爪哇集團
SEA Group

S E A HOLDINGS LIMITED
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page issued by Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company listed on the AIM Market of London Stock Exchange plc., on 19 March 2013.

At the date of this announcement, the Board of the Company comprises the following members:

Executive Directors:	Messrs. Lu Wing Chi *(Chairman and Managing Director)*, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu
Non-executive Director:	Mr. Lam Sing Tai
Independent Non-executive Directors:	Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

Hong Kong, 20 March 2013

* *For identification purpose only*

RNS Number: 3944A
Asian Growth Properties Limited

19 March 2013

Asian Growth Properties Limited
Immediate Release

Results for the year ended 31 December 2012

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31 December 2012 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$1,326.4 million (£105.8 million) (2011: HK$1,152.5 million (£96.1 million))
- Profit attributable to the Company's shareholders (excluding revaluation surplus net of deferred tax) was HK$29.3 million (£2.3 million) (2011: HK$59.0 million (£4.9 million)).
- Earnings per share for profit attributable to the Company's shareholders of HK149.7 cents (11.9 pence) (2011: HK130.0 cents (10.8 pence))
- Net asset value per share attributable to the Company's shareholders as at 31 December 2012 of HK$13.4 (106.9 pence) (31 December 2011: HK$11.9 (99.2 pence))
- Geographical location of the Group's property assets were as follow:

	31 December 2012	31 December 2011
Hong Kong	**HK$9,385.0 million (£748.9 million)**	HK$8,214.7 million (£685.0 million)
Mainland China	**HK$4,046.1 million (£322.8 million)**	HK$3,792.7 million (£316.3 million)
Total	**HK$13,431.1 million (£1,071.7 million)**	HK$12,007.4 million (£1,001.3 million)

- Gearing ratio of 9.9% (31 December 2011: 11.5%)

Operational Highlights

- Increased gross rental income generated from Dah Sing Financial Centre in Hong Kong and its occupancy rate remains high.
- The hotel operation results of Crowne Plaza Hong Kong Causeway Bay were satisfactory.
- Major mixed use development projects in Chengdu and Kaifeng, Mainland China are progressing. Foundation works of Phase I of the residential development of Kaifeng project has been completed and the related superstructure works as well as the site formation works of Phase I of Chengdu project are scheduled to commence in the second quarter of 2013.

Notes:

1. *Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rates adopted are stated as follows:-*

   For 31 December 2012: £1 = HK$12.5323; and
   For 31 December 2011: £1 = HK$11.9923

2. *For Shareholders' information, the exchange rate on 18 March 2013 was £1 = HK$11.7442*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2012, which have been approved by the Board of Directors on 19 March 2013.

The 2012 Annual Report is expected to be posted to shareholders and holders of depositary interests in late April 2013.

For further information, please contact:

Lu Wing Chi Executive Director Asian Growth Properties Limited	TEL: +852 2828 6363
Richard Gray Andrew Potts Panmure Gordon (UK) Limited (Nominated Advisor)	TEL: +44 207 886 2500

If you wish to view the full announcement, please visit the Company's website at:
http://www.asiangrowth.com/html/eng/news.asp

Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Consolidated Income Statement;
4. Consolidated Statement of Comprehensive Income;
5. Consolidated Statement of Financial Position;
6. Consolidated Statement of Changes in Equity;
7. Consolidated Statement of Cash Flows; and
8. Notes to the Consolidated Financial Statements.

CHAIRMAN'S REVIEW

I am pleased to present the consolidated results of Asian Growth Properties Limited ("AGP" or the "Company", together with its subsidiaries, the "Group") for the year of 2012 to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company's shareholders of HK$1,326.4 million (£105.8 million) for the year ended 31 December 2012 (2011: HK$1,152.5 million (£96.1 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$1,297.1 million (£103.5 million) (2011: HK$1,093.5 million (£91.2 million)). By excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$29.3 million (£2.3 million) (2011: HK$59.0 million (£4.9 million)).

As at 31 December 2012, the Group's equity attributable to the Company's shareholders amounted to HK$11,861.4 million (£946.5 million), representing an increase of HK$1,327.6 million (£68.1 million) over 31 December 2011. The net asset value per share as at 31 December 2012 was HK$13.4 (106.9 pence) as compared with HK$11.9 (99.2 pence) as at 31 December 2011.

Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods.

Operations

During 2012, the Group has continued the development of various property projects in Hong Kong and Mainland China.

The rental income from investment properties situated in both Hong Kong and Mainland China continue to provide stable returns to the Group. Turnover for the year was mainly from the contribution of rental income of investment properties and income from the hotel operation. Crowne Plaza Hong Kong Causeway Bay which performed satisfactorily during the year with improvement on room rate.

For details of the Group's operations, please refer to the Executive Directors' Review.

Outlook

Whilst the American Debt situation continues, the equity and property markets show signs of improvement but at the same time downgrades in credit ratings of sovereign debt continue throughout Europe with generally very lacklustre economic performances.

In Mainland China, the GDP growth rate was 7.8% for the year 2012, which is slightly higher than forecast. Although double digits economic growth may be a doubt in the coming decade, it is believed that the growth rate may be maintained at 7% to 8%. The Chinese Central Government are expected to balance both economic growth and price stability through its macro-economic policy and its direction on fiscal policy will become clearer after the change-over of the new cabinet in March 2013.

The current market environment is as challenging as any of those we have had to deal with over recent years. I believe that the Group is well placed from the judicious acquisitions made over the past few years and look forwarding to reporting next year as our long term development projects start to get built out.

Final Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

Acknowledgement

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board's strategy and their ongoing support.

