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 2014.

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 2014

* *For identification purpose only*

RNS Number: 7333C
Asian Growth Properties Limited

19 March 2014

Asian Growth Properties Limited
Immediate Release

Results for the year ended 31 December 2013

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 2013 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$474.5 million (£37.0 million) (2012: HK$1,326.4 million (£105.8 million))
- Profit attributable to the Company's shareholders (excluding revaluation surplus net of deferred tax) was HK$205.0 million (£16.0 million) (2012: HK$29.3 million (£2.3 million))
- Earnings per share for profit attributable to the Company's shareholders of HK53.5 cents (4.2 pence) (2012: HK149.7 cents (11.9 pence))
- Net asset value per share attributable to the Company's shareholders as at 31 December 2013 of HK$14.1 (110.0 pence) (31 December 2012: HK$13.4 (106.9 pence))
- Geographical location of the Group's property assets were as follow:

	31 December 2013	31 December 2012
Hong Kong	**HK$9,637.8 million (£751.9 million)**	HK$9,385.0 million (£748.9 million)
Mainland China	**HK$4,355.5 million (£339.8 million)**	HK$4,046.1 million (£322.8 million)
Total	**HK$13,993.3 million (£1,091.7 million)**	HK$13,431.1 million (£1,071.7 million)

- Gearing ratio of 8.9% (31 December 2012: 9.9%)

Operational Highlights

- Increased gross rental income generated from Dah Sing Financial Centre in Hong Kong and its occupancy rate remains high.
- The commercial podium, all public car parking spaces and all the remaining residential units of The Forest Hills were sold, with only the resident's car parking spaces to be sold.
- 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. Site formation works for Phase I of Chengdu project and superstructure works for Phase I of Kaifeng project are in progress.

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 years. The relevant exchange rates adopted are stated as follows:*

For 31 December 2013:	*£1 = HK$12.8184; and*
For 31 December 2012:	*£1 = HK$12.5323*

2. *For Shareholders' information, the exchange rate on 18 March 2014 was £1 = HK$12.8934*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2013, which have been approved by the Board of Directors on 19 March 2014.

The 2013 Annual Report is expected to be posted to shareholders and holders of depositary interests in late April 2014.

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

Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Consolidated Statement of Profit or Loss;
4. Consolidated Statement of Profit or Loss and Other 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.

This announcement can also be viewed on the Company's website at:
http://www.asiangrowth.com/html/eng/news.asp

CHAIRMAN’S REVIEW

I am pleased to present the audited consolidated financial results of Asian Growth Properties Limited (“AGP” or the “Company”, together with its subsidiaries, the “Group”) for the year 2013 to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company’s shareholders of HK$474.5 million (£37.0 million) for the year ended 31 December 2013 (2012: HK$1,326.4 million (£105.8 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$269.5 million (£21.0 million) (2012: HK$1,297.1 million (£103.5 million)). By excluding the net effect of such surplus, the Group’s net profit attributable to the Company’s shareholders was HK$205.0 million (£16.0 million) (2012: HK$29.3 million (£2.3 million)).

As at 31 December 2013, the Group’s equity attributable to the Company’s shareholders amounted to HK$12,458.7 million (£971.9 million), representing an increase of HK$597.3 million (£25.4 million) over 31 December 2012. The net asset value per share as at 31 December 2013 was HK$14.1 (110.0 pence) as compared with HK$13.4 (106.9 pence) as at 31 December 2012.

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.

Operations

During the year 2013, 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 has included the sale of the commercial podium, all public car parking spaces and five residential units of The Forest Hills. Crowne Plaza Hong Kong Causeway Bay has also performed satisfactorily with improvements in room rate as compared with last year.

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

Outlook

With the pick up of trade in the second half of 2013, the International Monetary Fund (the “IMF”) is predicting that economic global activity is expected to improve further in 2014 with an anticipated growth rate of 3.7%. The growth rate in China is anticipated to be around 7.5% while in Hong Kong is estimated to be 3.5%. The IMF also stated in their report published in January 2014 that in advanced economies, output gaps generally remain large and, given the risks, the monetary policy stance should stay accommodative while fiscal consolidation continues. However, the global political and economic landscape continues to be uncertain in this year.

Based on the recent reforms in Mainland China aimed at private investment in State-owned enterprises, crackdown on corruption and spending on infrastructure, the Boston Consulting Group forecasts that Mainland China will grow faster in 2014 than 2013. China’s largest stockbroker has recently revised upwards the property price growth figure in Mainland China from 3% to 8%.

In conclusion, we are of the opinion that 2014 will continue to see recovery in many of the world's economies and the more advanced nations are unlikely to see economic recovery snuffed out by premature acceleration of tapering and raising of interest rates.

During the year under review, the Group continues to dispose of the remaining properties held for sale and focus on those development projects that the Board believes are capable of generating significant profits in the coming years.

Final Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2013 (2012: 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 2014

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2013 amounted to HK$878.6 million (£68.5 million) (2012: HK$594.8 million (£47.5 million)). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of commercial podium, all public car parking spaces and all the remaining residential units of The Forest Hills.

Profit attributable to the Company's shareholders for the year amounted to HK$474.5 million (£37.0 million) (2012: HK$1,326.4 million (£105.8 million)), equivalent to a basic earnings per share of HK53.5 cents (4.2 pence) (2012: HK149.7 cents (11.9 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$269.5 million (£21.0 million) (2012: HK$1,297.1 million (£103.5 million)). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$205.0 million (£16.0 million) (2012: HK$29.3 million (£2.3 million)), equivalent to HK23.1 cents (1.8 pence) (2012: HK3.3 cents (0.3 pence)) per share.

