)
Increase in properties for sale	(350.9)	–	340.2	(10.7)
Decrease in trade and other receivables, deposits and prepayments	95.3	–	(40.3)	55.0
Increase in sales proceeds held in stakeholders' accounts	(310.4)	–	118.5	(191.9)
Increase in trade and other payables and accruals	448.8	–	(366.7)	82.1
Increase in loans receivables	(12.5)	–	12.5	–
Increase in restricted bank deposits	(7.9)	–	0.1	(7.8)
Net cash generated from operations	717.7	–	(377.0)	340.7
Interest income received	8.4	–	58.5	66.9
Coupon received from held-to-maturity investments	1.0	–	–	1.0
Interest paid on bank and other borrowings	(124.7)	–	23.5	(101.2)
Hong Kong profits tax paid	(42.6)	–	(0.9)	(43.5)
Tax paid in other jurisdictions	(0.6)	–	–	(0.6)
Net cash generated from operating activities	559.2	–	(295.9)	263.3

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Consolidated Cash Flow Statement (Continued)
For the year ended 31 December 2012

	As previously reported HK$'M	Effect of HKFRS 5 adjustments HK$'M	Effect of adoption of HKFRS 11 HK$'M	As restated HK$'M
Cash flows from investing activities				
Additions of investment properties	(41.5)	–	1.8	(39.7)
Purchase of other properties, plant and equipment	(23.6)	–	0.3	(23.3)
Deposits paid for purchase of investment properties	(414.0)	–	414.0	–
Advances of loans to joint ventures	–	–	(1,047.6)	(1,047.6)
Repayments of loans to joint ventures	–	–	395.3	395.3
Repayments of loans to associates	7.3	–	(0.3)	7.0
Proceeds from disposal of investment properties	0.1	–	(0.1)	–
Proceeds from disposal of other properties, plant and equipment	1.0	–	–	1.0
Proceeds from disposal of available-for-sale financial assets	137.4	–	–	137.4
Proceeds from return of capital of available-for-sale financial assets	27.4	–	–	27.4
Dividend income from associates	250.2	–	–	250.2
Purchase of held-to-maturity investments	(31.2)	–	–	(31.2)
Cash received from a held-to-maturity investment upon maturity	29.2	–	–	29.2
Net cash inflow from disposal of subsidiaries				
– discontinued operations	369.0	–	–	369.0
– continuing operations	1,098.7	–	–	1,098.7
Release of pledged deposits	175.0	–	–	175.0
Net cash generated from investing activities	1,585.0	–	(236.6)	1,348.4
Cash flows from financing activities				
Issue of shares upon exercise of share options	2.1	–	–	2.1
Issue of fixed rate bonds	1,076.0	–	–	1,076.0
Direct issue costs incurred on fixed rate bonds	(12.2)	–	–	(12.2)
Bank and other borrowings raised	1,951.0	–	(590.4)	1,360.6
Repayments of bank and other borrowings	(3,083.4)	–	986.5	(2,096.9)
Dividends paid by the Company	(158.6)	–	–	(158.6)
Dividends paid to non-controlling shareholders	(90.2)	–	–	(90.2)
Repayment of loan from non-controlling shareholders	(32.5)	–	–	(32.5)
Acquisition of non-controlling interests	(1,512.1)	–	–	(1,512.1)
Net cash used in from financing activities	(1,859.9)	–	396.1	(1,463.8)
Increase in cash and cash equivalents	284.3	–	(136.4)	147.9
Cash and cash equivalents at the beginning of the year	976.6	–	(44.7)	931.9
Cash and cash equivalents at the end of the year	1,260.9	–	(181.1)	1,079.8

The increase in cash and cash equivalents for the year ended 31 December 2012 have been decreased by HK$136.4M as a result of adoption of HKFRS 11.

As the Group has taken advantage of the transitional provisions of HKFRS 11, the above tables do not include the effect of the change in accounting policy of adoption of HKFRS 11 for joint ventures on the current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS that are not yet effective in 2013 and have not been early adopted by the Group

The following new standards, revised standards, amendments and improvements to standards and interpretations to HKFRS that have been issued but are not effective for the year ended 31 December 2013:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosure for non-financial assets	1 January 2014
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (Amendment)	Investment entities	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

The Group is in the process of making assessment of the impact of these new standards, revised standards, amendments and improvements to standards and interpretations of HKFRS and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(ii) Separate financial statements

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

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

(c) Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

(iii) Group companies

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

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

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

(f) Other properties, plant and equipment

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

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

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

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

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

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

(g) Land use rights

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment properties

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

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

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

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

(i) Properties for sale

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

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

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

(j) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial assets (Continued)

Recognition and measurement (Continued)

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

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

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

(l) Offsetting financial instruments

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

(m) Impairment of financial assets

(i) Assets carried at amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of financial assets (Continued)

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

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

(n) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(i) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedge); or

(ii) hedges of a net investment in a foreign operation (net investment hedge).

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Derivative financial instruments and hedging activities (Continued)

(ii) Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

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

(o) Inventories

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

(p) Trade and other receivables

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

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

(q) Cash and cash equivalents

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

(r) Share capital

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

(s) Trade payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Borrowings

Borrowings (including the bonds as disclosed in Note 30) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

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

(u) Other financial liabilities

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

Financial liabilities at fair value through profit or loss include other long-term liability disclosed in Note 32. They are initially recognised at fair value and transaction costs are expensed off immediately. Realised or unrealised gains or losses on financial liabilities are charged to the income statement in the period in which they arise. The fair value is estimated by discounting the estimated future contractual cash flows at the current market discount rate which considers the Group's credit risk. Where applicable, a pricing adjustment is applied to arrive at the fair value.

(v) Borrowing costs

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

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

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

(w) Current and deferred taxation

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

(i) Current income tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Current and deferred taxation (Continued)

(ii) Deferred income tax

Inside basis differences

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

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

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

Outside basis differences

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

(iii) Offsetting

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

(x) Employee benefit

(i) Employee leave entitlements

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

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Employee benefit (Continued)

(iii) Bonus plans

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

(iv) Retirement benefits cost

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

(v) Share-based payments

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

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

When the options or incentive shares are exercised (Note 34), the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options or incentive shares are exercised.

(y) Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Revenue recognition

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

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

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

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

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

(iv) Project management income and property management income are recognised when the services are rendered.

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

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

(aa) Operating leases

(i) Group as the lessee to operating leases

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

(ii) Group as the lessor to operating leases

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

(bb) Finance leases

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(cc) Contingent liabilities and contingent assets

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

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

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

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

(dd) Financial guarantee contracts

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

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

(ee) Dividend distribution

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

(ff) Discontinued operations

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

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

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk and cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

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

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

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

At 31 December 2013, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$20.0M (2012: HK$22.7M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated available-for-sale financial assets.

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

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

(ii) Interest rate risk

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

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 30 below. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$3.3M (2012: HK$5.0M) lower/higher and capitalised interest on "properties for sale" would have been HK$4.7M (2012: HK$3.2M after restatement of HKFRS11) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

In addition, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$15.6M (2012: HK$0.6M) higher or HK$16.4M (2012: HK$0.6M) lower, mainly as a result of gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting; and equity would have been HK$6.1M (2012: HK$18.2M) higher or HK$5.3M (2012: HK$15.0M) lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Price risk

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

At 31 December 2013, if market value of the Group's listed available-for-sale financial assets had increased/decreased by 10% (2012: 10%), with all other variables held constant, equity would have been HK$39.7M (2012: HK$44.7M) higher/lower before any further impairment. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(iv) Credit risk

The Group's credit risks are primarily attributable to the Group's cash at banks (Note 28), other financial assets (Note 21), deposits and loan receivables (Note 20), trade receivables from sale of garment products, trade receivables from sale of properties and rent receivables from tenants (Note 24).

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

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

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

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

The Group has no significant concentrations of credit risk on trade receivables.

(v) Liquidity risk

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

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	The Group			
	Less than 1 year HK$'M	**Between 1 and 2 years HK$'M**	**Between 2 and 5 years HK$'M**	**Over 5 years HK$'M**
At 31 December 2013				
Bank and other borrowings	1,858.4	129.7	1,479.3	2,031.0
Derivative financial instruments	39.5	19.2	11.4	(6.6)
Trade and other payables and accruals	343.0	0.2	8.2	–
Other long-term liability	–	–	–	58.9
Financial guarantees (Note)	112.5	–	1,366.8	–
Total	2,353.4	149.1	2,865.7	2,083.3
At 31 December 2012 (Restated)				
Bank and other borrowings	1,147.9	1,334.5	802.9	1,419.7
Derivative financial instruments	52.4	31.1	27.4	11.5
Trade and other payables and accruals	276.0	1.2	1.2	–
Other long-term liability	–	–	–	74.2
Financial guarantees (Note)	531.7	112.5	413.1	46.1
Total	2,008.0	1,479.3	1,244.6	1,551.5

Note:

These amounts are financial guarantees from the Group to its joint ventures and associates representing the hypothetical payments should the guarantees be crystalised, however based on the operating results, the Group does not expect them to be crystalised.

	The Company			
	Less than 1 year HK$'M	**Between 1 and 2 years HK$'M**	**Between 2 and 5 years HK$'M**	**Over 5 years HK$'M**
At 31 December 2013				
Trade and other payables and accruals	4.8	–	–	–
Financial guarantees (Note)	3,079.8	211.3	3,003.0	1,738.4
Total	3,084.6	211.3	3,003.0	1,738.4
At 31 December 2012 (Restated)				
Trade and other payables and accruals	4.5	–	–	–
Financial guarantees (Note)	4,078.7	1,771.6	1,048.5	1,209.9
Total	4,083.2	1,771.6	1,048.5	1,209.9

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

Note:

These amounts are financial guarantees from the Company to its subsidiaries, joint ventures, and associates and bond holders representing the hypothetical payments should the guarantees be crystalised, however based on the operating results, the Company does not expect them to be crystalised.

(b) Capital management

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

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

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

The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 HK$'M	**2012 HK$'M (Restated)**
Bank and other borrowings	4,686.8	4,104.6
Less: Bank balances and cash	(1,242.2)	(1,079.8)
Net borrowings	3,444.6	3,024.8
Total equity	20,895.2	18,361.8
Gearing ratio	16.5%	16.5%

(c) Fair value estimation

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following tables present the Group's financial assets and liabilities that are measured at fair value at 31 December 2013 and 2012 (see Note 15 for disclosures of the investment properties that are measured at fair value).

	Level 1 HK$'M	**Level 2 HK$'M**	**Level 3 HK$'M**	**Total HK$'M**
At 31 December 2013				
Assets				
Other financial assets				
Available-for-sale financial assets				
– listed securities	399.5	–	–	399.5
– unlisted securities	–	2.1	–	2.1
Derivative financial instruments				
– interest rate swap contracts	–	30.2	–	30.2
	399.5	32.3	–	431.8
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	42.5	–	42.5
– cross currency swap contracts	–	51.2	–	51.2
Other long-term liability	–	–	58.9	58.9
	–	93.7	58.9	152.6
At 31 December 2012				
Assets				
Other financial assets				
Available-for-sale financial assets				
– listed securities	448.5	–	–	448.5
– unlisted securities	–	6.3	–	6.3
Derivative financial instruments				
– derivative component in convertible bonds	–	0.2	–	0.2
	448.5	6.5	–	455.0
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	86.1	–	86.1
– cross currency swap contracts	–	36.5	–	36.5
Other long-term liability	–	–	74.2	74.2
	–	122.6	74.2	196.8

In 2012, some listed securities of market value HK$54.6M held by one of unlisted available-for-sale financial assets were distributed to the Group. Therefore, the relevant portion had been transferred from Level 2 to Level 1 in the above analysis in 2012. Other than the above, there is no transfer between the different levels of fair value measurement hierarchy of financial instruments for the years ended 31 December 2013 and 2012.

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments in Level 1:

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

(ii) Financial instruments in Level 2:

Unlisted securities are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

The fair value of cross currency swap contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in Level 2. If one or more of significant inputs is not based on observable market data, the instrument is included in Level 3.

