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## **Wing Tai Properties Limited**

**永泰地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

### **ANNOUNCEMENT OF 2013 ANNUAL RESULTS, FINAL DIVIDEND AND RECORD DATE, CLOSURE OF REGISTER AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

#### **CHAIRMAN'S STATEMENT**

Dear Shareholders,

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

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

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

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

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

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

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

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

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

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 21 March 2014

## FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013, together with comparative figures for the previous year, as follows:

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2013 HK\$'M	2012 HK\$'M (Restated)
<b>Continuing operations</b>			
<b>Revenue</b>	3	1,736.2	891.7
Cost of sales		<u>(917.4)</u>	<u>(224.4)</u>
<b>Gross profit</b>		818.8	667.3
Other gains, net		142.3	129.0
Selling and distribution costs		(85.9)	(56.7)
Administrative expenses		(236.9)	(229.0)
Change in fair value of investment properties		2,084.4	3,480.2
Gain on disposal of subsidiaries	12	<u>-</u>	<u>237.4</u>
<b>Profit from operations</b>	4	2,722.7	4,228.2
Finance costs		(159.1)	(97.8)
Finance income		13.2	66.9
Share of results of joint ventures		163.5	352.6
Share of results of associates		<u>5.9</u>	<u>62.2</u>
<b>Profit before taxation from continuing operations</b>		2,746.2	4,612.1
Taxation	5	<u>(91.4)</u>	<u>(78.4)</u>
<b>Profit for the year from continuing operations</b>		2,654.8	4,533.7
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	11(c)	6.4	(15.5)
Gain on disposal of subsidiaries		<u>-</u>	<u>275.6</u>
		<u>6.4</u>	<u>260.1</u>
<b>Profit for the year</b>		<u>2,661.2</u>	<u>4,793.8</u>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company			
- From continuing operations		2,654.6	4,476.6
- From discontinued operations		<u>6.4</u>	<u>260.1</u>
		2,661.0	4,736.7
Non-controlling interests			
- From continuing operations		<u>0.2</u>	<u>57.1</u>
		<u>2,661.2</u>	<u>4,793.8</u>

## CONSOLIDATED INCOME STATEMENT (Continued)

	Note	Year ended 31 December 2013	2012 (Restated)
<b>Earnings per share attributable to equity holders of the Company (expressed in HK dollar per share)</b>	6		
Basic earnings per share			
- From continuing operations		HK\$1.99	HK\$3.36
- From discontinued operations		-	HK\$0.20
		<u>HK\$1.99</u>	<u>HK\$3.56</u>
Diluted earnings per share			
- From continuing operations		HK\$1.98	HK\$3.35
- From discontinued operations		-	HK\$0.19
		<u>HK\$1.98</u>	<u>HK\$3.54</u>
<b>Dividends (expressed in HK\$'M)</b>	7	<u>180.4</u>	<u>180.2</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	HK\$'M	HK\$'M (Restated)
<b>Profit for the year</b>	<u>2,661.2</u>	<u>4,793.8</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Net surplus arising on revaluation of land use rights and other properties, plant and equipment upon transfer to investment properties	<u>7.1</u>	<u>26.6</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	13.5	25.5
Exchange differences realised upon disposal of subsidiaries	-	(3.8)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(50.0)	242.4
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	-	(22.0)
Investment revaluation reserve realised upon disposal of available-for-sale financial assets	-	(79.4)
Net loss on net investment hedge	(7.9)	-
Net gain/(loss) on cash flow hedge		
- Fair value gain/(loss)	33.5	(55.6)
- Realised upon settlement	<u>45.6</u>	<u>46.8</u>
	<u>34.7</u>	<u>153.9</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>41.8</u>	<u>180.5</u>
<b>Total comprehensive income for the year</b>	<u><u>2,703.0</u></u>	<u><u>4,974.3</u></u>
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Company	2,702.8	4,895.7
Non-controlling interests	<u>0.2</u>	<u>78.6</u>
	<u><u>2,703.0</u></u>	<u><u>4,974.3</u></u>
<b>Total comprehensive income for the year attributable to equity holders of the Company:</b>		
- From continuing operations	2,696.4	4,638.2
- From discontinued operations	<u>6.4</u>	<u>257.5</u>
	<u><u>2,702.8</u></u>	<u><u>4,895.7</u></u>