As at 31 December 2013, the Group's equity attributable to the Company's shareholders amounted to HK$12,458.7 million (£971.9 million) (31 December 2012: HK$11,861.4 million (£946.5 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2013 was HK$14.1 (110.0 pence) as compared with HK$13.4 (106.9 pence) as at 31 December 2012.

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 2013:	£1 = HK$12.8184; and
For 31 December 2012:	£1 = HK$12.5323

BUSINESS REVIEW

Property Investment and Development

The Group continues to focus on 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. 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 92% as at 31 December 2013.

The Group has sold the commercial podium, all public car parking spaces and all the remaining residential units of The Forest Hills for the year under review. The sale of the residents' car parking spaces are continuing.

The negotiation of the land premium with the Government for the development project at Fo Tan is in progress. This development project has a site area of approximately 20,000 square metres and envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus. The foundation work of the project has been completed and the amended building plans were approved by the Buildings Department.

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 is fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2013, 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 is fully let to a furniture retailer on a medium-term lease.

The master layout plan of the Longquan project, which has a site area of 506,000 square metres, was approved by the local government in January 2014. Preliminary site works of the project have been completed and site formation works for Phase I are in progress.

Kaifeng, Henan Province

The Kaifeng project, known as "Nova City", is situated in Zheng-Kai District, a new town in Kaifeng and envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. This project has a site area of 735,000 square metres and in order to provide a better living environment, the gross floor area of the development will vary from 2,000,000 to 2,500,000 square metres only. The master layout plan has been approved by the local government and foundation work for Phase I of the residential has been completed during the year under review. The superstructure works for Phase I of the residential are in progress and scheduled to be completed in the first quarter of 2015.

Guangzhou, Guangdong Province

As at 31 December 2013, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 99% 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 337,000 square metres comprising of development land of about 117,000 square metres and landscape land of 220,000 square metres. The master layout plan for the development of the project comprising a hotel, serviced apartments and resort villas in the integrated resort site has been approved by the local government and site formation work for phase I of the project is in progress.

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 land 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.

Termination of Management Agreement and Lease Agreements with related parties

On 18 September 2006, the Company entered into a management agreement (the "Management Agreement") with South-East Asia Investment And Agency Company, Limited ("SEAI"), a wholly-owned subsidiary of S E A Holdings Limited (the holding company of the Company), to appoint SEAI as manager for managing the Group's property portfolio (which comprised of corporate and management services of investment property and development project).

On 11 November, 2013, the Company and SEAI mutually agreed to terminate the Management Agreement with effect from 1 January 2014. From 1 January 2014, the Group's property portfolio is now managed by the Group itself and all related staff costs and office overheads are now borne by the Group directly. In addition, the lease agreements for leasing the 25th and 26th floors of Dah Sing Financial Centre to SEAI were also terminated with effect from 1 January 2014. It is expected that the overall costs incurred by the Group for managing the Group's property portfolio will be reduced after termination of the Management Agreement.

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December 2013, the Group's total cash balance was HK$1,766.4 million (£137.8 million) (31 December 2012: HK$1,389.3 million (£110.9 million)) and unutilised facilities were HK$855.0 million (£66.7 million) (31 December 2012: HK$910.0 million (£72.6 million)).

The gearing ratio as at 31 December 2013, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 8.9% (31 December 2012: 9.9%).

As at 31 December 2013, the maturity of the Group's outstanding borrowings was as follows:

	31 December 2013 HK$' million	31 December 2012 HK$' million
Due		
Within 1 year	**1,291.8**	388.9
1-2 years	**395.2**	1,035.3
3-5 years	**1,082.9**	1,015.4
Over 5 years	**256.6**	300.9
	3,026.5	2,740.5
Less: Front-end fee	**(13.7)**	(15.4)
	3,012.8	2,725.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2013 amounted to HK$3,012.8 million (31 December 2012: HK$2,725.1 million) which comprise secured bank loans of HK$2,894.8 million (31 December 2012: HK$2,725.1) and unsecured bank loans of HK$118.0 million (31 December 2012: Nil). The secured bank loans were secured by properties valued at HK$11,343.7 million and note receivable of HK$54.3 million (31 December 2012: secured by properties valued at HK$10,872.8 million and fixed deposits of HK$58.8 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2013, 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

The Mainland China property market continues to grow with the 100-cities index recording twenty months growth since June 2012. However, the growth momentum continues to be slowing down in recent months.

In Hong Kong, the property prices of residential properties have declined slightly and there may be a further modest decline in 2014. It is believed that land supply continues to be a problem. The Hong Kong Government's policy does not address the prompt implementation of a comprehensive solution to the housing shortage with insufficient housing stock being produced and an administrative system which seems to have lost its way.

Negotiation of the land premium that would be paid by the Group for our Fo Tan development project is a slow and painful process. The Group is awaiting a more realistic revised land premium from the Hong Kong Lands Department which should reflect the current market circumstances. There has been some softening of rents from the recent highs for our Dah Sing Financial Centre but pick up is anticipated in the latter half of the year with an uptick in the financial service market activity. Our hotel has firmly established itself as the number one hotel in Causeway Bay recording high occupancy rates which are predicted to continue. The hotel is currently looking at growing its room rate by 5% in view of the increased Chinese visitors.