Richard Prickett
Non-Executive Chairman
England, 19 March 2013

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2012 amounted to HK$594.8 million (£47.5 million) (2011: HK$571.4 million (£47.6 million)). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of residential units in The Morrison and The Forest Hills.

Profit attributable to the Company's shareholders for the year amounted to HK$1,326.4 million (£105.8 million) (2011: HK$1,152.5 million (£96.1 million)), equivalent to a basic earnings per share of HK149.7 cents (11.9 pence) (2011: HK130.0 cents (10.8 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$1,297.1 million (£103.5 million) (2011: HK$1,093.5 million (£91.2 million)). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$29.3 million (£2.3 million) (2011: HK$59.0 million (£4.9 million)), equivalent to HK3.3 cents (0.3 pence) (2011: HK6.7 cents (0.6 pence)) per share.

As at 31 December 2012, the Group's equity attributable to the Company's shareholders amounted to HK$11,861.4 million (£946.5 million) (31 December 2011: HK$10,533.8 million (£878.4 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2012 was HK$13.4 (106.9 pence) as compared with HK$11.9 (99.2 pence) as at 31 December 2011.

For Shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years and the relevant exchange rates adopted are stated as follows:-

For 31 December 2012:	£1 = HK$12.5323; and
For 31 December 2011:	£1 = HK$11.9923

BUSINESS REVIEW

Property Investment and Development

The Group continues in focusing on the development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review and optimise the project portfolios from time to time. During the year, the Group has entered into an agreement to dispose of its entire interest in the 50%-owned Leiyang project to the joint venture partner and the transaction is expected to be completed in the second quarter of 2013. The Group's core projects located in Hong Kong and Mainland China are listed below.

Hong Kong

The office leasing market was stable during the year. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the year increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 95% as at 31 December 2012. The Group has renewed the tenancy for 26th Floor of Dah Sing Financial Centre with a subsidiary of the Company's holding company for a term of 3 years commencing from 1 January 2013 at the market rate.

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

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

Mainland China

Chengdu, Sichuan Province

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

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

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

Kaifeng, Henan Province

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

Guangzhou, Guangdong Province

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

Huangshan, Anhui Province

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

Chi Shan, Nanjing, Jiangsu Province

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

Hotel Operation

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

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December 2012, the Group's total cash balance was HK$1,389.3 million (31 December 2011: HK$2,008.7 million) and unutilised facilities were HK$910.0 million (31 December 2011: HK$620.0 million).

The gearing ratio as at 31 December 2012, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.9% (31 December 2011: 11.5%).

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

	31 December 2012 HK$' million	31 December 2011 HK$' million
Due		
Within 1 year	**388.9**	997.3
1-2 years	**1,035.3**	116.4
3-5 years	**1,015.4**	1,948.1
Over 5 years	**300.9**	349.3
	2,740.5	3,411.1
Less: Front-end fee	**(15.4)**	(18.8)
	2,725.1	3,392.3

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2012 amounted to HK$2,725.1 million (31 December 2011: HK$3,392.3 million) which comprised of secured bank loans only (31 December 2011: comprised of secured bank loans of HK$3,162.3 million and unsecured bank loans of HK$230.0 million). The secured bank loans were secured by properties valued at HK$10,872.8 million (31 December 2011: HK$9,509.1 million) and fixed deposits of HK$58.8 million (31 December 2011: HK$0.8 million).

Treasury Policies

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

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the audited consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

OUTLOOK

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

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

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

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

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 19 March 2013

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
Revenue	7	**594,756**	571,396
Interest income		**18,615**	12,358
Other income	8	**21,998**	33,246
Costs:			
Property and related costs	9	**(53,013)**	(66,701)
Staff costs		**(79,812)**	(75,562)
Depreciation and amortisation		**(80,955)**	(74,592)
Other expenses	10	**(308,563)**	(239,054)
		(522,343)	(455,909)
Profit from operations before fair value changes on properties		**113,026**	161,091
Fair value changes on investment properties		**1,359,411**	1,142,088
Profit from operations after fair value changes on properties		**1,472,437**	1,303,179
Share of results of jointly controlled entities		**(2,667)**	(1,314)
Finance costs	11	**(82,398)**	(82,710)
Profit before taxation	12	**1,387,372**	1,219,155
Income tax expense	14	**(87,045)**	(66,872)
Profit for the year		**1,300,327**	1,152,283
Attributable to:			
Company's shareholders		**1,326,447**	1,152,475
Non-controlling interests		**(26,120)**	(192)
		1,300,327	1,152,283
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders - Basic	15	**149.7**	130.0
Earnings per share excluding fair value changes on properties net of deferred tax - Basic	*15*	***3.3***	*6.7*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**1,300,327**	1,152,283
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**1,259**	157,266
Share of translation differences of jointly controlled entities	**(250)**	1,997
	1,009	159,263
Total comprehensive income for the year	**1,301,336**	1,311,546
Total comprehensive income attributable to:		
Company's shareholders	**1,327,552**	1,308,245
Non-controlling interests	**(26,216)**	3,301
	1,301,336	1,311,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000*
Non-current assets			
Investment properties	17	**9,854,688**	8,485,275
Property, plant and equipment	18	**1,063,711**	1,120,341
Properties for development	19	**1,292,243**	1,288,272
Interests in jointly controlled entities	20	**-**	44,574
Loans receivable	21	**9,396**	16,911
Note receivable	22	**15,510**	-
Other receivable	23	**365,800**	381,183
Pledged bank deposits	24	**58,750**	-
		12,660,098	11,336,556
Current assets			
Properties held for sale	25		
Completed properties		**574,197**	590,818
Properties under development		**707,889**	613,423
Other inventories		**935**	1,019
Loans receivable	21	**642**	978
Trade receivables, deposits and prepayments	26	**112,380**	132,222
Tax recoverable		**1,069**	2,223
Amounts due from non-controlling shareholders	27	**1,270**	1,384
Pledged bank deposits	24	**-**	785
Bank balances and cash	28	**1,330,574**	2,007,938
		2,728,956	3,350,790
Assets classified as held for sale	29	**42,090**	-
		2,771,046	3,350,790
Current liabilities			
Payables, rental deposits and accrued charges	30	**295,527**	254,712
Provisions	31	**-**	5,107
Tax liabilities		**98,922**	92,165
Amounts due to non-controlling shareholders	27	**93,478**	85,784
Bank borrowings - due within one year	32	**388,004**	996,434
		875,931	1,434,202
Net current assets		**1,895,115**	1,916,588
Total assets less current liabilities		**14,555,213**	13,253,144