(iii) Financial instruments in Level 3:

Other long-term liability represents provisions of liabilities in relation to indemnifying a third party against the cost of winding up the pension scheme of the disposed business in 2012.

Valuation processes of the Group

The Group engaged Barnett Waddingham, an independent valuer, to value its long-term liability. Discussion of valuation processes and results are held between the Group's senior management and valuer at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date the Group's senior management:

- Verifies all major inputs to the independent valuation report;
- assesses the liability valuation movements when compared to the prior period valuation report;
- holds discussions with the independent valuer.

The fair value of the long-term liability is determined using a solvency valuation model and the significant unobservable inputs used in the fair value measurement are the forecast price inflation and investment return. The fair value measurement of the liability is positively correlated to the forecast price inflation and negatively correlated to the forecast investment return. As at 31 December 2013, it is estimated that with all other variables held constant, an increase in both the above unobservable inputs by 0.1% would have increased the Group's profit by HK$0.9M.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Available-for-sale financial assets		Other long-term liability	
	2013 HK$'M	2012 HK$'M	2013 HK$'M	2012 HK$'M
Opening balance	–	37.1	(74.2)	–
Company's contributions	–	–	0.3	–
Net fair value losses recognised in other comprehensive income reclassified subsequently to profit or loss during the year	–	(17.3)	–	–
Fair value gains recognised in other gains, net	–	72.5	15.0	–
Additions	–	–	–	(74.2)
Repayments from investee companies	–	(2.7)	–	–
Disposal	–	(89.6)	–	–
Closing balance	–	–	(58.9)	(74.2)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Fair value of investment properties

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions made by the valuers are reasonable, the Group considers information from comparable current prices in an active market for similar properties, capitalisation rates, terminal yield, rental income from current leases and assumptions about rental from future leases and the reversionary income potential and uses assumptions that are mainly based on market conditions existing at each balance sheet date. The main assumptions have been disclosed in Note 15.

(b) Fair value of derivative financial instruments

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

(c) Fair value of financial liabilities at fair value through profit or loss classified under other long-term liability

If information on current or recent prices of financial liabilities at fair value through profit or loss is not available, the fair values of financial liabilities at fair value through profit or loss are determined using valuation techniques (including discounted cash flow model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date. The main assumptions have been disclosed in Note 32.

(d) Impairment of available-for-sale financial assets

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

(e) Net realisable values of properties for sale

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

(f) Impairment of trade receivables

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

(g) Impairment of assets

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) Taxation

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

The Group has used presumption that the carrying amount of all investment properties except for certain PRC investment properties using fair value model will be recovered through sale. Accordingly, no provision for deferred tax is made on revaluation of investment properties if there is no capital gains tax. The PRC investment properties would be recovered through use which is held within a business model to hold for rental, provision for deferred tax is made on revaluation of investment properties using income tax rate.

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

(i) Provisions

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

5. REVENUE

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

	Year ended 31 December			
	Continuing operations		Discontinued operations	
	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M (Restated)
Sale of properties and project management income	1,009.9	211.2	–	–
Sale of garment and branded products	–	–	317.8	462.5
Rental and property management income	704.4	659.1	–	–
Dividend income from available-for-sale financial assets	21.9	21.4	–	–
	1,736.2	891.7	317.8	462.5

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Executive Directors in order to allocate resources to the segment and to assess its performance.

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property development, (ii) Property investment and management, (iii) Hospitality investment and management and (iv) Others. Others include investing activities and corporate. In previous years, Investing activities are disclosed as a separate operating segment. Considering that Investing activities are not significant to the Group, it is combined with Corporate segment and presented as Others in 2013. Comparative figure for 2012 of Investing activities and Corporate segments have been restated.

Garment manufacturing segment was ceased its operations in 2013 and presented as discontinued operations for the years ended 31 December 2013 and 2012. Branded products distribution segment was disposed in 2012 and presented as discontinued operations for the year ended 31 December 2012.

6. SEGMENT INFORMATION (Continued)

	Continuing operations						Discontinued operations
	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Elimination HK$'M	Total HK$'M	Garment manufacturing HK$'M
For the year ended 31 December 2013							
REVENUE							
External sales	1,009.9	563.6	140.8	21.9	–	1,736.2	317.8
Inter-segment sales	–	14.9	–	–	(14.9)	–	–
Total	1,009.9	578.5	140.8	21.9	(14.9)	1,736.2	317.8
RESULTS							
Profit before change in fair value of investment properties and fair value gain/(loss) on derivative financial instruments	124.6	437.3	49.8	4.9	–	616.6	6.4
Change in fair value of investment properties	–	1,986.2	98.2	–	–	2,084.4	–
Fair value gain/(loss) on derivative financial instruments	–	(0.3)	–	22.0	–	21.7	–
Profit from operations	124.6	2,423.2	148.0	26.9	–	2,722.7	6.4
Finance costs	–	(101.7)	(17.4)	(72.7)	32.7	(159.1)	–
Finance income	0.4	1.6	7.1	37.1	(33.0)	13.2	–
Share of results of joint ventures	166.2	7.7	(10.4)	–	–	163.5	–
Share of results of associates	(1.6)	–	7.5	–	–	5.9	–
Profit/(loss) before taxation	289.6	2,330.8	134.8	(8.7)	(0.3)	2,746.2	6.4
Taxation						(91.4)	–
Profit for the year						2,654.8	6.4
Other items							
Depreciation and amortisation	8.1	3.7	0.1	4.0	–	15.9	4.2
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	–	–	–	(15.0)	–	(15.0)	–
(Gain)/loss on disposal of other properties, plant and equipment, net	–	(0.2)	–	0.1	–	(0.1)	1.2
Write back of trade receivables, net	–	–	–	–	–	–	(0.1)

6. SEGMENT INFORMATION (Continued)

	Continuing operations						Discontinued operations		
	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Elimination HK$'M	Total HK$'M	Branded products distribution HK$'M	Garment manufacturing HK$'M	Total HK$'M
For the year ended 31 December 2012 (Restated)									
REVENUE									
External sales	211.2	520.6	138.5	21.4	–	891.7	63.9	398.6	462.5
Inter-segment sales	–	17.9	–	–	(17.9)	–	–	–	–
Total	211.2	538.5	138.5	21.4	(17.9)	891.7	63.9	398.6	462.5
RESULTS									
Profit/(loss) before change in fair value of investment properties, redundancy costs, gain on disposal of subsidiaries and fair value loss on derivative financial instruments	124.4	356.9	58.3	(26.9)	–	512.7	(12.8)	6.7	(6.1)
Change in fair value of investment properties	–	3,177.0	303.2	–	–	3,480.2	–	–	–
Redundancy costs	–	–	–	–	–	–	(9.1)	–	(9.1)
Gain on disposal of subsidiaries	–	–	–	237.4	–	237.4	275.6	–	275.6
Fair value loss on derivative financial instruments	–	(2.1)	–	–	–	(2.1)	–	–	–
Profit from operations	124.4	3,531.8	361.5	210.5	–	4,228.2	253.7	6.7	260.4
Finance costs	–	(71.9)	(18.5)	(7.4)	–	(97.8)	(0.1)	–	(0.1)
Finance income	57.3	3.6	3.6	2.4	–	66.9	–	–	–
Share of results of joint ventures	310.7	42.3	(0.4)	–	–	352.6	–	–	–
Share of results of associates	33.5	9.5	19.2	–	–	62.2	–	–	–
Profit before taxation	525.9	3,515.3	365.4	205.5	–	4,612.1	253.6	6.7	260.3
Taxation						(78.4)	(0.3)	0.1	(0.2)
Profit for the year						4,533.7	253.3	6.8	260.1
Other items									
Depreciation and amortisation	9.4	3.9	0.1	3.2	–	16.6	3.5	5.7	9.2
Loss on financial liabilities at fair value through profit or loss classified under other long-term liability	–	–	–	6.0	–	6.0	–	–	–
Loss/(gain) on disposal of other properties, plant and equipment, net	–	0.1	–	–	–	0.1	–	(0.1)	(0.1)
Write-off of other properties, plant and equipment	12.5	–	–	–	–	12.5	–	–	–
Provisions for trade receivables, net	–	–	–	–	–	–	–	0.1	0.1

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

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2013 and 2012 and capital expenditure for the years then ended are as follows:

	Continuing operations					Discontinued operations			
	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Sub-total HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Sub-total HK$'M	Total HK$'M
At 31 December 2013									
ASSETS									
Segment assets	3,411.8	17,311.8	2,201.4	1,258.6	24,183.6	116.2	–	116.2	24,299.8
Investments in joint ventures and loans to joint ventures	1,722.1	405.6	110.5	–	2,238.2	–	–	–	2,238.2
Investments in associates and loans to associates	11.1	17.3	96.8	–	125.2	–	–	–	125.2
	5,145.0	17,734.7	2,408.7	1,258.6	26,547.0	116.2	–	116.2	26,663.2
Other assets					41.9			–	41.9
Consolidated total assets					26,588.9			116.2	26,705.1
LIABILITIES									
Segment liabilities	(376.6)	(204.8)	(35.6)	(94.4)	(711.4)	(32.5)	–	(32.5)	(743.9)
Other liabilities					(5,066.0)			–	(5,066.0)
Consolidated total liabilities					(5,777.4)			(32.5)	(5,809.9)
Capital expenditure	345.7	533.1	32.8	4.0	915.6	0.5	–	0.5	916.1
At 31 December 2012 (Restated)									
ASSETS									
Segment assets	2,712.0	14,743.9	2,060.3	1,224.6	20,740.8	158.4	–	158.4	20,899.2
Investments in joint ventures and loans to joint ventures	1,883.2	348.1	122.1	–	2,353.4	–	–	–	2,353.4
Investments in associates and loans to associates	206.7	18.8	87.0	–	312.5	–	–	–	312.5
	4,801.9	15,110.8	2,269.4	1,224.6	23,406.7	158.4	–	158.4	23,565.1
Other assets					13.0			–	13.0
Consolidated total assets					23,419.7			158.4	23,578.1
LIABILITIES									
Segment liabilities	(365.2)	(210.7)	(23.3)	(117.4)	(716.6)	(63.6)	–	(63.6)	(780.2)
Other liabilities					(4,435.8)			(0.3)	(4,436.1)
Consolidated total liabilities					(5,152.4)			(63.9)	(5,216.3)
Capital expenditure	953.5	89.3	63.6	1.8	1,108.2	1.6	1.0	2.6	1,110.8

6. SEGMENT INFORMATION (Continued)

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

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

Capital expenditure comprises additions to land use rights, additions to investment properties, additions to other properties, plant and equipment including additions resulting from acquisitions through business combinations, and loans to joint ventures and associates.