In Mainland China, our investment properties remain substantially let and generate steady cash flow whilst the two major developments in Chengdu and Kaifeng are now under construction. Pre-sales of the first phase of the Kaifeng project will commence in the second quarter of this year while pre-sales of the residential project in Chengdu will commence in the middle of the year. Both cities are expected to see modest growth in sales prices over the year and are unlikely to be so affected as the first tier cities where further intervention could be imposed by the Central Government. As cooling measures have resulted in a much reduced number of apartments sold and thus such further intervention may not be foreseen.

Notwithstanding an anticipated modest decline in property prices for residential properties in Hong Kong, the outlook for the markets in which the Group operate is expected to be relatively stable in 2014.

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 19 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013**	2012
		HK$'000	*HK$'000*
Revenue	7	**878,597**	594,756
Interest income	8	**24,874**	18,615
Other income		**24,166**	21,998
Costs:			
Property and related costs	9	**(160,091)**	(53,013)
Staff costs		**(82,291)**	(79,812)
Depreciation and amortisation		**(80,159)**	(80,955)
Other expenses	10	**(278,509)**	(308,563)
		(601,050)	(522,343)
Profit from operations before fair value changes on properties		**326,587**	113,026
Fair value changes on investment properties		**289,340**	1,359,411
Profit from operations after fair value changes on properties		**615,927**	1,472,437
Gain on disposal of assets classified as held for sale		**21,640**	-
Share of results of joint ventures		**-**	(2,667)
Finance costs	11	**(80,994)**	(82,398)
Profit before taxation	12	**556,573**	1,387,372
Income tax expense	14	**(81,313)**	(87,045)
Profit for the year		**475,260**	1,300,327
Attributable to:			
Company's shareholders		**474,543**	1,326,447
Non-controlling interests		**717**	(26,120)
		475,260	1,300,327
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	15		
- Basic		**53.5**	149.7
Earnings per share excluding fair value changes on investment properties net of deferred tax	*15*		
- Basic		***23.1***	*3.3*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**475,260**	1,300,327
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**126,825**	1,259
Release of translation reserve upon disposal of assets classified as held for sale	**(2,480)**	-
Share of exchange differences of joint ventures	**-**	(250)
	124,345	1,009
Total comprehensive income for the year	**599,605**	1,301,336
Total comprehensive income (expense) attributable to:		
Company's shareholders	**597,328**	1,327,552
Non-controlling interests	**2,277**	(26,216)
	599,605	1,301,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	NOTES	**2013**	2012
		HK$'000	*HK$'000*
Non-current assets			
Investment properties	17	**10,216,706**	9,854,688
Property, plant and equipment	18	**1,016,607**	1,063,711
Properties for development	19	**1,350,813**	1,292,243
Loans receivable	20	**7,072**	9,396
Note receivables	21	**54,279**	15,510
Other receivable	22	**384,794**	365,800
Pledged bank deposits	23	**-**	58,750
Restricted bank deposits	23	**6,360**	-
		13,036,631	12,660,098
Current assets			
Properties held for sale	24		
Completed properties		**484,531**	574,197
Properties under development		**966,684**	707,889
Other inventories		**1,119**	935
Loans receivable	20	**463**	642
Trade receivables, deposits and prepayments	25	**124,536**	112,380
Tax recoverable		**940**	1,069
Amounts due from non-controlling interests	26	**265**	1,270
Bank balances and cash	27	**1,760,007**	1,330,574
		3,338,545	2,728,956
Assets classified as held for sale	28	**-**	42,090
		3,338,545	2,771,046
Current liabilities			
Payables, deposits and accrued charges	29	**290,079**	295,527
Tax liabilities		**133,024**	98,922
Amounts due to non-controlling interests	26	**96,985**	93,478
Bank borrowings - due within one year	30	**1,290,658**	388,004
		1,810,746	875,931
Net current assets		**1,527,799**	1,895,115
Total assets less current liabilities		**14,564,430**	14,555,213

	NOTES	**2013** ***HK$'000***	2012 *HK$'000*
Capital and reserves			
Share capital	31	**345,204**	345,204
Reserves		**12,113,481**	11,516,153
Equity attributable to the Company's shareholders		**12,458,685**	11,861,357
Non-controlling interests		**57,706**	57,995
Total equity		**12,516,391**	11,919,352
Non-current liabilities			
Bank borrowings - due after one year	30	**1,722,108**	2,337,119
Deferred taxation	32	**325,931**	298,742
		2,048,039	2,635,861
		14,564,430	14,555,213

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	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 2012	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
Exchange differences arising on translation of foreign operations	-	-	1,355	-	-	1,355	(96)	1,259
Share of translation differences of joint ventures	-	-	(250)	-	-	(250)	-	(250)
Other comprehensive income (expense) for the year	-	-	1,105	-	-	1,105	(96)	1,009
Total comprehensive income (expense) for the year	-	-	1,105	-	1,326,447	1,327,552	(26,216)	1,301,336
Dividends paid to non-controlling interests	-	-	-	-	-	-	(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
Profit for the year	-	-	-	-	474,543	474,543	717	475,260
Exchange differences arising on translation of foreign operations	-	-	125,265	-	-	125,265	1,560	126,825
Release of translation reserve upon disposal of assets classified as held for sale	-	-	(2,480)	-	-	(2,480)	-	(2,480)
Other comprehensive income for the year	-	-	122,785	-	-	122,785	1,560	124,345
Total comprehensive income for the year	-	-	122,785	-	474,543	597,328	2,277	599,605
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,566)	(2,566)
At 31 December 2013	**345,204**	**4,836,225**	**527,655**	**766,370**	**5,983,231**	**12,458,685**	**57,706**	**12,516,391**