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	33	**345,204**	345,204
Reserves		**11,516,153**	10,188,601
		---------------	---------------
Equity attributable to the Company's shareholders		**11,861,357**	10,533,805
Non-controlling interests		**57,995**	89,116
		---------------	---------------
Total equity		**11,919,352**	10,622,921
		---------------	---------------
Non-current liabilities			
Bank borrowings - due after one year	32	**2,337,119**	2,395,852
Deferred taxation	34	**298,742**	234,371
		---------------	---------------
		2,635,861	2,630,223
		---------------	---------------
		14,555,213	13,253,144
		=========	=========

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to the Company's shareholders							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Other reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2011	345,204	4,836,225	247,995	766,370	3,029,766	9,225,560	94,682	9,320,242
Profit for the year	-	-	-	-	1,152,475	1,152,475	(192)	1,152,283
Other comprehensive income for the year	-	-	155,770	-	-	155,770	3,493	159,263
Total comprehensive income for the year	-	-	155,770	-	1,152,475	1,308,245	3,301	1,311,546
Disposal of interest in a subsidiary	-	-	-	-	-	-	1,933	1,933
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(10,800)	(10,800)
At 31 December 2011	345,204	4,836,225	403,765	766,370	4,182,241	10,533,805	89,116	10,622,921
Profit for the year	-	-	-	-	1,326,447	1,326,447	(26,120)	1,300,327
Other comprehensive income for the year	-	-	1,105	-	-	1,105	(96)	1,009
Total comprehensive income for the year	-	-	1,105	-	1,326,447	1,327,552	(26,216)	1,301,336
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(4,905)	(4,905)
At 31 December 2012	**345,204**	**4,836,225**	**404,870**	**766,370**	**5,508,688**	**11,861,357**	**57,995**	**11,919,352**

Other reserves comprise (i) a discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company, S E A Holdings Limited ("SEA") and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be recognised in profit or loss; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**1,387,372**	1,219,155
Adjustments for:		
Interest expenses	**76,972**	76,575
Reversal of write-down of properties held for sale	**-**	(2,350)
Reversal of provisions on relocation compensation	**(5,089)**	-
Depreciation and amortisation	**80,955**	74,592
Fair value changes on investment properties	**(1,359,411)**	(1,142,088)
Fair value adjustment on other receivable	**14,706**	517
Share of results of jointly controlled entities	**2,667**	1,314
Interest income	**(18,615)**	(12,358)
Loss on disposal/write-off of property, plant and equipment	**80**	20,041
Share options expense	**102**	-
Operating cash flows before movements in working capital	**179,739**	235,398
(Increase) decrease in properties held for sale	**(77,921)**	22,395
Decrease in other inventories	**84**	226
Decrease in trade receivables, deposits and prepayments	**18,332**	756
Increase in payables, rental deposits and accrued charges	**2,897**	9,986
Decrease in sales deposits	**-**	(5,682)
Cash generated from operations	**123,131**	263,079
Interest paid	**(78,458)**	(74,151)
Tax paid	**(12,732)**	(54,230)
Net cash from operating activities	**31,941**	134,698
Investing activities		
Acquisition of and additional costs on properties for development	**(25,417)**	(472,420)
Interest received	**17,434**	11,442
Receipt of repayments of loans receivable	**7,851**	18,258
Investment in index-linked note	**(15,510)**	-
(Placement) withdrawal of bank deposits	**(94,964)**	263,318
Purchase of property, plant and equipment	**(3,249)**	(9,593)
Addition costs on investment properties	**(9,482)**	-
Net proceeds received on disposals of property, plant and equipment	**95**	832
Increase in other receivable	**(11)**	(30,219)
Loan to a jointly controlled entity	**-**	(2,566)
Deposit received on disposal of jointly controlled entities	**40,000**	-
Net cash used in investing activities	**(83,253)**	(220,948)

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 *HK$'000*	2011 *HK$'000*
Financing activities		
Draw down of bank loans	**1,000,000**	1,177,409
Repayments of bank loans	**(1,666,952)**	(839,015)
Payment of front-end fee	**-**	(12,487)
Advance from non-controlling shareholders	**7,682**	13,772
Repayments from non-controlling shareholders	**114**	194
Dividends paid to non-controlling shareholders	**(4,905)**	(10,800)
Net cash (used in) from financing activities	**(664,061)**	329,073
Net (decrease) increase in cash and cash equivalents	**(715,373)**	242,823
Cash and cash equivalents at beginning of the year	**2,007,938**	1,729,354
Effect of foreign exchange rate changes	**1,010**	35,761
Cash and cash equivalents at end of the year	**1,293,575**	2,007,938
Represented by:		
Bank balances and cash	**1,330,574**	2,007,938
Less: Fixed deposits with original maturity date more than 3 months	**(36,999)**	-
	1,293,575	2,007,938

1. GENERAL

The Company is a public company incorporated in the British Virgin Islands ("B.V.I.") with limited liability and its shares are admitted for trading on the AIM Market of London Stock Exchange plc. ("AIM Market"). The Company's immediate holding company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. One of the Company's intermediate holding companies is S E A Holdings Limited ("SEA"), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that the Company's ultimate holding company is JCS Limited. Both SEA and JCS Limited are companies incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of the Company are Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I. and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

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

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 41.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied, for the first time, the amendments to IFRS 7 "Disclosures - Transfers of Financial Assets" issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of IASB.