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

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

	Year ended 31 December			
	Continuing operations		Discontinued operations	
	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M (Restated)
Hong Kong	1,664.9	834.3	7.9	20.4
North America	–	–	263.8	337.6
United Kingdom	12.9	1.1	1.2	55.2
The PRC	32.6	30.9	2.1	3.4
Singapore	24.2	23.4	–	–
Others	1.6	2.0	42.8	45.9
	1,736.2	891.7	317.8	462.5

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

	Total assets At 31 December		Non-current assets other than financial instruments and deferred tax assets At 31 December		Capital expenditure Year ended 31 December	
	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M (Restated)
Hong Kong	24,296.3	21,678.7	19,613.7	17,749.4	380.3	982.0
The PRC	1,063.9	940.2	1,010.6	895.1	39.4	71.5
United Kingdom	740.8	149.6	708.5	139.7	489.3	16.6
Singapore	464.8	663.0	10.7	205.9	–	–
North America	10.9	13.7	–	–	–	–
Others	128.4	132.9	110.7	122.4	7.1	40.7
	26,705.1	23,578.1	21,454.2	19,112.5	916.1	1,110.8

7. OTHER GAINS, NET

	Continuing operations 2013 HK$'M	Continuing operations 2012 HK$'M (Restated)	Discontinued operations 2013 HK$'M	Discontinued operations 2012 HK$'M (Restated)
Amortisation of interest income on held-to-maturity investments	6.4	11.9	–	–
Exchange gains/(losses), net	2.6	1.5	(0.2)	(0.2)
Interest income on loans to associates	–	0.3	–	–
Gain/(loss) on disposal of other properties, plant and equipment	0.1	(0.1)	(1.2)	0.1
Gain on disposal of an associate	29.5	–	–	–
Net fair value gain/(loss) on derivative financial instruments	21.7	(2.1)	–	–
Gain on disposal of available-for-sale financial assets	1.2	101.6	–	–
Gain on return of investment of an available-for-sale finance asset	59.4	22.0	–	–
Gain/(loss) on financial liabilities at fair value through profit or loss classified under other long-term liability (Note 32)	15.0	(6.0)	–	–
Write back of provisions for claims	6.1	–	–	–
Write-off of deposits and loan receivables	(1.9)	–	–	–
Others	2.2	(0.1)	6.6	4.5
	142.3	129.0	5.2	4.4

8. PROFIT FROM OPERATIONS

	Continuing operations 2013 HK$'M	Continuing operations 2012 HK$'M (Restated)	Discontinued operations 2013 HK$'M	Discontinued operations 2012 HK$'M (Restated)
Profit from operations has been arrived at after charging/(crediting) the following:				
Staff costs including directors' remuneration	192.6	186.3	70.5	106.1
Retirement benefits costs, net of negligible forfeited contributions	6.8	6.9	4.6	4.0
Total staff costs (Note)	199.4	193.2	75.1	110.1
Share-based compensation expenses (Note)	11.4	11.3	–	–
Auditor's remuneration	5.9	5.3	0.4	0.6
Cost of inventories included in cost of sales	–	–	203.4	285.7
Cost of sales of properties included in cost of sales	762.0	69.9	–	–
Amortisation of trademark	0.1	0.1	–	–
Amortisation of land use rights (Note 14)	0.1	–	–	–
Depreciation of other properties, plant and equipment (Note 16)	15.7	16.5	4.2	9.2
Direct operating expenses arising from investment properties generating rental income	128.6	127.4	–	–
Gain on disposal of available-for-sale financial assets	(1.2)	(101.6)	–	–
Gain on return of investment of an available-for-sale financial asset	(59.4)	(22.0)	–	–
Gain on disposal of subsidiaries (Note 40(b) & 41)	–	(237.4)	–	(275.6)
Gain on disposal of an associate	(29.5)	–	–	–
(Gain)/loss on disposal of other properties, plant and equipment	(0.1)	0.1	1.2	(0.1)
Impairment loss of other properties, plant and equipment	–	–	0.2	–
Write-off of other properties, plant and equipment	–	12.5	–	–
Net fair value (gain)/loss on derivative financial instruments	(21.7)	2.1	–	–
(Gain)/loss on financial liabilities at fair value through profit or loss classified under other long-term liability (Note 32)	(15.0)	6.0	–	–
(Write-back of provisions)/provisions for receivables, net	–	–	(0.1)	0.1
Write-back of provisions for inventories	–	–	(0.9)	–

Note:

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

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	2013 HK$'M	2012 HK$'M
Directors' fees	1.8	2.3
Other directors' emoluments		
– Salaries and allowances	21.3	17.0
– Discretionary bonus	6.0	6.2
– Retirement benefits costs-defined contribution plan	1.0	1.0
Directors' emoluments	30.1	26.5
Value of share options and incentive shares	7.3	6.3
	37.4	32.8

Details of the remuneration of directors for the year ended 31 December 2013 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of incentive shares HK$'000 (Note 34)	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	25	5,419	–	271	5,715	2,909	8,624
CHENG Wai Sun, Edward	25	8,420	3,725	389	12,559	2,909	15,468
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	25	3,319	747	166	4,257	260	4,517
AU Hing Lun, Dennis	25	4,167	1,500	192	5,884	1,247	7,131
Non-executive directors							
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
NG Tak Wai, Frederick	60	–	–	–	60	15	75
CHEN CHOU Mei Mei, Vivien	60	–	–	–	60	–	60
YUNG Wing Chung (retired on 15 May 2013)	22	–	–	–	22	–	22
Independent non-executive directors							
Simon MURRAY	287	–	–	–	287	–	287
FANG Hung, Kenneth	237	–	–	–	237	–	237
YEUNG Kit Shing, Jackson	337	–	–	–	337	–	337
Haider Hatam Tyebjee BARMA	237	–	–	–	237	–	237
CHENG Hoi Chuen, Vincent (appointed on 1 February 2013)	261	–	–	–	261	–	261
Total	1,746	21,325	5,972	1,018	30,061	7,340	37,401

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

(a) Directors' remuneration (Continued)

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

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

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil). None of the directors has waived any emoluments during the year (2012: Nil).

(b) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2013 included three (2012: four) executive directors of the Company whose emoluments are included above. The emoluments of the remaining two (2012: one) highest paid individual are as follows:

	2013 HK$'M	2012 HK$'M
Salaries and allowances	4.9	2.9
Discretionary bonus	3.9	1.1
Retirement benefits costs-defined contribution plan	0.3	0.2
	9.1	4.2

The emoluments fell within the following bands:

	Number of individual 2013	2012
Emoluments bands		
HK$4,000,001 – HK$4,500,000	1	1
HK$4,500,001 – HK$5,000,000	1	–

10. FINANCE COSTS AND FINANCE INCOME

	2013 HK$'M	2012 HK$'M (Restated)
Continuing operations		
Finance costs		
Interest expenses on:		
– bank and other borrowings wholly repayable within five years	83.6	93.5
– bank and other borrowings not wholly repayable within five years	83.4	11.9
Total borrowing costs	167.0	105.4
Less: interest capitalised in properties for sale (Note)	(7.9)	(7.6)
	159.1	97.8
Finance income		
– bank interest income	(6.5)	(7.0)
– other interest income	(6.7)	(59.9)
	(13.2)	(66.9)

Finance costs and finance income relating to discontinued operations are disclosed in Note 40.

Note:

The borrowing costs have been capitalised at rates ranging from 1.0% to 1.7% per annum (2012: around 1.2% per annum after restatement of HKFRS 11).

11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2013 HK$'M	2012 HK$'M (Restated)
Continuing operations		
Current taxation		
– Hong Kong profits tax	60.8	41.2
– (Over)/under-provision in prior years	(1.2)	0.4
	59.6	41.6
Deferred taxation (Note 31)		
– Change in fair value of investment properties	12.2	3.0
– Temporary differences on tax depreciation	(17.0)	13.8
– Utilisation of tax losses	35.8	13.9
– Withholding tax	0.8	6.1
	31.8	36.8
Income tax expenses relating to continuing operations	91.4	78.4

11. TAXATION (Continued)

Income tax expenses related to discontinued operations are disclosed in Note 40.

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

	2013 HK$'M	2012 HK$'M (Restated)
Profit before taxation from continuing operations	2,746.2	4,612.1
Tax calculated at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	453.1	761.0
Expenses not deductible for tax purpose	9.2	5.4
Income not subject tax	(372.4)	(649.4)
Net increase in unrecognised tax losses and other temporary differences	20.6	20.3
Effect of different tax rates of subsidiaries operating in other jurisdictions	3.0	3.9
(Over)/under-provision in prior years	(1.2)	0.4
Tax effect of share of results of joint ventures	(27.0)	(58.2)
Tax effect of share of results of associates	(1.0)	(9.5)
PRC land appreciation tax on change in fair value of investment properties (Note)	5.0	(5.4)
Land appreciation tax deductible for calculation of income tax purpose	1.3	3.8
Withholding tax on undistributed earnings	0.8	6.1
Taxation for the year	91.4	78.4

Note:

PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% (2012: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

The tax charge relating to components of other comprehensive income is as follows:

	2013 Before tax HK$'M	2013 Tax charge HK$'M	2013 After tax HK$'M	2012 Before tax HK$'M	2012 Tax charge HK$'M	2012 After tax HK$'M
Net surplus arising on revaluation of land use rights and other properties, plant and equipment upon transfer to investment properties	16.7	(9.6)	7.1	26.6	–	26.6
Exchange differences on translation of foreign operations	13.5	–	13.5	25.5	–	25.5
Exchange differences realised upon disposal of subsidiaries	–	–	–	(3.8)	–	(3.8)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(50.0)	–	(50.0)	242.4	–	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	–	–	–	(22.0)	–	(22.0)
Investment revaluation reserve realised upon disposal of available-for-sale financial assets	–	–	–	(79.4)	–	(79.4)
Net loss on net investment hedge	(7.9)	–	(7.9)	–	–	–
Net gain/(loss) on cash flow hedge						
– Fair value gain/(loss)	33.5	–	33.5	(55.6)	–	(55.6)
– Realised upon settlement	45.6	–	45.6	46.8	–	46.8
Other comprehensive income for the year	51.4	(9.6)	41.8	180.5	–	180.5
Deferred taxation (Note 31)		(9.6)			–	

12. EARNINGS PER SHARE

(a) Basic

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

	2013	2012 (Restated)
Profit attributable to equity holders of the Company (expressed in HK$'M)		
– From continuing operations	2,654.6	4,476.6
– From discontinued operations	6.4	260.1
	2,661.0	4,736.7
Weighted average number of ordinary shares in issue	1,335,139,269	1,331,320,417
Basic earnings per share		
– From continuing operations	HK$1.99	HK$3.36
– From discontinued operations	–	HK$0.20
	HK$1.99	HK$3.56

(b) Diluted

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

	2013	2012 (Restated)
Profit attributable to equity holders of the Company (expressed in HK$'M)		
– From continuing operations	2,654.6	4,476.6
– From discontinued operations	6.4	260.1
	2,661.0	4,736.7
Weighted average number of ordinary shares in issue	1,335,139,269	1,331,320,417
Effect of dilutive potential shares issuable under the Company's share incentive scheme	5,612,191	6,042,634
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,340,751,460	1,337,363,051
Diluted earnings per share		
– From continuing operations	HK$1.98	HK$3.35
– From discontinued operations	–	HK$0.19
	HK$1.98	HK$3.54

13. DIVIDENDS

	2013 HK$'M	2012 HK$'M
Interim dividend paid on 26 September 2013 of HK4.2 cents (2012: HK4.2 cents) per ordinary share	56.1	56.0
Proposed final dividend of HK9.3 cents (2012: HK9.3 cents) per ordinary share	124.3	124.2
	180.4	180.2

The final dividend is not accounted for as dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.

14. LAND USE RIGHTS

	THE GROUP	
	2013 HK$'M	2012 HK$'M
At 1 January	3.2	3.2
Amortisation	(0.1)	–
Fair value gain on land use rights transferred to investment properties	2.7	–
Transfer to investment properties	(5.8)	–
At 31 December	–	3.2

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

	THE GROUP	
	2013 HK$'M	2012 HK$'M
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	–	3.2

15. INVESTMENT PROPERTIES

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
At 1 January (as previously report)	17,046.3	13,894.0
Effect of adoption of HKFRS 11	(724.8)	(1.8)
At 1 January (as restated)	16,321.5	13,892.2
Exchange differences	43.7	8.0
Additions	518.0	39.7
Finalisation of construction costs upon completion	(0.7)	(27.3)
Disposal of subsidiaries (Note 41)	–	(1,129.4)
Transfer from land use rights	5.8	–
Transfer from other properties, plant and equipment	30.0	69.0
Transfer to other properties, plant and equipment	–	(10.9)
Unrealised gain arising from change in fair value	2,084.4	3,480.2
At 31 December	19,002.7	16,321.5

15. INVESTMENT PROPERTIES (Continued)

	THE GROUP 2013 HK$'M	2012 HK$'M (Restated)
Investment properties comprise:		
Properties in Hong Kong held on:		
Leases of over 50 years	1,730.0	1,650.0
Leases of between 10 to 50 years	16,072.1	14,111.1
Properties outside Hong Kong held on:		
Leases of over 50 years	370.6	336.9
Leases of between 10 to 50 years	120.3	82.6
Freehold properties outside Hong Kong	709.7	140.9
	19,002.7	16,321.5

(a) Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2013 has been determined on the basis of valuations carried out by independent valuers not related to the Group. The Group engaged Savills Valuation and Professional Services Limited, Jones Long LaSalle Limited, Savills (UK) Limited and B.I. Appraisals Limited to value its investment properties. Discussion of valuation processes and results are held between the Group's senior management and valuers at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date the Group's senior management:

– verifies all major inputs to the independent valuation report;
– assesses property valuations movements when compared to the prior period valuation report;
– holds discussions with the independent valuers.