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 interests over the carrying amount of non-controlling interests acquired.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Operating activities		
Profit before taxation	**556,573**	1,387,372
Adjustments for:		
Interest expenses	**74,711**	76,972
Reversal of provision on relocation compensation	**-**	(5,089)
Depreciation and amortisation	**80,159**	80,955
Fair value changes on investment properties	**(289,340)**	(1,359,411)
Fair value adjustment on other receivable	**(7,435)**	14,706
Gain on disposal of assets classified as held for sale	**(21,640)**	-
Share of results of joint ventures	**-**	2,667
Interest income	**(24,874)**	(18,615)
Loss on disposal of property, plant and equipment	**41**	80
Share options expense	**217**	102
Operating cash flows before movements in working capital	**368,412**	179,739
Increase in properties held for sale	**(70,240)**	(77,921)
(Increase) decrease in other inventories	**(184)**	84
(Increase) decrease in trade receivables, deposits and prepayments	**(2,037)**	18,332
Increase in payables, deposits and accrued charges	**34,991**	2,897
Cash generated from operations	**330,942**	123,131
Interest paid	**(72,489)**	(78,458)
Tax paid	**(31,031)**	(12,732)
Net cash from operating activities	**227,422**	31,941
Investing activities		
Acquisition of and additional costs on properties for development	**(125,038)**	(25,417)
Interest received	**17,742**	17,434
Decrease in loans receivable	**2,503**	7,851
Increase in note receivables	**(38,785)**	(15,510)
Increase in bank deposits	**(461,607)**	(94,964)
Pledged bank deposit refunded	**59,295**	-
Bank deposits refunded	**36,999**	-
Purchase of property, plant and equipment	**(9,043)**	(3,249)
Additional costs of investment properties	**-**	(9,482)
Net proceeds received on disposals of property, plant and equipment	**64**	95
Increase in other receivable	**(7,459)**	(11)
Consideration/deposit received on disposal of assets classified as held for sale	**21,250**	40,000
Net cash used in investing activities	**(504,079)**	(83,253)

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *HK$'000*	2012 *HK$'000*
Financing activities		
Draw down of bank loans	**624,656**	1,000,000
Repayments of bank loans	**(351,880)**	(1,666,952)
Payment of front-end fee	**(2,100)**	-
Advances from non-controlling interests	**574**	7,682
Repayments from non-controlling interests	**1,005**	114
Dividends paid to non-controlling interests	**(2,566)**	(4,905)
Net cash from (used in) financing activities	**269,689**	(664,061)
Net decrease in cash and cash equivalents	**(6,968)**	(715,373)
Cash and cash equivalents at beginning of the year	**1,293,575**	2,007,938
Effect of foreign exchange rate changes	**18,060**	1,010
Cash and cash equivalents at end of the year	**1,304,667**	1,293,575
Represented by:		
Bank balances and cash	**1,760,007**	1,330,574
Less: fixed deposits with original maturity date more than 3 months	**(455,340)**	(36,999)
	1,304,667	1,293,575

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 39.

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

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of IASB:

Amendments to IFRSs	Annual improvements to IFRSs 2009 - 2011 cycle
Amendments to IFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement
IAS 19 (as revised in 2011)	Employee benefits
IAS 27 (as revised in 2011)	Separate financial statements
IAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to IAS 1	Presentation of items of other comprehensive income
IFRIC 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

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

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of parties to the joint arrangements. In contrast, under IAS 31, there were three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

In addition, joint ventures under IFRS 11 are required to account for using the equity method, whereas jointly controlled entities under IAS 31 could be accounted for using the equity method of accounting or proportionate consolidation.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that the Group's joint arrangements, which were classified as jointly controlled entities under IAS 31 and were accounted for using the equity method, should be classified as joint ventures under IFRS 11 and continue to be accounted for using the equity method up to the date the joint arrangements are classified as assets held for sale.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply 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 for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see note 17 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Amendments to IAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to IAS 1 *Presentation of items of other comprehensive income*. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to IFRS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 consolidated financial statements are disclosed as below.

Annual Improvements to IFRSs 2010-2012 Cycle

The *Annual Improvements to IFRSs 2010-2012 Cycle* include a number of amendments to various IFRSs, the amendments which may relevant to the Group are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

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

Annual Improvements to IFRSs 2010-2012 Cycle *- continued*

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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 IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

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

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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.

- 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 new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

<u>Going concern</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, 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, an investment in a joint venture is 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 joint venture. When the Group’s share of losses of the joint venture exceeds the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), 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 the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee 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 and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 joint venture. 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 of disposal) 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in joint ventures - continued

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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 asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. 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.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing joint control over the joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Assets classified as held for sale - continued

After the disposal takes place, the Group accounts for any retained interest in the joint venture in accordance with IAS 39 unless the retained interest continues to be a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in joint ventures above).

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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 included in the consolidated statement of financial position 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 are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, 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 disposal. 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 subsequent 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 linen, 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.

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loans receivable, note receivables, other receivable, trade receivables, amounts due from non-controlling interests, bank deposits and cash) are measured at amortised cost using the effective interest method, less any impairment.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. 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 debt instrument 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 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

<u>Financial instruments</u> - continued

<u>Financial assets</u> - continued

Impairment of financial assets - continued

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.