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

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

New and revised IFRSs issued but not yet effective

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

Amendments to IFRS 7 and IAS 32 "Offsetting Financial Assets and Financial Liabilities and related disclosures"

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

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

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

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

IFRS 9 "Financial Instruments"

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

Key requirements of IFRS 9 are described as follows:

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

IFRS 9 "Financial Instruments" - continued

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

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

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

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

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

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

IFRS 13 "Fair Value Measurement"

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. On this basis, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Jointly controlled entities

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

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

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

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

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

Assets classified as held for sale

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

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

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

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

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

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

Investment properties

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

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

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

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

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

Properties under development

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

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

Properties for development

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories

Properties held for sale

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

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

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

Other inventories

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

Impairment of assets

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets

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

Loans and receivables

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derivatives

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Derecognition

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

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

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

Provisions

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

Foreign currencies

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies - continued

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

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted under the share option scheme and share award scheme of the Company and the holding company at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity. At the time when the share options are exercised, forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised will continue to be held in equity.

Retirement benefit costs

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

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

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

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

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

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

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with IAS 40 "Investment Property", such properties are presumed to be recovered through sale, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

<u>Critical judgements in applying accounting policies</u>

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

<u>Deferred taxes</u>

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

<u>Key sources of estimation uncertainty</u>

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Income tax</u>

No deferred tax asset has been recognised in respect of tax losses of HK$47,827,000 (2011: HK$89,988,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Impairment of property, plant and equipment

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$1,002,086,000 (2011: HK$1,029,655,000) has any indication of impairment by considering the recoverable amount of hotel building which has been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from hotel operating cash flows discounted to arrive at the present value of the asset. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value of investment properties

Investment properties with carrying amount of HK$9,854,688,000 (2011: HK$8,485,275,000) are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Valuation of properties for development

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

Valuation of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,282,086,000 (2011: HK$1,204,241,000) is based on an estimation of the net realisable value of these properties which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable standard and location, the estimated costs to complete the development, where appropriate, and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are (more) less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for (reversal of) write-down of the properties held for sale may result.

Impairment of other receivable

In determining whether there is any impairment loss on the carrying amount of the other receivable of HK$365,800,000 (2011: HK$381,183,000) in relation to cost incurred on certain pieces of land as detailed in note 23, the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, may arise.

5. CAPITAL RISK MANAGEMENT

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

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

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

	2012	2011
	HK$'000	*HK$'000*
Bank borrowings	**2,725,123**	3,392,286
Pledged bank deposits	**(58,750)**	(785)
Bank balances and cash	**(1,330,574)**	(2,007,938)
Net debt	**1,335,799**	1,383,563
Total carrying value of properties	**13,431,103**	12,007,443
Net debt to total funds employed	**9.9%**	11.5%

6. SEGMENT INFORMATION

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

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

6. SEGMENT INFORMATION - continued

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

Segment revenues and results

For the year ended 31 December 2012

	Property development *HK$'000*	**Property investment** *HK$'000*	**Hotel operation** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**36,998**	**309,552**	**248,206**	**-**	**594,756**
Inter-segment sales	**-**	**1,185**	**-**	**(1,185)**	**-**
Total	**36,998**	**310,737**	**248,206**	**(1,185)**	**594,756**
SEGMENT RESULTS					
Segment (loss) profit	**(91,356)**	**1,508,338**	**35,390**		**1,452,372**
Interest income					**18,615**
Corporate income less expenses					**1,450**
Share of results of jointly controlled entities					**(2,667)**
Finance costs					**(82,398)**
Profit before taxation					**1,387,372**

For the year ended 31 December 2011

	Property development *HK$'000*	Property investment *HK$'000*	Hotel operation *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE					
External sales	57,509	280,405	233,482	-	571,396
Inter-segment sales	-	601	-	(601)	-
Total	57,509	281,006	233,482	(601)	571,396
SEGMENT RESULTS					
Segment (loss) profit	(3,357)	1,274,424	28,187		1,299,254
Interest income					12,358
Corporate expenses					(8,433)
Share of results of jointly controlled entities					(1,314)
Finance costs					(82,710)
Profit before taxation					1,219,155

Inter-segment sales are at mutually agreed terms.

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

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

6. SEGMENT INFORMATION - continued

Other segment profit or loss information

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

For the year ended 31 December 2012

	Property development *HK$'000*	**Property investment** *HK$'000*	**Hotel operation** *HK$'000*	**Consolidated** *HK$'000*
Amortisation and depreciation				
- Properties for development	**21,533**	**-**	**-**	**21,533**
- Depreciation of property, plant and equipment	**1,521**	**1,424**	**56,477**	**59,422**
Increase in fair value of investment properties	**-**	**1,359,411**	**-**	**1,359,411**
Fair value adjustment on other receivable	**14,706**	**-**	**-**	**14,706**
Loss on disposal of property, plant and equipment	**-**	**33**	**47**	**80**
Reversal of provision on relocation compensation	**5,089**	**-**	**-**	**5,089**
	========	========	========	========

For the year ended 31 December 2011

	Property development *HK$'000*	Property investment *HK$'000*	Hotel operation *HK$'000*	Consolidated *HK$'000*
Amortisation and depreciation				
- Properties for development	15,084	-	-	15,084
- Depreciation of property, plant and equipment	932	949	57,627	59,508
Increase in fair value of investment properties	-	1,142,088	-	1,142,088
Fair value adjustment on other receivable	517	-	-	517
Reversal of write-down of properties held for sale	2,350	-	-	2,350
Loss/write-off on disposal of property, plant and equipment	-	63	19,978	20,041
	=======	=======	=======	=======

Geographical information

The Group operates in two principal geographical areas, Hong Kong (country of domicile) and PRC.