Changes in Level 2 and 3 fair values are also analysed at each reporting date during the bi-annual valuations discussions date between the Group's senior management.

(b) Fair value hierarchy

The following tables analyses the fair value of investment properties at different levels defined as follows:

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

	Quoted prices in active market for identical assets (Level 1) HK$'M	Significant other observable inputs (Level 2) HK$'M	Significant unobservable inputs (Level 3) HK$'M
Recurring fair value measurements			
Investment properties	–	4.8	18,997.9

There were no transfers between Levels 1, 2 and 3 fair value hierarchy during the year.

Fair value measurements using significant other observable inputs (Level 2)

Investment properties within Level 2 fair value hierarchy represent an industrial property where fair value was derived using the direct comparison method. This valuation method is based on comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

15. INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Level 3)

Investment properties within Level 3 fair value hierarchy represent commercial properties, serviced apartments and industrial properties where fair values were generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Movements of investment properties under Level 3 measurements:

	Commercial Properties HK$'M	Serviced Apartments HK$'M	Industrial Properties HK$'M	Others HK$'M	Total HK$'M
At 1 January 2013 (as previously report)	12,676.9	2,659.2	1,612.0	94.3	17,042.4
Effect of adoption of HKFRS 11	–	(722.4)	–	(2.4)	(724.8)
At 1 January 2013 (as restated)	12,676.9	1,936.8	1,612.0	91.9	16,317.6
Exchange differences	31.6	9.8	–	2.3	43.7
Unrealised gain arising from change in fair value	1,688.2	98.2	295.5	1.6	2,083.5
Finalisation of construction costs upon completion	(0.7)	–	–	–	(0.7)
Additions	491.7	25.8	0.5	–	518.0
Transfer from land use rights	–	–	–	5.8	5.8
Transfer from other properties, plant and equipment	–	–	–	30.0	30.0
At 31 December 2013	14,887.7	2,070.6	1,908.0	131.6	18,997.9

Significant inputs used to determine fair value of investment properties at 31 December 2013:

	Valuation method	Range of significant unobservable inputs Market rents HK$/sq.ft.	Capitalisation rate %
Commercial properties	Income capitalisation and direct comparison	30 to 91	3.3 to 4.0
Serviced apartments	Income capitalisation and direct comparison	29 to 108	3.7 to 6.0
Industrial properties	Income capitalisation and direct comparison	8 to 12	3.4 to 4.8

Market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

16. OTHER PROPERTIES, PLANT AND EQUIPMENT

THE GROUP	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
AT COST					
At 1 January 2013	76.2	84.8	12.6	39.6	213.2
Additions	–	5.6	2.5	–	8.1
Disposals	–	(3.4)	(2.3)	(1.8)	(7.5)
Write-off	(7.1)	–	(0.8)	(0.8)	(8.7)
Fair value gain on buildings transferred to investment properties	14.0	–	–	–	14.0
Transfer to investment properties	(34.0)	–	–	–	(34.0)
At 31 December 2013	49.1	87.0	12.0	37.0	185.1
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2013	11.2	55.6	8.8	37.4	113.0
Provided for the year	2.2	14.9	1.8	1.0	19.9
Disposals	–	(2.8)	(2.0)	(1.8)	(6.6)
Impairment loss	–	1.6	0.2	1.2	3.0
Write-off	(6.6)	–	(0.8)	(0.8)	(8.2)
Transfer to investment properties	(4.0)	–	–	–	(4.0)
At 31 December 2013	2.8	69.3	8.0	37.0	117.1
NET BOOK VALUE					
At 31 December 2013	46.3	17.7	4.0	–	68.0

16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

THE GROUP	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
AT COST						
At 1 January 2012 (as previously report)	46.5	86.7	162.0	12.6	42.7	350.5
Effect of adoption of HKFRS 11	–	–	(13.0)	–	–	(13.0)
At 1 January 2012 (as restated)	46.5	86.7	149.0	12.6	42.7	337.5
Exchange differences	1.2	1.1	3.5	–	–	5.8
Additions (as restated)	0.3	–	22.5	0.4	0.1	23.3
Disposals (as restated)	–	–	(7.2)	(0.4)	(3.1)	(10.7)
Write-off	–	–	(14.6)	–	–	(14.6)
Disposal of subsidiaries (Note 40(b))	–	(22.5)	(68.4)	–	(0.1)	(91.0)
Fair value gain on buildings transferred to investment properties	26.6	–	–	–	–	26.6
Transfer to investment properties	(74.6)	–	–	–	–	(74.6)
Transfer from investment properties	–	10.9	–	–	–	10.9
At 31 December 2012	–	76.2	84.8	12.6	39.6	213.2
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2012 (as previously report)	5.2	24.7	94.3	7.7	37.7	169.6
Effect of adoption of HKFRS 11	–	–	(1.4)	–	–	(1.4)
At 1 January 2012 (as restated)	5.2	24.7	92.9	7.7	37.7	168.2
Exchange differences	0.1	0.8	2.6	–	–	3.5
Provided for the year (as restated)	0.3	2.5	18.5	1.5	2.9	25.7
Disposals (as restated)	–	–	(6.2)	(0.4)	(3.1)	(9.7)
Write-off	–	–	(2.1)	–	–	(2.1)
Disposal of subsidiaries (Note 40(b))	–	(16.8)	(50.1)	–	(0.1)	(67.0)
Transfer to investment properties	(5.6)	–	–	–	–	(5.6)
At 31 December 2012	–	11.2	55.6	8.8	37.4	113.0
NET BOOK VALUE						
At 31 December 2012	–	65.0	29.2	3.8	2.2	100.2

16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

Notes:

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

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

	THE GROUP	
	2013 **HK$'M**	**2012** **HK$'M**
Properties held on leases of over 50 years in Hong Kong	35.9	36.1
Properties held on leases of between 10 to 50 years		
– in Hong Kong	10.4	10.7
– outside Hong Kong	–	15.8
Properties held on leases of less than 10 years		
– in Hong Kong	–	2.4
	46.3	65.0

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2013 **HK$'M**	**2012** **HK$'M**
Investments, at cost		
Unlisted shares	590.8	590.8
Loans to a subsidiary (Note a)	6,471.3	6,657.2
Interests in subsidiaries	7,062.1	7,248.0

Notes:

(a) Loans to a subsidiary are unsecured, interest free and not repayable within one year.

(b) Details of the principal subsidiaries at 31 December 2013 are set out in Note 44.

18. JOINT VENTURES

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Share of net assets (Notes a & b)	511.5	337.0
Loans to joint ventures (Notes a & c)	1,726.7	2,016.4
	2,238.2	2,353.4

Details of the principal joint ventures at 31 December 2013 are set out in Note 45. Contingent liabilities relating to the Group's interest in the joint ventures are set out in Note 38.

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

	2013 HK$'M	2012 HK$'M (Restated)
Investments in joint ventures:		
At 1 January	337.0	(18.1)
Exchange differences	11.0	2.5
Share of results	163.5	352.6
At 31 December	511.5	337.0
Loans to joint ventures:		
At 1 January	2,016.4	2,421.9
Exchange differences	(8.3)	3.0
Interest income on loans to joint ventures	6.6	59.8
Net advances to joint ventures	325.1	592.5
Reclassification to trade and other receivables, deposits and prepayments grouped under current assets	(613.1)	(1,060.8)
At 31 December	1,726.7	2,016.4

18. JOINT VENTURES (Continued)

(b) Aggregate information of the Group's share of revenue and results, assets and liabilities of its joint ventures that are not individually material to the Group:

	2013 HK$'M	2012 HK$'M
Revenue	639.2	1,673.0
Profit from operations	197.8	604.6
Finance costs	(7.1)	(58.1)
Finance income	1.8	1.3
Profit before taxation	192.5	547.8
Taxation	(29.0)	(195.2)
Profit for the year	163.5	352.6
Other comprehensive income	11.0	2.5
Total comprehensive income	174.5	355.1
Assets		
Non-current assets		
– Investment properties	1,168.3	721.4
– Other non-current assets	16.7	194.6
Current assets		
– Properties for sale	3,431.5	3,268.2
– Bank balances and cash	279.1	181.1
– Other current assets	396.4	840.0
Liabilities		
Current liabilities		
– Amounts due to shareholders	(996.3)	(1,061.2)
– Bank and other borrowings	(0.6)	(531.6)
– Other current liabilities	(287.2)	(677.0)
Non-current liabilities		
– Loans to shareholders	(1,726.7)	(2,016.4)
– Bank and other borrowings	(1,642.7)	(459.3)
– Other non-current liabilities	(127.0)	(122.8)
Net assets	511.5	337.0

(c) Loans to joint ventures are unsecured, not repayable within one year and approximate their fair value. Other than loans of HK$121.1M (2012: HK$280.4M) which bear interest at a fixed rate of 5% per annum (2012: fixed rates ranging from 5% to 20% per annum), the remaining balances are interest free.

They are denominated in the following currencies:

	2013 HK$'M	2012 HK$'M
HK dollars	1,595.9	1,884.8
Malaysian Ringgit	121.1	122.5
UK pound	9.7	9.1
	1,726.7	2,016.4

19. ASSOCIATES

	THE GROUP 2013 HK$'M	2012 HK$'M
Share of net assets (Notes a & b)	100.5	281.3
Loans to associates (Notes a & c)	24.7	31.2
	125.2	312.5

Details of the principal associates at 31 December 2013 are set out in Note 46. Contingent liabilities relating to the Group's interest in the associates are set out in Note 38.

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

	2013 HK$'M	2012 HK$'M
Investments in associates:		
At 1 January	281.3	469.5
Exchange differences	(3.7)	15.7
Share of results	5.9	62.2
Share of reserves	2.3	0.7
Dividends from associates	(185.3)	(250.2)
Reclassification to trade and other receivables, deposits and prepayments grouped under current assets	–	(16.6)
At 31 December	100.5	281.3
Loans to associates:		
At 1 January	31.2	47.8
Exchange differences	(0.1)	–
Interest income on loans to associates	–	0.3
Impairment on loans to an associate	(0.1)	(4.9)
Repayment on loans to associates	(6.3)	(7.3)
Reclassification to trade and other receivables, deposits and prepayments grouped under current assets	–	(4.7)
At 31 December	24.7	31.2

19. ASSOCIATES (Continued)

(b) Aggregate information of the Group's share of revenue, results, and net assets of its associates that are not individually material to the Group:

	2013 HK$'M	2012 HK$'M
Revenue	118.2	322.8
Profit for the year	5.9	62.2
Other comprehensive income	(1.4)	16.4
Total comprehensive income	4.5	78.6
Net assets	100.5	281.3

(c) Loans to associates are unsecured and not repayable within one year. All balances as at 31 December 2013 are interest free.

They are denominated in the following currencies:

	2013 HK$'M	2012 HK$'M
HK dollars	0.7	5.7
US dollars	6.7	6.7
Renminbi	17.3	17.4
Singapore dollars	–	1.4
	24.7	31.2

Impairment of HK$0.1M (2012: HK$4.9M) has been made in respect of an aggregate loan amount of HK$22.4M (2012: HK$22.3M). The remaining balance is not impaired.

20. DEPOSITS AND LOAN RECEIVABLES

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Consideration receivables (Note a)	19.8	21.3
Others	0.3	0.4
	20.1	21.7
Analysed as		
Non-current	20.1	21.7

Note:

(a) Consideration receivables represent estimated subsequent purchase price receivable from the purchaser for 18 years on disposal of G&H Group in 2012 (Note 40(b)). They are denominated in UK pound.