<u>Financial liabilities and equity instruments</u>

Debt 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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities

Financial liabilities including payables, amounts due to non-controlling interests 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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are 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 case 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 they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

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

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 added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised 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 on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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) using exchange rates prevailing at the end of each reporting period. Income and expenses items 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 the 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 original estimates, 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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 statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, 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 rates (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, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when they relate 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.

Deferred tax

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have determined that the Group's investment properties situated in Hong Kong are held under a business model whose objective is to recover the value through sale rather than 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, rather than through sale. 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 the Group's investment properties situated in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties. The presumption that the carrying amounts of the Group's investment properties situated in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of these investment properties 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.

Income tax

No deferred tax asset has been recognised in respect of tax losses of HK$41,282,000 (2012: HK$47,827,000) 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 statement of profit or loss for the period in which it takes place.

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

Key sources of estimation uncertainty - continued

Impairment of property, plant and equipment

The Group performs a review annually to determine whether its hotel property with an aggregate carrying amount of HK$974,569,000 (2012: HK$1,002,086,000) has any indication of impairment by considering the recoverable amount of the 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 the hotel's 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 a carrying amount of HK$10,216,706,000 (2012: HK$9,854,688,000) 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 assumptions 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 an aggregate carrying amount of HK$1,350,813,000 (2012: HK$1,292,243,000) 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, a material adjustment for an impairment loss may result.

Valuation of properties held for sale

Management’s assessment of properties held for sale with an aggregate carrying amount of HK$1,451,215,000 (2012: HK$1,282,086,000) 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, a 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$384,794,000 (2012: HK$365,800,000) in relation to costs incurred on certain pieces of land as detailed in note 22, the Group takes into consideration objective evidence 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 the prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings net of bank deposit, and bank balances and cash, and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and reserves.

The directors of the Company review the capital structure periodically and maintain a low gearing. The Group's percentage of net debt to carrying value of properties (comprising investment properties, hotel property, properties for development and properties held for sale) at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
Bank borrowings	**3,012,766**	2,725,123
Pledged bank deposits	**-**	(58,750)
Restricted bank deposits	**(6,360)**	-
Bank balances and cash	**(1,760,007)**	(1,330,574)
Net debt	**1,246,399**	1,335,799
Total carrying value of properties	**13,993,303**	13,431,103
Percentage of net debt to carrying value of properties	**8.9%**	9.9%

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, 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 makers have been aggregated in arriving at the reportable segments of the Group.

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

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 2013

	Property development *HK$'000*	**Property investment** *HK$'000*	**Hotel operation** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**235,465**	**385,983**	**257,149**	**-**	**878,597**
Inter-segment sales	**-**	**498**	**-**	**(498)**	**-**
Total	**235,465**	**386,481**	**257,149**	**(498)**	**878,597**
SEGMENT RESULTS					
Segment profit	**57,006**	**507,768**	**50,256**		**615,030**
Interest income					**24,874**
Corporate income less expenses					**(2,337)**
Finance costs					**(80,994)**
Profit before taxation					**556,573**

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 joint ventures					(2,667)
Finance costs					(82,398)
Profit before taxation					1,387,372

6. SEGMENT INFORMATION - continued

Inter-segment sales are at mutually agreed terms.

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

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

Other segment profit or loss information

The following charges (credits) are included in the measurement of segment profit or loss:

For the year ended 31 December 2013

	Property development	**Property investment**	**Hotel operation**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation and depreciation				
- Properties for development	**24,124**	**-**	**-**	**24,124**
- Depreciation of property, plant and equipment	**1,745**	**2,493**	**51,797**	**56,035**
Fair value changes on investment properties	**-**	**(289,340)**	**-**	**(289,340)**
Fair value adjustment on other receivable	**(7,435)**	**-**	**-**	**(7,435)**
Loss on disposal of property, plant and equipment	**-**	**41**	**-**	**41**
	=========	=========	=========	=========

For the year ended 31 December 2012

	Property development	Property investment	Hotel operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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
Fair value changes on 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)
	=========	=========	=========	=========

6. SEGMENT INFORMATION - continued

Geographical information

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

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

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**737,833**	469,160
PRC	**140,764**	125,596
	878,597	594,756

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

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

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**8,783,264**	8,624,866
PRC	**3,800,862**	3,585,776
	12,584,126	12,210,642

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision makers 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.

	2013	2012
	HK$'000	*HK$'000*
Sale of properties	**235,465**	36,998
Renting of investment properties	**385,983**	309,552
Hotel operation	**257,149**	248,206
	878,597	594,756

8. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Included in other income is:		
Net exchange gain	**6,642**	9,624
Rental income from properties held for sale temporarily leased	**4,223**	6,369

9. PROPERTY AND RELATED COSTS

	2013	2012
	HK$'000	*HK$'000*
Changes in completed properties held for sale	**103,493**	16,268
Reversal of provision on relocation compensation	**-**	(5,089)
Selling and marketing expenses	**6,472**	2,949
Direct operating expenses on investment properties	**50,126**	38,885
	160,091	53,013

10. OTHER EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Included in other expenses are:		
Management fees paid to a related company (note 38)	**148,087**	141,846
Less: Amount capitalised to property development project	**(3,797)**	(3,797)
	144,290	138,049
Hotel operating expenses	**63,661**	63,277
Legal and professional fees	**6,056**	3,594

11. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within 5 years	**41,417**	41,296
Bank borrowings not wholly repayable within 5 years	**37,427**	38,387
	78,844	79,683
Less: Amount capitalised to property development project	**(4,133)**	(2,711)
	74,711	76,972
Front end fee	**4,005**	3,463
Other charges	**2,278**	1,963
	80,994	82,398

12. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**2,359**	2,253
Directors' emoluments (note 13)	**2,935**	5,516
Fair value adjustment on other receivable	**(7,435)**	14,706
Loss on disposal of property, plant and equipment	**41**	80
Depreciation and amortisation	**80,487**	81,231
Less: Amount capitalised to property development projects	**(328)**	(276)
	80,159	80,955
Interest income from second mortgage loans	**(418)**	(791)
Interest earned on bank deposits	**(24,000)**	(17,392)
Imputed interest income on loans to joint ventures	**-**	(432)
Other interest income	**(456)**	-
	(24,874)	(18,615)
Gross rental income from investment properties	**(385,983)**	(309,552)
Less: Direct operating expenses	**50,126**	38,885
Net rental income	**(335,857)**	(270,667)

13. DIRECTORS' EMOLUMENTS

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

	Mr. Lu Wing Chi HK$'000	Mr. Lambert Lu HK$'000	Mr. David Andrew Runciman HK$'000	Mr. Donald Ian Fletcher HK$'000	Mr. Richard Öther Prickett HK$'000	Total HK$'000
2013						
Fee	**244**	**244**	-	**244**	**486**	**1,218**
Other emoluments						
Salaries and other benefits	-	-	**1,320**	-	-	**1,320**
Retirement benefits scheme contribution	**24**	**24**	**132**	-	-	**180**
Share-based payment expenses	-	-	**217**	-	-	**217**
Total emoluments	**268**	**268**	**1,669**	**244**	**486**	**2,935**
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 expenses	-	-	102	-	-	102
Share awards expense	-	-	2,685	-	-	2,685
Total emoluments	269	269	4,239	245	494	5,516

14. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**51,091**	12,877
PRC Enterprise Income Tax	**11,232**	8,963
	62,323	21,840
Underprovision in prior years		
Hong Kong Profits Tax	**135**	1,017
Deferred tax	**18,855**	64,188
	81,313	87,045

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.

Details of deferred taxation are set out in note 32.

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

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**556,573**	1,387,372
Tax charge at Hong Kong income tax rate of 16.5%	**91,835**	228,916
Tax effect of share of results of joint ventures	**-**	440
Tax effect of expenses not deductible for tax purposes	**25,606**	24,874
Tax effect of income not taxable for tax purposes	**(44,366)**	(187,827)
Tax effect of tax losses not recognised	**2,661**	4,138
Tax effect of deductible temporary differences not recognised	**224**	-
Utilisation of tax losses previously not recognised	**(3,753)**	(11,095)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**10,750**	24,437
Underprovision in prior years	**135**	1,017
Others	**(1,779)**	2,145
Income tax expense for the year	**81,313**	87,045

15. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to the Company's shareholders	**474,543**	1,326,447
	=========	=========

	2013	2012
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 investment 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:

	2013	2012
	HK$'000	*HK$'000*
Profit for the year attributable to the Company's shareholders as shown in the consolidated statement of profit or loss	**474,543**	1,326,447
Fair value changes on investment properties	**(289,340)**	(1,359,411)
Deferred tax thereon	**19,835**	62,223
	------------------	------------------
Adjusted profit attributable to the Company's shareholders	**205,038**	29,259
	==========	==========
Basic earnings per share excluding fair value changes on investment properties net of deferred tax	**HK23.1 cents**	HK3.3 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 leases	Long leases	Medium-term leases	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012	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
Fair value changes	210,000	60,539	18,801	289,340
Exchange adjustments	-	63,445	9,233	72,678
At 31 December 2013	**7,780,000**	**2,122,546**	**314,160**	**10,216,706**

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

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs to the model.

The fair values of investment properties as at 31 December 2013 and 31 December 2012 were arrived at on the basis of valuations carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected to the Group, recognised by The Hong Kong Institute of Surveyors, that 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, which falls under Level 3 of the fair value hierarchy, the market rentals of all lettable units as well as those of similar properties are made by 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. These has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. INVESTMENT PROPERTIES - continued

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and monthly unit rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. The higher the monthly unit rent, the higher the fair value and vice versa.

Details of the significant unobservable input under the income capitalisation approach are as follows:

Class of property	Capitalisation rates
Office units and shops in Hong Kong	3.75% per annum
Car parking spaces in Hong Kong	5.5% per annum
Shops in the PRC	6.75% per annum to 9.0% per annum
Office units in the PRC	6.0% per annum to 6.5% per annum

Car parking spaces in the PRC were valued under the direct comparison approach. The market unit rate is one of the key inputs. The higher the market unit rate the higher the fair value, and vice versa. The adopted market unit rates range from RMB115,000 to RMB150,000 per unit.

Details of the Group's investment properties which falls under Level 3 of the fair value hierarchy as at 31 December 2013 are as follows:

	Fair value as at 2013 *HK$'000*
Commercial property located in Hong Kong	**7,780,000**
Commercial properties located in the PRC	**2,436,706**
	10,216,706

There were no transfers into or out of Level 3 during the year.