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

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong	**469,160**	456,963
PRC	**125,596**	114,433
	---------------	---------------
	594,756	571,396
	=========	=========

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

6. SEGMENT INFORMATION - continued

Geographical information - continued

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**8,624,866**	7,560,132
PRC	**3,585,776**	3,334,738
	---------------	---------------
	12,210,642	10,894,870
	=========	=========

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

7. REVENUE

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

	2012	2011
	HK$'000	*HK$'000*
Sale of properties	**36,998**	57,509
Renting of investment properties	**309,552**	280,405
Hotel operation	**248,206**	233,482
	---------------	---------------
	594,756	571,396
	=========	=========

8. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Included in other income is:		
Net exchange gain	**9,624**	13,176
Rental income from properties held for sale temporarily leased	**6,369**	13,447
	=========	=========

9. PROPERTY AND RELATED COSTS

	2012	2011
	HK$'000	*HK$'000*
Changes in completed properties held for sale	**16,268**	25,264
Reversal of provision on relocation compensation (note 31)	**(5,089)**	-
Reversal of write-down of properties held for sale	**-**	(2,350)
Selling and marketing expenses	**2,949**	2,822
Direct operating expenses on investment properties	**38,885**	40,965
	53,013	66,701

10. OTHER EXPENSES

	2012	2011
	HK$'000	*HK$'000*
Included in other expenses are:		
Management fees paid to a related company (note 40)	**138,049**	127,331
Hotel operating expenses	**63,277**	59,741
Legal and professional fees	**3,594**	6,178
Reversal of tax penalty	**-**	(17,000)

11. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within 5 years	**41,296**	41,510
Bank borrowings not wholly repayable within 5 years	**38,387**	35,065
	79,683	76,575
Less: Amount capitalised to property development projects	**(2,711)**	-
	76,972	76,575
Front end fee	**3,463**	3,684
Other charges	**1,963**	2,451
	82,398	82,710

12. PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**2,253**	2,150
Directors' emoluments (note 13)	**5,516**	2,750
Fair value adjustment on other receivable	**14,706**	517
Loss on disposal of property, plant and equipment	**80**	20,041
Depreciation and amortisation	**81,231**	74,592
Less: Amount capitalised to property development projects	**(276)**	-
	80,955	74,592
and crediting:		
Interest income from second mortgage loans	**791**	1,523
Interest earned on bank deposits	**17,392**	10,009
Imputed interest income on loans to jointly controlled entities	**432**	826
	18,615	12,358
Gross rental income from investment properties	**309,552**	280,405
Less: Direct operating expenses	**(38,885)**	(40,965)
Net rental income	**270,667**	239,440

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors are as follows:

	Lu Wing Chi	**Lambert Lu**	**David Andrew Runciman**	**Donald Ian Fletcher**	**Richard Öther Prickett**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2012						
Fee	**245**	**245**	**-**	**245**	**494**	**1,229**
Other emoluments						
Salaries and other benefits	**-**	**-**	**1,320**	**-**	**-**	**1,320**
Retirement benefits scheme contribution	**24**	**24**	**132**	**-**	**-**	**180**
Share based payment expense	**-**	**-**	**102**	**-**	**-**	**102**
Share awards expense	**-**	**-**	**2,685**	**-**	**-**	**2,685**
Total emoluments	**269**	**269**	**4,239**	**245**	**494**	**5,516**
2011						
Fee	249	249	-	249	501	1,248
Other emoluments						
Salaries and other benefits	-	-	1,320	-	-	1,320
Retirement benefits scheme contribution	25	25	132	-	-	182
Total emoluments	274	274	1,452	249	501	2,750

14. INCOME TAX EXPENSE

	2012 *HK$'000*	2011 *HK$'000*
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**12,877**	14,718
PRC Enterprise Income Tax	**8,963**	5,417
	21,840	20,135
Under (over) provision in prior years		
Hong Kong Profits Tax	**1,017**	(5,543)
Deferred tax	**64,188**	52,280
	87,045	66,872

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

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits for both years.

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

Details of deferred taxation are set out in note 34.

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

	2012 *HK$'000*	2011 *HK$'000*
Profit before taxation	**1,387,372**	1,219,155
Tax charge at Hong Kong income tax rate of 16.5%	**228,916**	201,161
Tax effect of share of results of jointly controlled entities	**440**	217
Tax effect of expenses not deductible for tax purpose	**24,874**	20,869
Tax effect of income not taxable for tax purpose	**(187,827)**	(163,422)
Tax effect of tax losses not recognised	**4,138**	-
Utilisation of tax losses previously not recognised	**(11,095)**	(3,958)
Utilisation of deductible temporary differences not previously recognised	**-**	(691)
Effect of different tax rates of subsidiaries operated in other jurisdiction	**24,437**	18,821
Under (over) provision in respect of prior years' tax expense	**1,017**	(5,543)
Others	**2,145**	(582)
Income tax expense for the year	**87,045**	66,872

15. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**1,326,447**	1,152,475
	=========	=========

	2012	2011
Number of ordinary shares for the purpose of basic earnings per share	**886,347,812**	886,347,812
	=========	=========

No diluted earnings per share is presented as the Company did not have any potential ordinary share in issue during both years or at the end of each reporting period.