21. OTHER FINANCIAL ASSETS

	THE GROUP 2013 HK$'M	2012 HK$'M
Held-to-maturity investments		
Unlisted debt and other investments (Note a)	51.3	107.9
Available-for-sale financial assets		
Equity securities listed overseas (Note b)	399.5	448.5
Unlisted other investments (Note c)	2.1	6.3
	401.6	454.8
Total	452.9	562.7
Analysed as		
Non-current	401.6	505.7
Current	51.3	57.0
	452.9	562.7

Notes:

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

	2013 HK$'M	2012 HK$'M
At 1 January	107.9	95.0
Exchange differences	–	(0.1)
Additions	–	31.3
Amortised to the income statement (Note 7)	6.4	11.9
Cash received upon maturity	(62.0)	(29.2)
Coupon received	(1.0)	(1.0)
At 31 December	51.3	107.9

They are denominated in Hong Kong dollars except for an amount of HK$19.4M (2012: HK$19.4M) which is denominated in United States dollars. They are carried at amortised cost, which approximates their fair value.

(b) The equity securities are listed and denominated in the following currencies:

	2013 HK$'M	2012 HK$'M
The equity securities are listed in:		
– Singapore	397.5	447.7
– United Kingdom	2.0	0.8
	399.5	448.5
They are denominated in the following currencies:		
– Singapore dollars	397.5	447.7
– UK pound	2.0	0.8
	399.5	448.5
Market value of equity securities listed overseas	399.5	448.5

21. OTHER FINANCIAL ASSETS (Continued)

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

The directors conducted a review of the carrying amounts of the investments and determined that there was no impairment for the year (2012: Nil).

22. INVENTORIES

	THE GROUP 2013 HK$'M	2012 HK$'M
Raw materials	–	4.2
Work in progress	–	9.0
Finished goods	–	3.6
	–	16.8

23. PROPERTIES FOR SALE

	THE GROUP 2013 HK$'M	2012 HK$'M (Restated)
Properties under development held for sale	1,131.6	1,320.4
Completed properties	293.4	4.0
	1,425.0	1,324.4

Properties for sale comprise:

Net book value of leasehold land and land use rights of leases of		
– over 50 years in Hong Kong	622.7	1,161.1
– between 10 to 50 years in Hong Kong	563.2	–
	1,185.9	1,161.1

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2013 HK$'M	2012 HK$'M (Restated)
Trade receivables	793.4	34.4
Less: provision for impairment	–	(0.3)
Trade receivables (net of provision)	793.4	34.1
Deferred rent receivables	10.3	14.5
Amounts due from and loans to joint ventures	996.3	1,061.2
Amounts due from and loans to associates	6.2	3.5
Other receivables, deposits and prepayments	79.7	92.9
	1,885.9	1,206.2

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

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

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

	2013 HK$'M	2012 HK$'M (Restated)
Not yet due	779.4	22.3
1 – 30 days	5.6	2.7
31 – 90 days	6.2	7.3
Over 90 days	2.2	1.8
	793.4	34.1

(c) As of 31 December 2013, trade receivables of HK$14.0M (2012: HK$11.8M after restatement of HKFRS 11) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default and certain of the debts are covered by rental deposits received. The ageing analysis of these trade receivables is as follows:

	2013 HK$'M	2012 HK$'M (Restated)
1 – 30 days	5.6	2.7
31 – 90 days	6.2	7.3
Over 90 days	2.2	1.8
	14.0	11.8

(d) As of 31 December 2013, all trade receivables were not impaired (2012: HK$0.3M was impaired). In 2012, the amount of provision was HK$0.3M. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing analysis of these receivables is as follows:

	2013 HK$'M	2012 HK$'M
Over 90 days	–	0.3

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

	2013 HK$'M	2012 HK$'M (Restated)
HK dollars	769.5	11.5
US dollars	12.7	19.3
Other currencies	11.2	3.3
	793.4	34.1

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

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

	2013 HK$'M	2012 HK$'M
At 1 January	0.3	1.1
(Write-back of provision)/provision for impairment	(0.1)	0.1
Release of provision for impairment resulting from write off of receivables	(0.2)	(0.1)
Disposal of subsidiaries	–	(0.8)
At 31 December	–	0.3

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

(h) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At 31 December 2013, trade receivables in respect of property sales were HK$758.4M (2012: Nil). To mitigate majority of its credit risk, the Group possessed the properties as collaterals.

(i) Amounts due from and loans to joint ventures and associates are unsecured, interest-free and repayable on demand.

(j) At 31 December 2013, none of the other receivables and deposits was past due nor contain impaired assets.

(k) In 2013, the Group disposed of an associate and results in a gain of HK$29.5M. The carrying value of the associate held for sale at 31 December 2012 was classified under other receivables.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP			
	2013		2012	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Interest rate swap contracts (Note a)				
– cash flow hedges	–	(28.1)	–	(76.7)
– not qualifying as hedges	30.2	(14.4)	–	(9.4)
	30.2	(42.5)	–	(86.1)
Cross currency swap contracts (Note a)				
– cash flow hedges	–	(42.2)	–	(36.5)
– net investment hedges	–	(9.0)	–	–
	–	(51.2)	–	(36.5)
Derivative component in convertible bonds	–	–	0.2	–
	30.2	(93.7)	0.2	(122.6)
Analysed as				
Non-current	30.2	(54.2)	0.2	(70.2)
Current	–	(39.5)	–	(52.4)
	30.2	(93.7)	0.2	(122.6)

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Note:

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

	2013 HK$'M	2012 HK$'M
Interest rate swap contracts	1,650.8	1,280.0
Cross currency swap contracts	1,140.2	1,076.0

The portion of changes in fair value of interest rate swap contracts not qualify as hedges are recognised in the income statement and amounted to gains of HK$21.7M (2012: a loss of HK$2.1M).

At 31 December 2013, the fixed interest rates under interest rate swap contracts ranges from 1.7% to 4.7% per annum (2012: 1.7% to 4.7% per annum). The effective portion of gains and losses on interest rate swap contracts qualifying for hedge accounting as at 31 December 2013 are recognised in the hedging reserve in equity and are released to the profit and loss account to match relevant interest payments which are mainly calculated using Hong Kong Interbank Offered Rate (HIBOR) or London Interbank Offered Rate (LIBOR).

26. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

The balances represent property sale proceeds received monitored by external solicitors and are restricted in use. They are denominated in HK dollars. The carrying amounts of the balances approximate their fair values.

27. RESTRICTED BANK DEPOSITS

As at 31 December 2013, the Group held deposits of HK$10.6M (2012: HK$10.5M) received from owners of certain properties which are used exclusively for the purpose of management of the respective properties. The amounts are unsecured. The deposits with the same amount are held by the Group in a separate bank account as restricted bank deposit. They are denominated in HK dollars.

The carrying amounts of the balances approximate their fair values.

28. BANK BALANCES AND CASH

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

	THE GROUP		THE COMPANY	
	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M
Bank balances and cash	1,242.2	1,079.8	0.2	1.2
Less: Deposits with maturity of more than three months	58.4	–	–	–
Cash and cash equivalents in consolidated cash flow statement	1,183.8	1,079.8	0.2	1.2

The Group's bank balances and cash include short-term bank time deposits of HK$798.3M (2012: HK$618.1M after restatement of HKFRS 11) with an average effective interest rate of 1.3% (2012: 2.0% after restatement of HKFRS 11) per annum.

28. BANK BALANCES AND CASH (Continued)

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

	2013 HK$'M	2012 HK$'M (Restated)
HK dollars	1,035.3	885.2
Singapore dollars	80.9	87.4
US dollars	75.9	78.2
Renminbi	32.4	22.7
UK pound	16.7	5.2
Other currencies	1.0	1.1
	1,242.2	1,079.8
Maximum exposure to credit risk	1,240.8	1,078.9

29. TRADE AND OTHER PAYABLES AND ACCRUALS

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Trade payables	35.3	22.2
Properties sale deposits received	173.0	289.6
Rental deposits received	150.5	123.4
Construction costs payable	116.8	55.1
Amounts due to joint ventures	12.1	13.4
Amounts due to associates	0.4	0.3
Provision for other costs arising from disposal of subsidiaries	10.0	18.9
Other creditors and accruals	186.8	187.4
	684.9	710.3

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

	2013 HK$'M	2012 HK$'M (Restated)
0 – 30 days	33.6	16.8
31 – 90 days	1.1	3.6
Over 90 days	0.6	1.8
	35.3	22.2

29. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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

	2013 HK$'M	2012 HK$'M (Restated)
HK dollars	34.1	20.7
US dollars	0.3	0.3
Renminbi	0.9	1.1
Other currencies	–	0.1
	35.3	22.2

Included in other payables and accruals are balances of HK$17.7M (2012: HK$6.8M) and HK$20.7M (2012: HK$30.9M after restatement of HKFRS 11) which are denominated in UK pound and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

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

30. BANK AND OTHER BORROWINGS

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Bank borrowings (Note a)	3,082.2	3,035.3
Fixed rate bonds (Note b)	1,604.6	1,069.3
	4,686.8	4,104.6

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

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Within one year	1,739.7	1,053.2
Between one to two years	32.4	1,259.0
Between two to five years	1,236.1	635.4
After five years	1,678.6	1,157.0
	4,686.8	4,104.6
Less: Amounts due within one year shown under current liabilities	(1,739.7)	(1,053.2)
Amounts due after one year	2,947.1	3,051.4
Analysed as		
secured	3,082.2	3,035.3
unsecured	1,604.6	1,069.3
	4,686.8	4,104.6

30. BANK AND OTHER BORROWINGS (Continued)

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

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
HK dollars	3,069.4	2,822.6
Singapore dollars	1,033.4	1,069.3
UK pound	464.2	91.5
Renminbi	100.4	101.8
US dollars	19.4	19.4
	4,686.8	4,104.6

Notes:

(a) Bank borrowings are secured by certain properties and other financial assets of the Group amounting to HK$17,767.7M (2012: HK$17,891.0M after restatement of HKFRS 11) (Note 39). The bank borrowings bear interests at floating interest rates.

(b) Details of the Group's fixed rate bonds at 31 December 2013 are as follows:

Principal amount	Coupon rate per annum	Coupon payment term	Issue date	Maturity date	Note
SGD170 million*	4.25%	semi-annual basis	29 November 2012	29 November 2022	(d)
HK$480 million	3.95%	quarterly basis	25 January 2013	25 January 2023	–
HK$100 million	3.80%	quarterly basis	24 May 2013	24 May 2023	(e)

* Listed on Singapore Exchange Limited (SGD represents Singapore dollars)

All the above fixed rate bonds are guaranteed by the Company.

(c) The bank and other borrowings have an average effective interest rate of 2.5% (2012: 2.2% after restatement of HKFRS 11) per annum.

(d) As at 31 December 2013 and 2012, the Group had cross currency swap arrangements with banks to swap the fixed rate bonds of principal SGD170 million and the relevant interest payments to Hong Kong dollar to match the currency exposures of the fixed rate bonds.

(e) As at 31 December 2013, the Group had cross currency swap arrangements with a bank to swap the fixed rate bonds of principal HK$100 million and the relevant interest payments to UK pounds to match the currency exposures of one of the Group's UK investments.