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 linen	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2012	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
Additions	-	5,910	1,627	701	805	-	9,043
Disposals	-	-	(619)	(47)	-	-	(666)
Exchange adjustments	-	88	120	166	193	-	567
At 31 December 2013	**1,089,672**	**45,173**	**37,021**	**7,831**	**74,656**	**5,051**	**1,259,404**
DEPRECIATION							
At 1 January 2012	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
Provided for the year	27,517	5,153	7,535	1,213	14,945	-	56,363
Eliminated on disposals	-	-	(557)	(4)	-	-	(561)
Exchange adjustments	-	19	40	76	111	-	246
At 31 December 2013	**115,103**	**18,257**	**32,350**	**4,645**	**72,442**	**-**	**242,797**
CARRYING VALUES							
At 31 December 2013	**974,569**	**26,916**	**4,671**	**3,186**	**2,214**	**5,051**	**1,016,607**
At 31 December 2012	1,002,086	26,090	10,561	3,651	16,272	5,051	1,063,711

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

	2013	2012
	HK$'000	*HK$'000*
COST		
At 1 January	**1,336,169**	1,310,596
Additions	**125,366**	25,693
Transfer to properties held for sale	**(86,436)**	-
Exchange adjustments	**41,934**	(120)
At 31 December	**1,417,033**	1,336,169
AMORTISATION		
At 1 January	**43,926**	22,324
Provided for the year	**24,124**	21,533
Transfer to properties held for sale	**(3,455)**	-
Exchange adjustments	**1,625**	69
At 31 December	**66,220**	43,926
CARRYING VALUE		
At 31 December	**1,350,813**	1,292,243

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

The carrying amount is amortised on a straight-line basis over the lease terms ranging from 40 to 70 years.

20. LOANS RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Second mortgage loans	**7,535**	10,038
Analysed for reporting purposes:		
Non-current assets	**7,072**	9,396
Current assets	**463**	642
	7,535	10,038

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% (2012: 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.

21. NOTE RECEIVABLES

The amount represents (i) the carrying value of a five-year zero coupon principal protected index-linked note with principal amount of US$2,000,000 (equivalent to HK$15,508,000) (2012: US$2,000,000 (equivalent to HK$15,510,000) maturing on 7 February 2017; and (ii) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US$5,000,000 (equivalent to HK$38,771,000) (2012: nil) maturing on 9 August 2018. 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 contracts of the note are 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 values of the embedded derivatives at the end of the reporting period are insignificant and therefore they have not been accounted for as a separate component in the consolidated financial statements.

22. OTHER RECEIVABLE

At 31 December 2013, the Group had incurred a total amount of RMB321,052,000 (2012: RMB321,052,000), equivalent to HK$408,346,000 (2012: HK$395,954,000), for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, 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 land or out of the proceeds received by the relevant PRC local government from another successful tenderer. The directors estimate that, based on the Group's development plan, the time schedule for auction of the relevant land will be initiated before the end of 2016 and by then the full amount will be recovered.

The balance of HK$384,794,000 (2012: HK$365,800,000) represents the Hong Kong dollar equivalent of the present value of the original amount of RMB321,052,000 expected to be recovered in 2016 discounted at the rate of 2% per annum.

23. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS

Pledged bank deposits carried interest at fixed rates ranging from 0.1% to 2.9% per annum at 31 December 2012. All pledged bank deposits were refunded to the Group during the year upon full repayment of the relevant bank borrowings.

Restricted bank deposits carry interest at a fixed rate of 0.35% per annum and were placed with a bank in relation to long-term bank borrowings.

24. PROPERTIES HELD FOR SALE

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

25. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**9,114**	11,638
Accrued income	**92,234**	85,407
Deposits and prepayments	**23,188**	15,335
	124,536	112,380

Trade receivables mainly represent rental receivable from tenants for the use of the Group's properties and receivables 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.

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.

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 receivables of HK$940,000 (2012: HK$2,088,000) at the end of the reporting period 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.

26. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

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

27. 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 3.3% (2012: 0.1% to 3.1%) per annum. Included in bank balances and cash is fixed deposits of HK$455,340,000 (2012: HK$36,999,000) with an 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:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollars	**23**	100
United States dollars	**15,994**	76,470
Renminbi	**184,118**	554,661

28. ASSETS CLASSIFIED AS HELD FOR SALE

	2013	2012
	HK$'000	*HK$'000*
Cost of unlisted investment in joint ventures	**-**	3,994
Share of post-acquisition reserves	**-**	(5,929)
	----------------	----------------
	-	(1,935)
Loans to joint ventures	**-**	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 joint ventures, to the joint venture partner for a total cash consideration of HK$61,250,000. The disposal was completed in May 2013.

29. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**2,609**	2,720
Rental deposits	**113,185**	93,539
Rental received in advance	**12,052**	8,590
Other payables, other deposits and accrued charges	**162,233**	190,678
	----------------	----------------
	290,079	295,527
	=========	=========

Included in other payables is an aggregate amount of HK$87,876,000 (2012: HK$85,761,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land as detailed in note 22. Included in other deposits at 31 December 2012 is an amount of HK$40,000,000 received on disposal of the interests in joint ventures as detailed in note 28.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK$87,302,000 (2012: HK$61,667,000).

30. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Secured	**2,908,463**	2,740,500
Unsecured	**118,000**	-
	3,026,463	2,740,500
Less: Front-end fee	**(13,697)**	(15,377)
	3,012,766	2,725,123
Analysed for reporting purpose as:		
Current liabilities	**1,290,658**	388,004
Non-current liabilities	**1,722,108**	2,337,119
	3,012,766	2,725,123

The bank borrowings are repayable as follows:

	2013	2012
On demand or within one year	**1,291,791**	388,848
More than one year, but not exceeding two years	**395,152**	1,035,297
More than two years, but not exceeding five years	**1,082,914**	1,015,430
More than five years	**256,606**	300,925
	3,026,463	2,740,500

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**	**2013**	2012
		HK$'000	*HK$'000*
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2.75% (2012: HIBOR plus 1% to 2.75%)	**2,480,182**	2,173,182
Renminbi	95% to 125% of People's Bank of China ("PBOC") Prescribed Interest Rates (2012: 95% to 110% of PBOC Prescribed Interest Rates)	**546,281**	567,318
		3,026,463	2,740,500

The effective interest rates of these variable-rate borrowings range from 1.5% to 8.2% (2012: 1.5% to 7.8%) per annum.