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

	2012	2011
	HK$'000	*HK$'000*
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**1,326,447**	1,152,475
Fair value changes on investment properties	**(1,359,411)**	(1,142,088)
Deferred tax thereon	**62,223**	48,626
	---------------	---------------
Adjusted profit attributable to the Company's shareholders	**29,259**	59,013
	=========	=========
Basic earnings per share excluding fair value changes on properties net of deferred tax	**HK3.3 cents**	HK6.7 cents
	=========	=========

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

16. DIVIDENDS

No dividend was paid, declared or proposed during the reported period. The directors do not recommend the payment of any final dividend.

17. INVESTMENT PROPERTIES

	Hong Kong	PRC		
	Medium-term lease	Long lease	Medium-term lease	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	5,500,000	1,517,183	235,040	7,252,223
Fair value changes	950,000	172,758	19,330	1,142,088
Exchange adjustments	-	78,898	12,066	90,964
At 31 December 2011	6,450,000	1,768,839	266,436	8,485,275
Additions	9,482	-	-	9,482
Fair value changes	1,110,518	229,227	19,666	1,359,411
Exchange adjustments	-	496	24	520
At 31 December 2012	**7,570,000**	**1,998,562**	**286,126**	**9,854,688**

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

The fair values of investment properties at the end of the reporting periods were arrived at on the basis of valuation carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected with the Group. Savills, recognised by The Hong Kong Institute of Surveyors, has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuation, which conforms to the appropriate sections of both the current Practice Statements, and United Kingdom Practices Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "Red Book"), was arrived at by reference to market evidence of transaction prices or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units as well as those of similar properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer’s knowledge of factors specific to the respective properties.

18. PROPERTY, PLANT AND EQUIPMENT

	Land in Hong Kong under medium-term lease and hotel building	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Crockery, utensils and linens	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2011	1,116,051	46,746	35,854	3,576	82,019	4,222	1,288,468
Additions	-	-	2,203	2,673	3,888	829	9,593
Disposals/write-off	(12,793)	(1,957)	(3,603)	-	(8,824)	-	(27,177)
Adjustment on finalisation of construction costs	(13,531)	(5,614)	(588)	-	(4,039)	-	(23,772)
Exchange adjustments	-	-	119	169	145	-	433
At 31 December 2011	1,089,727	39,175	33,985	6,418	73,189	5,051	1,247,545
Additions	-	-	2,095	669	485	-	3,249
Disposals	(55)	-	(190)	(75)	(17)	-	(337)
Exchange adjustments	-	-	3	(1)	1	-	3
At 31 December 2012	**1,089,672**	**39,175**	**35,893**	**7,011**	**73,658**	**5,051**	**1,250,460**
DEPRECIATION							
At 1 January 2011	32,878	5,453	10,298	1,043	24,039	-	73,711
Provided for the year	27,732	4,040	8,375	832	18,529	-	59,508
Eliminated on disposals/write-off	(538)	(326)	(1,737)	-	(3,703)	-	(6,304)
Exchange adjustments	-	-	81	168	40	-	289
At 31 December 2011	60,072	9,167	17,017	2,043	38,905	-	127,204
Provided for the year	27,518	3,918	8,460	1,315	18,487	-	59,698
Eliminated on disposals	(4)	-	(147)	-	(11)	-	(162)
Exchange adjustments	-	-	2	2	5	-	9
At 31 December 2012	**87,586**	**13,085**	**25,332**	**3,360**	**57,386**	**-**	**186,749**
CARRYING VALUES							
At 31 December 2012	**1,002,086**	**26,090**	**10,561**	**3,651**	**16,272**	**5,051**	**1,063,711**
At 31 December 2011	1,029,655	30,008	16,968	4,375	34,284	5,051	1,120,341

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

Leasehold land	Over the lease terms ranging from 42 years to 45.5 years
Completed hotel building	40 years
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

19. PROPERTIES FOR DEVELOPMENT

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

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

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

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES - continued

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

Name of entity	Form of business structure	Place/country of incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group	Principal activity
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	50	Investment holding
Leiyang Shunhua Real Estate Development Ltd.#	Established	PRC	Registered capital	50	Property development

\# English translation of the entity's official name.

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

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

Interests in jointly controlled entities were reclassified to "assets classified as held for sale" upon entering into an agreement for the disposal of the Group's entire equity interest in these entities to the joint venture partner. Details are set out in note 29.

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

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

21. LOANS RECEIVABLE

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

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

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

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

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

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

22. NOTE RECEIVABLE

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

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

23. OTHER RECEIVABLE

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

24. PLEDGED BANK DEPOSITS

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

25. PROPERTIES HELD FOR SALE

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

26. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**11,638**	9,246
Accrued income, deposits and prepayments	**100,742**	122,976
	112,380	132,222

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

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

All trade receivables at the end of the reporting period are aged less than 60 days. The Group does not hold any collateral over these balances.

26. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS - continued

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

27. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

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

28. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term bank deposits which carry fixed interest rates ranging from 0.1% to 3.1% (2011: 0.1% to 2.8%) per annum. Included in bank balances and cash is a fixed deposits of HK$36,999,000 (2011: nil) with original maturity period of more than three months.

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong dollars	**100**	101
United States dollars	**76,470**	51,109
Renminbi	**554,661**	770,357

29. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

30. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**2,720**	2,022
Rental deposits	**93,539**	83,930
Rental received in advance	**8,590**	10,208
Other payables, other deposits and accrued charges	**190,678**	158,552
	295,527	254,712

Included in other payables is an aggregate amount of HK$85,761,000 (2011: HK$85,986,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands as detailed in note 23 and deposit of HK$40,000,000 (2011: nil) received from disposal of the interests in jointly controlled entities.