31. DEFERRED TAXATION

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

	THE GROUP	
	2013 HK$'M	**2012 HK$'M (Restated)**
Deferred tax liabilities	213.9	173.0
Deferred tax assets	(9.4)	(12.2)
	204.5	160.8

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

	Tax depreciation HK$'M	**Revaluation of properties HK$'M**	**Tax losses HK$'M**	**Undistributed earnings HK$'M**	**Total HK$'M**
At 1 January 2012					
– as previously reported	182.6	58.7	(97.2)	–	144.1
– effect of adoption of HKFRS 11	–	–	2.0	–	2.0
– as restated	182.6	58.7	(95.2)	–	146.1
Exchange adjustments	(0.1)	0.9	–	–	0.8
Charged to income statement for the year (Note 11)	13.8	3.0	13.9	6.1	36.8
Disposal of subsidiaries (Note 41(b))	(25.1)	–	2.2	–	(22.9)
At 31 December 2012 (as restated)	171.2	62.6	(79.1)	6.1	160.8
At 1 January 2013					
– as previously reported	171.2	180.3	(80.3)	11.1	282.3
– effect of adoption of HKFRS 11	–	(117.7)	1.2	(5.0)	(121.5)
– as restated	171.2	62.6	(79.1)	6.1	160.8
Exchange adjustments	–	2.3	–	–	2.3
Charged to income statement for the year (Note 11)	(17.0)	12.2	35.8	0.8	31.8
Charged to reserve for the year (Note 11)	–	9.6	–	–	9.6
At 31 December 2013	154.2	86.7	(43.3)	6.9	204.5

At 31 December 2013, the Group has unused tax losses and other temporary differences of approximately HK$1,141.8M (2012: HK$1,238.3M after restatement of HKFRS 11) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$262.0M (2012: HK$479.3M after restatement of HKFRS 11) of such unused tax losses for which the realisation of the related tax benefit through the future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK$879.8M (2012: HK$759.0M after restatement of HKFRS 11) due to the unpredictability of future profit streams of some of the subsidiaries. Included in unrecognised tax losses are losses of HK$63.0M (2012: HK$54.4M after restatement of HKFRS 11) that will expire in the next five years. Other losses may be carried forward indefinitely.

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

32. OTHER LONG-TERM LIABILITY

Other long-term liability represents provisions of liabilities in relation to indemnifying the purchaser against the cost of winding up the pension scheme of G&H Group in the disposal of G&H Group in 2012 (Note 40(b)). The amount is measured at fair value and the certain key assumptions included investment return of 3.50% (2012: 2.65%), price inflation of 3.95% (2012: 3.40%), pension increases of 2.50% to 3.85% (2012: 2.40% to 3.35%) and numerous demographic assumptions have been used in the fair value estimates. There is unconditional right to defer payment for more than 12 months.

33. SHARE CAPITAL

	Number of ordinary shares of HK$0.50 each	Amount HK$'M
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2012	1,326,363,100	663.2
Issue of shares on exercise of share options and incentive shares (Note 34(a) & (b))	5,894,179	2.9
At 31 December 2012	1,332,257,279	666.1
At 1 January 2013	1,332,257,279	666.1
Issue of shares on exercise of incentive shares (Note 34(b))	3,040,250	1.5
At 31 December 2013	1,335,297,529	667.6

34. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME

(a) Share Option Scheme

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of Directors of the Company, may in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. No share options were granted during 2013 and 2012. 1,094,737 share options were exercised in 2012. After the exercise, there were no share options outstanding. The share option scheme expired on 10 June 2013.

(b) Share Incentive Scheme

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. At 31 December 2013, the total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Incentive Scheme aggregated to 26,393,828 shares, which represented approximately 2.0% of the issued share capital of the Company as at the date of this annual report.

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

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

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

(b) Share Incentive Scheme (Continued)

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

		Number of incentive shares				
	Date of award	As at 1.1.2013	Awarded during the year	Vested and exercised during the year	As at 31.12.2013	Fair value of incentive shares amortised in 2013 HK$
Directors						
CHENG Wai Chee, Christopher	25.6.2010	532,000	–	(532,000)	–	18,000
	31.3.2011	579,000	–	–	579,000	362,000
	24.5.2012	1,100,000	–	–	1,100,000	1,234,000
	6.5.2013	–	643,000	–	643,000	1,295,000
CHENG Wai Sun, Edward	25.6.2010	532,000	–	(532,000)	–	18,000
	31.3.2011	579,000	–	(193,000)	386,000	362,000
	24.5.2012	1,100,000	–	(275,000)	825,000	1,234,000
	6.5.2013	–	643,000	–	643,000	1,295,000
CHOW Wai Wai, John	6.5.2013	–	129,000	–	129,000	260,000
AU Hing Lun, Dennis	25.6.2010	255,500	–	(255,500)	–	9,000
	31.3.2011	243,750	–	(81,250)	162,500	152,000
	24.5.2012	460,000	–	(115,000)	345,000	516,000
	6.5.2013	–	283,000	–	283,000	570,000
NG Tak Wai, Frederick	25.6.2010	19,500	–	(19,500)	–	1,000
	31.3.2011	21,000	–	(7,000)	14,000	14,000
		5,421,750	1,698,000	(2,010,250)	5,109,500	7,340,000
Employees	25.6.2010	557,000	–	(557,000)	–	18,000
	31.3.2011	609,000	–	(203,000)	406,000	381,000
	24.5.2012	1,080,000	–	(270,000)	810,000	1,190,000
	6.5.2013	–	504,000	–	504,000	996,000
		2,246,000	504,000	(1,030,000)	1,720,000	2,585,000
Total		7,667,750	2,202,000	(3,040,250)	6,829,500	9,925,000

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the provisional date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the provisional date of award. During the year ended 31 December 2013, 2,202,000 (2012: 3,740,000) incentive shares were awarded and 3,040,250 (2012: 4,799,442) incentive shares were vested and exercised.

At 6 May 2013 (2012: 24 May 2012), being the date of awards, the closing price of the shares of the Company as quoted on the Stock Exchange was HK$5.35 (2012: HK$3.86) per share.

34. **SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)**

(c) Fair values of incentive shares awarded

The fair values of incentive shares awarded during the year ended 31 December 2013 are determined using the Binominal Option Pricing Model (the "Model"). Key assumptions of the Model are:

Risk-free rate	0.89%
Expected dividend yield	2.67%
Expected volatility of the market price of the Company's shares	46.17%
Expected life	10 years from the date of grant

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

The fair value of the incentive shares awarded during the year ended 31 December 2013 were HK$9.9M (2012: HK$11.7M).

35. **RESERVES**

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

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

	Share premium HK$'M	Employee share-based compensation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M
THE COMPANY					
At 1 January 2012	3,255.8	12.9	91.6	424.0	3,784.3
Value of employee services relating to grants of share options and incentive shares	–	8.9	–	–	8.9
Share options and incentive shares exercised	11.2	(9.6)	–	–	1.6
2011 final dividend paid	–	–	(91.6)	(11.0)	(102.6)
2012 interim dividend paid	–	–	–	(56.0)	(56.0)
Profit for the year	–	–	–	2,943.0	2,943.0
At 31 December 2012	3,267.0	12.2	–	3,300.0	6,579.2
At 1 January 2013	3,267.0	12.2	–	3,300.0	6,579.2
Value of employee services relating to grants of incentive shares	–	9.9	–	–	9.9
Incentive shares exercised	6.6	(6.6)	–	–	–
2012 final dividend paid	–	–	–	(124.2)	(124.2)
2013 interim dividend paid	–	–	–	(56.1)	(56.1)
Loss for the year	–	–	–	(18.3)	(18.3)
At 31 December 2013	3,273.6	15.5	–	3,101.4	6,390.5

35. RESERVES (Continued)

(c) Nature and purpose of reserves – The Group

(i) Share premium

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

(ii) Hedging reserve

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

(iii) Investment revaluation reserve

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

(iv) Employee share-based compensation reserve

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

(v) Other property revaluation reserve

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

(vi) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(e).

(vii) Contributed surplus

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

(d) Nature and purpose of reserves – The Company

(i) Share premium

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

(ii) Employee share-based compensation reserve

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

35. RESERVES (Continued)

(d) Nature and purpose of reserves – The Company (Continued)

(iii) Contributed surplus

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

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

– the company is, or would after the payment be, unable to pay its liabilities as they become due; or
– the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

36. OPERATING LEASES

THE GROUP AS LESSEE

	Continuing operations		Discontinued operations	
	2013 HK$'M	**2012 HK$'M (Restated)**	**2013 HK$'M**	**2012 HK$'M (Restated)**
Minimum lease payments charged to income statement during the year:				
– land and buildings	3.8	3.6	2.9	11.0
– equipment and motor vehicles	–	–	–	0.1
	3.8	3.6	2.9	11.1

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2013, the future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2013 HK$'M	**2012 HK$'M**
For buildings		
– Within one year	0.9	3.6
– After one year and not later than five years	0.1	1.7
	1.0	5.3

THE GROUP AS LESSOR

	Continuing operations	
	2013 HK$'M	**2012 HK$'M (Restated)**
Gross rental income from tenancies credited to income statement during the year	674.5	627.9
Less: Outgoings in respect of properties with tenancies investment	(50.9)	(44.7)
	623.6	583.2

36. OPERATING LEASES (Continued)

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

	2013 HK$'M	2012 HK$'M
Within one year	472.2	443.3
After one year and not later than five years	549.0	496.2
Over five years	47.6	32.4
	1,068.8	971.9

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

37. COMMITMENTS

	THE GROUP	
	2013 HK$'M	2012 HK$'M (Restated)
Expenditure in respect of investment properties		
– contracted but not provided for	2.0	32.5
Expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for	2.1	1.8
Capital injection to joint ventures		
– contracted but not provided for	460.8	449.3
	464.9	483.6

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

38. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	The Group		The Company	
	2013 HK$'M	2012 HK$'M (Restated)	2013 HK$'M	2012 HK$'M (Restated)
Guarantees given to banks in respect of bank facilities extended to				
– subsidiaries	–	–	6,525.0	6,757.7
– joint ventures	2,752.5	1,424.6	2,752.5	1,424.6
– an associate	112.5	112.5	112.5	112.5
Guarantees given to bonds holders (Note 30)	–	–	1,604.6	1,069.3
	2,865.0	1,537.1	10,994.6	9,364.1

At 31 December 2013, bank loans of HK$3,062.9M (2012: HK$3,006.5M), HK$1,366.8M (2012: HK$990.8M) and HK$112.5M (2012: HK$112.5M) being guaranteed by the Company to subsidiaries, joint ventures and an associate respectively have been drawn down.

39. PLEDGE OF ASSETS

At 31 December 2013, the Group's advances to associates/joint ventures include amounts of HK$1,384.9M (2012: HK$526.5M) which are subordinated to loans facilities of associates/joint ventures and assigned. The associates/joint ventures are engaged in property development and hospitality investment and management. The shares in these associates/joint ventures beneficially owned by the Group are pledged to financial institutions.

At 31 December 2013, several of the Group's assets were pledged to secure credit facilities for the Group:

	2013 HK$'M	**2012 HK$'M (Restated)**
Investment properties	16,037.3	16,190.7
Other properties, plant and equipment	–	36.1
Other financial assets	309.4	343.8
Properties for sale	1,421.0	1,320.4
	17,767.7	17,891.0

The credit facilities were utilised to the extent of HK$3,082.2M (2012: HK$3,035.3M).

40. DISCONTINUED OPERATIONS

(a) Cessation of garment manufacturing operations

In October 2013, the Group decided to cease its garment manufacturing operations. Accordingly, provision for closure costs of HK$23.8M has been made in 2013. HK$20.8M was utilised by 31 December 2013.

Financial information relating to cessation of garment manufacturing operations:

	2013 HK$'M	**2012 HK$'M**
Revenue	317.8	398.6
Cost of sales	(253.5)	(325.8)
Other gains, net	5.2	4.2
Selling and distribution costs	(2.6)	(10.4)
Administrative expenses	(60.5)	(59.9)
Profit before taxation from discontinued operations	6.4	6.7
Taxation	–	0.1
Profit for the year from discontinued operations attributable to equity holders of the Company	6.4	6.8

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

	2013 HK$'M	**2012 HK$'M**
Net cash generated from operating activities	0.1	27.6
Net cash generated from/(used in) investing activities	2.4	(1.6)
Total net cash inflows	2.5	26.0

40. DISCONTINUED OPERATIONS (Continued)

(b) Disposal of G&H Group

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

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

The disposal of G&H Group was completed on 3 May 2012 and it is presented as discontinued operations in the consolidated income statement and in segment information for the year ended 31 December 2012.