31. SHARE CAPITAL

		2013	2012
	US$'000	***HK$'000***	*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

32. 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 2012	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
Exchange adjustments	-	7,791	617	(74)	-	8,334
(Credit) charge to profit or loss	(871)	19,835	1,169	1,774	(3,052)	18,855
At 31 December 2013	**13,958**	**292,909**	**20,928**	**(2,774)**	**910**	**325,931**

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 2013, the Group has unused tax losses of HK$52,375,000 (2012: HK$70,645,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$11,093,000 (2012: HK$22,818,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$41,282,000 (2012: HK$47,827,000) as it is not probable that taxable profit will be available to offset against the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years ending 31 December:

	2013	2012
	HK$'000	*HK$'000*
2013	**-**	1,699
2014	**605**	586
2015	**2,129**	2,064
2016	**1,562**	1,514
2017	**3,574**	3,467
2018	**5,111**	-
	12,981	9,330

32. DEFERRED TAXATION - continued

Other tax losses may be carried forward indefinitely.

At 31 December 2013, the Group has deductible temporary differences in respect of property, plant and equipment of HK$1,360,000 (2012: nil). No deferred tax asset has been recognised in respect of such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,222,354**	1,794,281
	=========	=========
Financial liabilities		
Financial liabilities at amortised cost	**3,267,050**	2,966,656
	=========	=========

(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 foreign 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.

33. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

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:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollars	**23**	100
United States dollars	**70,274**	76,470
Renminbi	**184,118**	554,661
	=========	=========

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$208,904,000 (2012: HK$207,908,000) and HK$92,420,000 (2012: HK$92,387,000) respectively.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2012: 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% (2012: 5%) against the relevant currencies.

	Decrease in profit for the year		**Increase in equity**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	**1**	5	**10,445**	10,395
United States dollars	**3,514**	3,824	**4,621**	4,619
Renminbi	**9,206**	27,733	**-**	-
	========	========	========	========

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

33. 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 2013 would decrease/increase by HK$15,095,000 (2012: HK$13,575,000).

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 2013, the Group has concentration of credit risk on other receivable from two counterparties.

Although the placing of deposits and notes 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.

33. 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 2013, the Group has available unutilised bank loan facilities of approximately HK$855,000,000 (2012: HK$910,000,000).

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 31.12.2013								
Payables and rental deposits received	**-**	**167,597**	**8,478**	**3,743**	**3,364**	**87,302**	**270,484**	**270,484**
Amounts due to non-controlling interests	**-**	**96,985**	**-**	**-**	**-**	**-**	**96,985**	**96,985**
Variable rates bank borrowings	**2.6**	**351,334**	**395,361**	**42,965**	**568,450**	**1,911,451**	**3,269,561**	**3,012,766**
		615,916	**403,839**	**46,708**	**571,814**	**1,998,753**	**3,637,030**	**3,380,235**
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 interests	-	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

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.

34. OPERATING LEASE ARRANGEMENTS

<u>The Group as lessee</u>

Minimum lease payments paid under operating leases during the year are HK$1,045,000 (2012: HK$792,000).

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

	2013	2012
	HK$'000	*HK$'000*
Within one year	**477**	567
In the second to fifth years inclusive	**993**	87
	1,470	654

Leases are negotiated for the range of 1 to 2 years (2012: 1 to 2 years) with fixed monthly rentals.

<u>The Group as lessor</u>

The 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**365,017**	333,429
In the second to fifth years inclusive	**636,653**	585,789
Over five years	**489,571**	498,327
	1,491,241	1,417,545

In addition to the annual minimum lease payments, the Group is entitled to, in respect of leases, 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 18 years (2012: 1 to 19 years).

35. 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$9,486,635,000 (2012: HK$9,162,807,000) 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$974,569,000 (2012: HK$1,002,086,000) 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$882,479,000 (2012: HK$707,889,000).

(d) Note receivable of HK$54,279,000 (2012: Nil).

(e) Bank deposits amounting to HK$58,750,000 at 31 December 2012.

36. 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.

36. SHARE-BASED PAYMENTS - continued

Share Option Scheme of the Company - continued

Without prior approval of the shareholders of SEA in general meetings, (a) no option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue; and (b) any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or SEA or any of their respective associates, would result in 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.

36. SHARE-BASED PAYMENTS - continued

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) 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, would result in 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 lapsed or exercised up to the end of the reporting period.

36. SHARE-BASED PAYMENTS - continued

Share Award Scheme of SEA

The share award scheme of SEA (the "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.

37. 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$3,474,000 (2012: HK$3,531,000).

38. 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$14,304,000 (2012: HK$11,110,000) from the renting of the Group's premises; and

(ii) Management fees of HK$148,087,000 (2012: HK$141,846,000) in respect of the provision of property development and management services to the Group on the Group's property portfolio.

(b) Details of loans to joint ventures are disclosed in note 28.

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

39. 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 2013	2012	Principal activities
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
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
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

39. 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** 2013	2012	**Principal activities**
Indirect subsidiaries - continued					
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.