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

31. PROVISIONS

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

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

32. BANK BORROWINGS

	2012 *HK$'000*	2011 *HK$'000*
Secured	**2,740,500**	3,181,131
Unsecured	**-**	230,000
	2,740,550	3,411,131
Less: Front-end fee	**(15,377)**	(18,845)
	2,725,123	3,392,286
Analysed for reporting purpose as:		
Current liabilities	**388,004**	996,434
Non-current liabilities	**2,337,119**	2,395,852
	2,725,123	3,392,286

The bank borrowings are repayable as follows:

	2012	2011
On demand or within one year	**388,848**	997,279
More than one year, but not exceeding two years	**1,035,297**	116,388
More than two years, but not exceeding five years	**1,015,430**	1,948,075
More than five years	**300,925**	349,389
	2,740,500	3,411,131

All bank borrowings are denominated in the functional currencies of the relevant group entities and carry interest at floating rates, the principal amounts of which are analysed below:

Denominated in	**Interest rates**	**2012** *HK$'000*	2011 *HK$'000*
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2.75% (2011: HIBOR plus 1% to 2.5%)	**2,173,182**	2,809,183
Renminbi	95% to 110% of People's Bank of China ("PBOC") Prescribed Interest Rates (2011: 95% to 110% PBOC Prescribed Interest Rates)	**567,318**	601,948
		2,740,500	3,411,131

The effective interest rates of these variable-rate borrowings range from 1.5% to 7.8% (2011: 1.4% to 7.5%) per annum.

33. SHARE CAPITAL

	US$'000	2012 HK$'000	2011 HK$'000
Authorised:			
1,300,000,000 ordinary shares of US$0.05 each	65,000	**506,313**	506,313
Issued and fully paid:			
886,347,812 ordinary shares of US$0.05 each	44,317	**345,204**	345,204

34. DEFERRED TAXATION

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

	Accelerated tax depreciation	Fair value of investment properties	Effective rental income	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	22,388	147,199	15,701	(14,590)	3,604	174,302
Exchange adjustments	-	7,051	807	(69)	-	7,789
(Credit) charge to profit or loss	(3,032)	48,626	1,359	4,442	885	52,280
At 31 December 2011	19,356	202,876	17,867	(10,217)	4,489	234,371
Exchange adjustments	-	184	1	(2)	-	183
(Credit) charge to profit or loss	(4,527)	62,223	1,274	5,745	(527)	64,188
At 31 December 2012	**14,829**	**265,283**	**19,142**	**(4,474)**	**3,962**	**298,742**

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

At 31 December 2012, the Group has unused tax losses of HK$70,645,000 (2011: HK$148,831,000) available for offset against future profits of which HK$13,966,000 (2011: nil) has not yet agreed with the Inland Revenue Department. A deferred tax asset has been recognised in respect of HK$22,818,000 (2011: HK$58,843,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$47,827,000 (2011: HK$89,988,000) as it is not probable that taxable profit will be available for offset against the tax losses due to the unpredictability of future profit streams.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012	2011
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,794,281**	2,467,369
Financial liabilities		
Financial liabilities at amortised cost	**2,966,656**	3,632,955

(b) Financial risk management objectives and policies

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

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

Market risk

(i) Foreign currency risk

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

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong dollars	**100**	101
United States dollars	**76,470**	51,109
Renminbi	**554,661**	770,357

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

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

Sensitivity analysis

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

	Decrease in profit for the year		**Increase in equity**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	**5**	5	**10,395**	10,395
United States dollars	**3,824**	2,555	**4,619**	4,635
Renminbi	**27,733**	38,518	**-**	-
	=======	=======	=======	=======

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

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

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(ii) Interest rate risk

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

The Group currently does not have an interest rate swap hedging policy. However, management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would decrease/increase by HK$13,575,000 (2011: HK$16,872,000).

Credit risk

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

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

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

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

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2012, the Group has available unutilised bank loan facilities of approximately HK$910,000,000 (2011: HK$620,000,000).

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

	Weighted average effective interest rate	Within 3 months	3 months to 6 months	6 months to 9 months	9 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12.2012								
Payables and rental deposits received	**-**	**157,171**	**3,967**	**9,631**	**9,158**	**61,667**	**241,594**	**241,594**
Amounts due to non-controlling shareholders	**-**	**93,478**	**-**	**-**	**-**	**-**	**93,478**	**93,478**
Variable rates bank borrowings	**2.7**	**40,606**	**41,100**	**40,946**	**335,477**	**2,549,370**	**3,007,499**	**2,725,123**
		291,255	**45,067**	**50,577**	**344,635**	**2,611,037**	**3,342,571**	**3,060,195**
At 31.12.2011								
Payables and rental deposits received	-	160,060	3,138	1,628	13,288	60,701	238,815	238,815
Amounts due to non-controlling shareholders	-	85,784	-	-	-	-	85,784	85,784
Variable rates bank borrowings	2.4	618,430	38,641	38,529	122,296	2,911,547	3,729,443	3,392,286
		864,274	41,779	40,157	135,584	2,972,248	4,054,042	3,716,885

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

(c) Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

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

36. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$792,000 (2011: HK$895,000).

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

	2012	2011
	HK$'000	*HK$'000*
Within one year	**567**	572
In the second to fifth years inclusive	**87**	527
	654	1,099

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

The Group as lessor

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

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

	2012	2011
	HK$'000	*HK$'000*
Within one year	**333,429**	297,104
In the second to fifth years inclusive	**585,789**	561,988
Over five years	**498,327**	557,567
	1,417,545	1,416,659

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

The lease terms of the remaining leased properties range from 1 to 19 years (2011: 1 to 15 years).