Financial information relating to the discontinued operations is as follows:

	2012 **HK$'M**
Revenue	63.9
Cost of sales	(31.2)
Other gains, net	0.2
Selling and distribution costs	(28.9)
Administrative expenses	(16.8)
Redundancy costs	(9.1)
Gain on disposal of G&H Group	275.6
Profit from operations	253.7
Finance costs	(0.1)
Profit before taxation from discontinued operations	253.6
Taxation	(0.3)
Profit for the year from discontinued operations attributable to equity holders of the Company	253.3

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

	2012 **HK$'M**
Net cash generated from operating activities	8.8
Net cash used in investing activities	(1.0)
Net cash generated from financing activities	3.3
Total net cash inflows	11.1

40. DISCONTINUED OPERATIONS (Continued)

(b) Disposal of G&H Group (Continued)

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

	2012 HK$'M
Other properties, plant and equipment	24.0
Trade and other receivables, deposits and prepayments	33.1
Inventories	57.3
Bank balances and cash	36.6
Trade and other payables and accruals	(85.7)
Tax payable	(0.3)
Net assets	65.0
Translation reserve realised	(3.8)
Net assets disposed of	61.2
Net consideration	336.8
Gain on disposal	275.6
Consideration	
Cash consideration	407.8
Consideration receivables	21.5
Disposal related costs	(2.2)
Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries (Note)	(90.3)
Net consideration	336.8
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	407.8
Disposal related costs	(2.2)
Bank balances and cash of subsidiaries disposed of	(36.6)
Net cash inflow in respect of the disposal	369.0

Note:

Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries mainly represent pension cost liability assumed and provisions for claims liability in accordance with the sales and purchase agreement under which the Group is required to indemnify the purchaser against the cost of winding up the pension scheme of G&H Group. The pension cost liability was measured at fair value by an independent acturialist at 31 December 2013 and 31 December 2012, and is classified as other long-term liability (Note 32).

40. DISCONTINUED OPERATIONS (Continued)

(c) Results from discontinued operations

	Profit/(loss) for the year HK$'M	Gain on disposal of subsidiaries HK$'M	Total HK$'M
Year ended 31 December 2013			
Cessation of garment manufacturing operations (Note 40(a))	6.4	–	6.4
Year ended 31 December 2012			
Cessation of garment manufacturing operations (Note 40(a))	6.8	–	6.8
Disposal of G&H Group (Note 40(b))	(22.3)	275.6	253.3
	(15.5)	275.6	260.1

(d) Profit from discontinued operations for disclosure in the consolidated cash flow statement

	2013 HK$'M	2012 HK$'M
Cessation of garment manufacturing operations (Note 40(a))	6.4	6.7
Disposal of G&H Group (Note 40(b))	–	253.7
	6.4	260.4

41. DISPOSAL OF SUBSIDIARIES

In 2012, apart from disposal of G&H Group as disclosed in Note 40(b) on 13 May 2012, the Company entered into a share sale agreement (the "Share Sale Agreement") with Vanke Property (Hong Kong) Company Limited (the "Purchaser"), relating to the sale of the Company's entire interest in Winsor Properties Holdings Limited ("Winsor") post the Group Reorganisation (as described in (i) below) (the "Disposal"), distribution in specie by Winsor of the shares in Privateco (as defined in (i) below) (the "Distribution In Specie") and the payment of a special cash dividend by Winsor (the "Special Cash Dividend"), followed by, amongst others, an offer for the shares in Privateco by Standard Chartered Bank (Hong Kong) Limited ("SCB") on behalf of the Group (other than those already owned or agreed to be acquired by the Company) (the "Privateco Offer"). The Purchaser is an independent third party of the Company and the aggregate cash consideration for the Disposal amounts to HK$1,156.7 million representing HK$5.6197 per sale share. The Share Sale Agreement is conditional upon, among other things, the approval of the Company's shareholders and the Winsor's independent shareholders for certain aspects of the transactions contemplated thereunder.

(i) Pursuant to the Group Reorganisation, Winsor, among other things, reorganised its group to form two sub-groups called the Remaining Group (also called the "Disposal Group") and the Privateco Group respectively. The Remaining Group is engaged in the business of holding or relating to all those units and car park podium in Regent Centre owned by members of the Winsor group prior to the Group Reorganisation (excluding Units 505-510, 5/F, Tower B of Regent Centre, which is owned by a member of the Privateco Group) (the "Property"). The Privateco Group is engaged in all the other businesses of the Winsor group prior to the Group Reorganisation. Privateco is the holding company of the Privateco Group.

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

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

41. DISPOSAL OF SUBSIDIARIES (Continued)

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

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

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

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

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

In respect to the Share Sale Completion as disclosed above, the assets and liabilities of Disposal Group disposed of at the completion date comprise:

	2012 **HK$'M**
Investment properties	1,129.4
Deferred tax assets	2.2
Trade and other receivables, deposits and prepayments	8.3
Bank balances and cash	37.4
Trade and other payables and accruals	(18.2)
Tax payable	(4.6)
Deferred tax liabilities	(25.1)
Net assets	1,129.4
Non-controlling interests	(230.7)
Share of net assets disposed of	898.7
Net consideration	1,136.1
Gain on disposal	237.4
Consideration	
Cash consideration	1,156.7
Disposal related costs	(20.6)
Net consideration	1,136.1
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	1,156.7
Disposal related costs	(20.6)
Bank balances and cash of subsidiaries disposed of	(37.4)
Net cash inflow in respect of the disposal	1,098.7

42. ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions in 2012

(a) As disclosed in Note 41 to the consolidated financial statements, the Company owns 100% interests in Privateco at 31 December 2012 through Privateco Offer and Compulsory Redemption.

	HK$'M
Fair value of additional interest of Privateco acquired from non-controlling shareholders	2,179.4
Purchase consideration settled by cash	(1,486.2)
Acquisition related costs	(11.6)
Gain on bargain purchase attributable to equity holders of the Company recognised in equity, net of tax	681.6

(b) The Group purchased the 4.76% remaining interest in a non-wholly owned subsidiary from a non-controlling shareholder at a consideration of HK$14.3M. Such acquisition does not have any impact on the profit or loss nor equity attributable to equity holders of the Company.

(c) Net cash outflow from financing activities

	HK$'M
Net cash outflow mentioned in Note 42(a) above	1,497.8
Net cash outflow mentioned in Note 42(b) above	14.3
	1,512.1

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	THE GROUP 2013 HK$'M	THE GROUP 2012 HK$'M (Restated)
Key management compensation (Note)		
Salaries and other benefits	(29.1)	(25.5)
Retirement benefits costs	(1.0)	(1.0)
Value of share options and incentive shares	(7.3)	(6.3)
	(37.4)	(32.8)
Interest income from loans to joint ventures	6.6	59.8
Interest income from loans to associates	–	0.3
Project management fee income from joint ventures	5.1	3.9
Project management fee income from associates	2.3	2.5
Property management fee income from a substantial shareholder of the Company	3.9	4.4
Property rental income from a substantial shareholder of the Company	4.4	4.5
Purchases of garment products from a subsidiary of a substantial shareholder of the Company	–	(8.6)

These transactions were carried out on terms mutually agreed between the parties involved.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Notes:

(i) Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

(ii) In 2012, the Group purchased the 4.76% remaining interest in a non-wholly owned subsidiary from Parex International Limited ("Parex"), a non-controlling shareholder at a consideration of HK$14.3M. Parex is a company wholly-owned by certain directors of the Company. Such acquisition does not have any impact on the profit or loss nor equity attributable to equity holders of the Company.

(iii) In 2012, the Group paid HK$77.6M to certain directors and their family members for their shares in Privateco under Privateco Offer, on the basis of HK$27.6 for each share of Privateco issued.

(b) Outstanding balances with these related parties at the reporting dates are:

	THE GROUP	
	2013 HK$'M	**2012 HK$'M (Restated)**
Loans to joint ventures (Note 18)	1,726.7	2,016.4
Amounts due from and loans to joint ventures (Note 24)	996.3	1,061.2
Amounts due to joint ventures (Note 29)	12.1	13.4
Loans to associates (Note 19)	24.7	31.2
Amounts due from and loans to associates (Note 24)	6.2	3.5
Amounts due to associates (Note 29)	0.4	0.3

Details of loans repaid during the year are disclosed in the consolidated cash flow statement.

44. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Adam Knitters Limited	Hong Kong	Ordinary shares HK$1,000 Non-voting deferred shares HK$200,000	100%	Property investment
Allied Effort Limited	British Virgin Islands	US$1	100%	Investment holding
Baudinet Investment Limited	Hong Kong	Ordinary shares HK$18 Non-voting deferred shares HK$2	100%	Property investment

44. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Begin Land Limited	Hong Kong	Ordinary shares HK$90,000 Non-voting deferred shares HK$10,000	100%	Property investment
Cheong Ka Limited	British Virgin Islands/ People's Republic of China	US$1	98%	Property investment
Cherrytime Investments Limited	British Virgin Islands	HK$2,575,259	100%	Investment holding
Chung Fook Limited	British Virgin Islands/ People's Republic of China	US$1	100%	Property investment
Creation Empire Limited	Hong Kong	HK$1	100%	Property investment
Dragon Eye Holding Ltd.	Cayman Islands	US$100	100%	Investment holding
East Sun Estate Management Company Limited	Hong Kong	HK$200	100%	Property management
Fore Prosper Limited	Hong Kong	Ordinary shares HK$10 Non-voting deferred shares HK$100	100%	Property investment
Glory Charm Development Limited	Hong Kong	HK$2	100%	Property holding
Grandeur Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	Property investment
Green Lotus Limited	Hong Kong	HK$1	100%	Property development
Hilwin Properties Limited	Hong Kong	Ordinary shares HK$450,000 Non-voting deferred shares HK$50,000	100%	Investment holding and treasury investment
Honest Bond Limited	Hong Kong	HK$1	100%	Property investment
Lanson Place Hospitality Management Limited	Hong Kong	HK$2	100%	Provision of hospitality management services

44. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US$12,000	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US$1	100%	Investment holding
New Ego Limited	British Virgin Islands/ United Kingdom	US$1	100%	Property investment
Noble Castle Investments Limited	Hong Kong	HK$1	100%	Property investment
Pangold Development Limited	Hong Kong	HK$100	100%	Property development
Shang Tai Property Management Limited	Hong Kong	HK$1	100%	Provision of property management services
Success First Development Limited	Hong Kong	HK$2	100%	Property investment
Topworth Enterprises Limited	British Virgin Islands/ United Kingdom	US$1	100%	Property investment
True Prosper Limited	Hong Kong	HK$1	100%	Investment holding
True Synergy Limited	Hong Kong	HK$1	100%	Property development
Value Castle Limited	Hong Kong	HK$1	100%	Property development
W Billion Management Limited	Hong Kong	HK$10	80%	Property management
Wing Tai Properties Development Limited	Hong Kong	HK$2	100%	Provision of property project management services
Wing Tai Properties Estate Agents Limited	Hong Kong	HK$20	100%	Property agent

44. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Wing Tai Properties Estate Management Limited	Hong Kong	HK$2	100%	Property management	
Wing Tai Properties Investment Limited	British Virgin Islands	US$1	100%	Investment holding	1
Wing Tai Properties (B.V.I.) Limited	British Virgin Islands	US$50,000	100%	Investment holding	1
Wing Tai Properties (China) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties (China) (No.2) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties (Finance) Limited	British Virgin Islands	US$1 Fixed rate bonds S$170,000,000 & HKD$580,000,000	100%	Provides finance to group companies	
Wing Tai Properties (Hong Kong) Limited	Hong Kong	HK$227,750,062	100%	Provides finance to group companies	
Wing Tai Properties (International) Limited	British Virgin Islands	US$1	100%	Investment holding	
Winner Godown Limited	Hong Kong	HK$1,500,000	70%	Godown operation	
Winnion Limited	Hong Kong	HK$100	100%	Property investment	
Winprop Pte. Ltd.	Singapore	S$2	100%	Investment holding	
WTP Investment Finance Limited	Hong Kong	HK$2	100%	Provides finance to group companies	
WTP Investment (China) Limited	British Virgin Islands	US$2	100%	Investment holding	
WTP Investment (Hong Kong) Limited	British Virgin Islands/ Hong Kong	US$2	100%	Investment holding	
WTP Investment (Overseas) Limited	British Virgin Islands	US$2	100%	Investment holding	
WTP Project Management Limited	Hong Kong	HK$2	100%	Provision of property project management services	

44. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Zofka Properties Limited	Hong Kong	Ordinary shares HK$90,000 Non-voting deferred shares HK$10,000	100%	Property investment	
東莞冠麗時裝有限公司	People's Republic of China	HK$13,250,000	100%	Property investment	2
乳源冠麗製衣有限公司	People's Republic of China	HK$20,000,000	100%	Property investment	2
乳源寶麗製衣有限公司	People's Republic of China	HK$15,000,000	100%	Property investment	2
韶關乳源環邦針織製衣有限公司	People's Republic of China	HK$7,800,000	100%	Property investment	2
永泰富聯物業管理(北京)有限公司	People's Republic of China	US$12,300,000	100%	Property investment	2
逸蘭公寓管理(上海)有限公司	People's Republic of China	US$140,000	100%	Provision of hospitality management services	2

Note:

1. Only Wing Tai Properties (B.V.I.) Limited and Wing Tai Properties Investment Limited are directly held by the Company.

2. Represents a wholly owned foreign enterprise established in the People's Republic of China.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Significant restrictions

Cash and short-term deposits of HK$32.6M are held in China and are subject to local exchange control regulations. Those local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividend.

45. PRINCIPAL JOINT VENTURES

Details of the principal joint ventures at 31 December 2013 are as follows:

Name of joint venture	Place of incorporation/operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities	Note
Ace Glory Limited	Hong Kong	15%	Property development	
Brave Sky Investments Limited	Hong Kong	50%	Property development	
Bravo Partner Limited	Hong Kong	35%	Property development	
Cateavon Limited	Hong Kong	30%	Property development	
Century Rise Limited	Hong Kong	15%	Property development	
Estate Success Limited	Hong Kong	50%	Investment holding	
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Property investment	
Mega Island (HK) Limited	Hong Kong	35%	Property development	
Pacific Bond Limited	Hong Kong	15%	Property development	
Providence Bay Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Providence Bay Property Management Company Limited	Hong Kong	15%	Provision of property management services	
Providence Peak Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Providence Peak Property Management Company Limited	Hong Kong	15%	Provision of property management services	
Seriford International Limited	British Virgin Islands/ Hong Kong	30%	Property investment	
The Graces – Providence Bay Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
豐永(上海)置業有限公司	People's Republic of China	50%	Property investment	1

Note:

1. Represents a wholly owned foreign enterprise established in the People's Republic of China.

The Group's percentage of shareholding, profit sharing and voting power of each of the above principal joint venture are the same.

46. PRINCIPAL ASSOCIATES

Details of the principal associates at 31 December 2013 are as follows:

Name of associate	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company indirectly	Principal activities	Note
Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.	People's Republic of China	23.4%	Property investment	1
Smart Gainful Limited	Hong Kong	33.3%	Provision of second mortgage financing	
Winquest Investment Pte. Ltd.	Singapore	30.0%	Property development	
China Merchants Cold Chain Logistics (China) Company Ltd.	British Virgin Islands	30.0%	Investment holding	
China Merchants Cold Chain Logistics (Hong Kong) Company Ltd.	Hong Kong	30.0%	Investment holding	
China Merchants International Cold Chain (Shenzhen) Company Ltd.	People's Republic of China	30.0%	Cold storage	

Note:

1. The name in English is for identification only.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

PROPERTIES HELD FOR INVESTMENT PURPOSES

At 31 December 2013

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2013
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,337,747 sq.ft.	2047	100%	Let to outside parties as retail and offices
W Square, 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122)	128,658 sq.ft.	2859	100%	Let to outside parties as retail and offices
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,827 sq.ft.	2047	100%	Let to outside parties as workshops, canteen or godowns
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (The Remaining Portion of Tsuen Wan Inland Lot No. 28)	497,140 sq.ft.	2047	100%	Let to outside parties as workshops or godowns
Lanson Place Hotel, 133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,097 sq.ft.	2047	100%	Service apartment
Unit H, 1st Floor, Wong King Industrial Building, 192-198 Choi Hung Road and 2-4 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (2/501st shares of and in New Kowloon Inland Lot No. 4448)	2,424 sq.ft.	2047	100%	Let to an outside party as workshop
161 agricultural lots, Lantau Island and Peng Chau, New Territories, Hong Kong	–	2047	100%	Vacant
Lanson Place Central Park Residences (33 Units), Tower 23, Central Park, No. 6 Chaoyangmenwai Road, Chaoyang District, Beijing, People's Republic of China	6,162 sq.m.	2074	100%	Service apartment
Lanson Place Jinlin Tiandi Serviced Residences, No. 3, Lane 168, Xingye Road, HuangPu District, Shanghai, People's Republic of China	22,041 sq.m.	2052	23.4%	Service apartment
97 Suites and 97 Car Parks, (excluding commercial properties on the 1st and 2nd floors) No.10, Lane 1288, Puming Road, Pudong New District, Shanghai, People's Republic of China	19,273 sq.m.	2048	50%	Interior fitting out works in progress

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2013
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,146 sq.m.	2053	100%	Let to a related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,639 sq.m.	2053	100%	Let to a related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Ru Fu Guo Yong Zong Zi Di 000030312 / No. Ru Fu Guo Yong Zi (2005) Di 02320100060)	14,537 sq.m.	2052	100%	Vacant
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C4281592, C4281593, C42815954 and C4281595)	11,565 sq.m.	2044	98%	Let to an outsider party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi 1486418, 1486419, 1486420 and 1486421)	9,609 sq.m.	2044	100%	Let to an outsider party as factory
Jiuwei Village, Jizhou Management Zone, Shijie Town, Dongguan, Guangdong Province, PRC (Yue Fang Di Zheng Zi 1247756-65)	28,179 sq.m.	2047	100%	Vacant
8-12 (even) Brook Street, London, W1S 1BG United Kingdom	19,123 sq.ft.	Freehold	100%	Let to outside parties as retail and offices
1 Savile Row W1S 3JR/ 7 Vigo Street W1S 3HF London, United Kingdom	13,786 sq.ft.	Freehold	100%	Let to outside parties as retail
Lanson Place Bukit Ceylon, Serviced Residences, Tower C, Verticas Residensi, 10 Jalan Ceylon, 52200 Kuala Lumpur, Malaysia (Parent Lot No. 1315, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan K.L.)	19,045 sq.m.	Freehold	50%	Service apartment

PROPERTIES FOR SALE

At 31 December 2013

Address	Nature of property	Gross floor area (except as otherwise specified)	Effective percentage holding	Project status	Expected completion date
Seymour 9 Seymour Road, Mid-Levels West, Hong Kong (Inland Lot Nos. 4626, 4627, 4628, 4629 and the Remaining Portion of Inland Lot No. 585)	Residential	129,000 sq.ft.*	30%	Completed	Completed
Providence Bay 5 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 186)	Residential	843,000 sq.ft.	15%	Completed	Completed
The Graces • Providence Bay 9 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 187)	Residential	298,000 sq.ft.*	15%	Completed	Completed
Providence Peak 8 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 188)	Residential	897,000 sq.ft.	15%	Completed	Completed
The Warren 9 Warren Street, Causeway Bay, Hong Kong (Section A, B, C, F, G, H, J, K and the Remaining Portion of Section D and E of Inland Lot No. 2087, and the Remaining Portion thereof)	Residential/Shops	53,000 sq.ft.*	100%	Completed	Completed
The Pierre No. 1 Coronation Terrace, Sheung Wan, Hong Kong (Subsection 2 of Section B, the Remaining Portion of Section B and Section E of Inland Lot No. 100)	Residential	40,000 sq.ft.	100%	Superstructure in progress	2014
Ko Shan Road, Hung Hom, Kowloon, Hong Kong (Inland Lot No. 11184)	Residential	153,000 sq.ft.	50%	Foundation in progress	2016
Area 56A, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 567)	Residential	318,000 sq.ft.	35%	Foundation in progress	2017
Area 56A, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 565)	Residential	142,000 sq.ft.	35%	Ground investigation	2017
Castle Peak Road - Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories, Hong Kong (Tuen Mun Town Lot No.435)	Residential	159,000 sq.ft.	100%	Planning and design	2018

* Saleable area.

FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2013:

	Year ended 31 December				
	2013 **HK$'M**	**2012** **HK$'M** (Note b & c)	**2011** **HK$'M** (Note b & c)	**2010** **HK$'M** (Note b & c)	**2009** **HK$'M** (Note a, b & c)
RESULTS					
Continuing operations					
Revenue	1,736.2	891.7	1,191.0	1,416.0	405.1
Profit before taxation from continuing operations	2,746.2	4,612.1	2,847.4	2,515.2	505.7
Taxation	(91.4)	(78.4)	(81.8)	(48.1)	(50.2)
Profit for the year from continuing operations	2,654.8	4,533.7	2,765.6	2,467.1	455.5
Profit/(loss) for the year from discontinued operations	6.4	260.1	(31.9)	(23.3)	(29.7)
Profit for the year	2,661.2	4,793.8	2,733.7	2,443.8	425.8
Attributable to:					
Equity holders of the Company					
– From continuing operations	2,654.6	4,476.6	2,242.6	1,943.4	342.8
– From discontinued operations	6.4	260.1	(31.9)	(23.3)	(29.7)
	2,661.0	4,736.7	2,210.7	1,920.1	313.1
Non-controlling interests					
– From continuing operations	0.2	57.1	523.0	523.7	112.7
	2,661.2	4,793.8	2,733.7	2,443.8	425.8

	At 31 December				
	2013 **HK$'M**	**2012** **HK$'M** (Note c)	**2011** **HK$'M** (Note c)	**2010** **HK$'M** (Note a & c)	**2009** **HK$'M** (Note a & c)
ASSETS AND LIABILITIES					
Total assets	26,705.1	23,578.1	20,212.5	17,631.2	15,683.2
Total liabilities	(5,809.9)	(5,216.3)	(4,849.8)	(4,377.6)	(4,874.9)
Non-controlling interests	(1.5)	(2.0)	(2,435.0)	(2,343.3)	(1,827.9)
Equity attributable to the equity holders of the Company	20,893.7	18,359.8	12,927.7	10,910.3	8,980.4

Notes:

(a) The Group adopted HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" in 2010 and applied retrospectively.

(b) In 2013, the Group's garment manufacturing operations were ceased. In 2012, the Group's branded products distribution operations were disposed. Therefore, these segments are presented as discontinued operations according to HKFRS 5 "Non-current assets held for sale and discontinued operations". Prior years' results are re-presented.

(c) The Group adopted HKFRS 11 "Joint arrangements" with effect from 1 January 2013, and applied retrospectively.

CORPORATE INFORMATION AS AT 11 APRIL 2014

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

KWOK Ping Luen, Raymond *JP*
(YUNG Wing Chung as his alternate)
HONG Pak Cheung, William
NG Tak Wai, Frederick
CHEN Chou Mei Mei, Vivien

Independent Non-Executive Directors

Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*
CHENG Hoi Chuen, Vincent *GBS OBE JP*

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
FANG Hung, Kenneth *GBS CBE JP*
HONG Pak Cheung, William

REMUNERATION COMMITTEE MEMBERS

Simon MURRAY *CBE (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *SBS JP*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

NOMINATION COMMITTEE MEMBERS

CHENG Hoi Chuen, Vincent *GBS OBE JP (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *SBS JP*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

FUNG Ching Man, Janet

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

27th Floor, AIA Kowloon Tower
Landmark East
100 How Ming Street
Kwun Tong, Kowloon
Hong Kong

COMPANY WEBSITE

http://www.wingtaiproperties.com

HONG KONG STOCK EXCHANGE STOCK CODE

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WING TAI PROPERTIES LIMITED
Incorporated in Bermuda with limited liability

永泰地產有限公司
於百慕達註冊成立之有限公司

WingTaiAsia

Lanson Place

www.wingtaiproperties.com