37. PLEDGE OF ASSETS

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

(a) Fixed charges on investment properties with an aggregate carrying value of HK$9,162,807,000 (2011: HK$7,866,058,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$1,002,086,000 (2011: HK$1,029,655,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$707,889,000 (2011: HK$613,423,000).

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

38. SHARE-BASED PAYMENTS

Share Option Scheme of the Company

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

The purpose of the Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of any (i) director or employee of the Company or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of the Company or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of the Company or any of its affiliates.

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

38. SHARE-BASED PAYMENTS - continued

Share Option Scheme of the Company - continued

Without prior approval of the shareholders of SEA in general meeting, (a) no option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue; and (b) for any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or SEA or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK$5 million (or its equivalent amount in British Pound).

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

No option was granted since the Adoption Date of the Share Option Scheme.

Share Award Scheme of the Company

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

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

No award was granted since the Adoption Date of the Share Award Scheme.

Share Option Scheme of SEA

SEA approved and adopted an employee share option scheme (the "SEA Share Option Scheme") on 19 August 2005 for the primary purpose of providing incentive to directors and eligible employees. The SEA Share Option Scheme shall be valid and effective for a term of 10 years until 24 August 2015.

Under the SEA Share Option Scheme, the board of directors of SEA may offer to any director or full time employee/chief executive of SEA, or any of its subsidiaries, options to subscribe for shares in SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

Without prior approval of the shareholders of SEA in general meeting, (a) no option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of SEA then in issue; and (b) for any grant of options to a substantial shareholder and/or an independent non-executive director of SEA or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of SEA then in issue and with an aggregate value exceeding HK$5 million.

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

On 31 December 2008, SEA granted share options to a director of the Company entitling the holder to subscribe for 2,000,000 shares of SEA at an exercise price of HK$2.262 per share with an exercise period of 2 years from 31 December 2010 to 30 December 2012. The directors determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK$592,000. 1,000,000 share options were exercised in January 2011 and the remaining were exercised in September 2012.

On 12 July 2012, SEA granted share options to a director of the Company entitling the holder to subscribe for 1,000,000 shares of SEA at an exercise price of HK$3.454 per share with an exercise period of 2 years from 1 July 2015 to 30 June 2017. The directors determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK$643,300. None of the options were exercised up to the end of the reporting period.

38. SHARE-BASED PAYMENTS - continued

Share Award Scheme of SEA

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

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

SEA has appointed trustee to acquire shares of SEA in the open market with funds provided by the SEA group and to hold the shares of SEA before they are vested and transferred to the selected participants. On 12 July 2012, 500,000 shares of SEA were awarded to a director of the Company and vested immediately.

39. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 15% of relevant payroll costs per month to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

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

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK$3,531,000 (2011: HK$3,243,000).

40. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with fellow subsidiaries, which are wholly-owned subsidiaries of SEA during the year:

(i) Rental income of HK$11,110,000 (2011: HK$10,804,000) from the renting of the Group's premises; and

(ii) Management fees of HK$141,846,000 (2011: HK$127,331,000) in respect of provision of property development management services to the Group on the Group's property portfolio.

(b) Details of loans to jointly controlled entities and interest income thereon are disclosed in the consolidated statement of financial position and notes 29 and 12 respectively.

In addition, the Group entered into an agreement to dispose of its entire equity interest in jointly controlled entities to the joint venture partner as disclosed in note 29.

(c) The remuneration of directors who are the Group's key management was set out in note 13.

41. PRINCIPAL SUBSIDIARIES

Name of subsidiary	**Place/country of incorporation/ operation**	**Issued and paid up share capital/ registered capital**	**Effective % of issued share capital/registered capital held by the Company**		**Principal activities**
			2012	2011	
Direct subsidiary					
Benefit Strong Group Limited	B.V.I./Hong Kong	1 ordinary share of HK$1	**100**	100	Investment holding
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Property development and investment
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB200,000,000 registered capital	**100**	100	Property investment
Chengdu Yulong No. 1 Property Development Company Limited*	PRC	RMB275,000,000 registered capital	**100**	100	Property development
Chengdu Yulong No. 2 Property Development Company Limited*	PRC	RMB80,000,000 registered capital	**100**	100	Property development
Chengdu Yulong No. 3 Property Development Company Limited*	PRC	RMB450,000,000 registered capital	**100**	100	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	**100**	100	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding

41. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company 2012	2011	Principal activities
Indirect subsidiaries - continued					
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Treasury services
Guangzhou Yingfat House Property Development Co., Ltd.**	PRC	US$20,110,000 registered capital	**100**	100	Property development and investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited*	PRC	RMB35,000,000 registered capital	**100**	100	Property and tourist leisure facilities development
Kaifeng International City No. 1 Realty Development Company Limited*	PRC	US$76,500,000 registered capital	**100**	100	Property development
Kaifeng International City No. 5 Realty Development Company Limited*	PRC	US$42,450,000 registered capital	**100**	100	Property development
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	**55**	55	Property development
Leighton Road Hotel Management Services Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Hotel operation
Nanjing Hushu Ecology Travel Development Co., Ltd. @	PRC	RMB100,000,000 registered capital	**51**	51	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@	PRC	RMB35,000,000 registered capital	**51**	51	Property, cultural and tourism development
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Hotel operation
Sino Harvest Real Estate Development (Chengdu) Company Limited*	PRC	US$3,000,000 registered capital	**100**	100	Property investment
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Hotel operation
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Property investment

* Wholly foreign owned enterprise

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

@ Sino-foreign equity joint venture

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