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 HK\$'M	As at 31 December 2012 HK\$'M (Restated)	As at 1 January 2012 HK\$'M (Restated)
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Land use rights		-	3.2	3.2
Investment properties		19,002.7	16,321.5	13,892.2
Other properties, plant and equipment		68.0	100.2	169.3
Investments in joint ventures		511.5	337.0	(18.1)
Loans to joint ventures		1,726.7	2,016.4	2,421.9
Investments in associates		100.5	281.3	469.5
Loans to associates		24.7	31.2	47.8
Deposits and loan receivables		20.1	21.7	0.3
Other financial assets		401.6	505.7	423.5
Deferred tax assets		9.4	12.2	7.4
Derivative financial instruments		30.2	0.2	0.2
		<u>21,895.4</u>	<u>19,630.6</u>	<u>17,417.2</u>
<b>Current assets</b>				
Inventories		-	16.8	68.8
Properties for sale	8	1,425.0	1,324.4	1,306.1
Deposits and loan receivables		-	-	175.0
Trade and other receivables, deposits and prepayments	9	1,885.9	1,206.2	220.6
Other financial assets		51.3	57.0	29.2
Sales proceeds held in stakeholders' accounts		192.4	252.1	60.2
Tax recoverable		2.3	0.7	0.8
Restricted bank deposits		10.6	10.5	2.7
Bank balances and cash		1,242.2	1,079.8	931.9
		<u>4,809.7</u>	<u>3,947.5</u>	<u>2,795.3</u>
<b>Current liabilities</b>				
Trade and other payables and accruals	10	684.9	710.3	742.3
Derivative financial instruments		39.5	52.4	45.8
Tax payable		71.7	31.6	38.8
Bank and other borrowings		1,739.7	1,053.2	718.0
		<u>2,535.8</u>	<u>1,847.5</u>	<u>1,544.9</u>
<b>Net current assets</b>		<u>2,273.9</u>	<u>2,100.0</u>	<u>1,250.4</u>
<b>Total assets less current liabilities</b>		<u>24,169.3</u>	<u>21,730.6</u>	<u>18,667.6</u>

## CONSOLIDATED BALANCE SHEET (Continued)

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

NOTES:

**1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Hong Kong Companies Ordinance.

In 2013, the Group has ceased its garment manufacturing operations. The ceased business is presented as discontinued operations and certain comparatives had been re-presented according to HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” to conform with current presentation. Details of which are disclosed in Note 11(a) to the consolidated financial statements. In 2012, the Group disposed its branded product distribution. The disposal was presented as discontinued operations. Details of which are disclosed in Note 11(b) to the consolidated financial statements.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK\$’M).

**2. Significant accounting policies**

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

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

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

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



## 2. Significant accounting policies (Continued)

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

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

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

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

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

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

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

## 2. Significant accounting policies (Continued)

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

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

#### Consolidated Income Statement

For the year ended 31 December 2012

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Income Statement (Continued)

For the year ended 31 December 2012

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

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

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

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Balance Sheet

As at 31 December 2012

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Balance Sheet (Continued)

As at 31 December 2012

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

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Balance Sheet

As at 1 January 2012

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

## 2. Significant accounting policies (Continued)

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

#### Consolidated Balance Sheet (Continued)

As at 1 January 2012

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

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

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



## 2. Significant accounting policies (Continued)

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

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

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

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

## 3. Revenue and segment information

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

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

### 3. Revenue and segment information (Continued)

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

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

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

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

### 3. Revenue and segment information (Continued)

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

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

### 3. Revenue and segment information (Continued)

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

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

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

### 3. Revenue and segment information (Continued)

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

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

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

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

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

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

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

#### 4. Profit from operations

	Year ended 31 December			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
		(Restated)		(Restated)
Profit from operations has been arrived at after charging/(crediting) the following:				
Staff costs including directors' remuneration	192.6	186.3	70.5	106.1
Retirement benefits costs, net of negligible forfeited contributions	6.8	6.9	4.6	4.0
Total staff costs (Note)	199.4	193.2	75.1	110.1
Share-based compensation expenses (Note)	11.4	11.3	-	-
Auditor's remuneration	5.9	5.3	0.4	0.6
Cost of inventories included in cost of sales	-	-	203.4	285.7
Cost of sales of properties included in cost of sales	762.0	69.9	-	-
Amortisation of trademark	0.1	0.1	-	-
Amortisation of land use rights	0.1	-	-	-
Depreciation of other properties, plant and equipment	15.7	16.5	4.2	9.2
Direct operating expenses arising from investment properties generating rental income	128.6	127.4	-	-
Gain on disposal of available-for-sale financial assets	(1.2)	(101.6)	-	-
Gain on return of investment of an available-for-sale financial asset	(59.4)	(22.0)	-	-
Gain on disposal of subsidiaries	-	(237.4)	-	(275.6)
Gain on disposal of an associate	(29.5)	-	-	-
(Gain)/loss on disposal of other properties, plant and equipment	(0.1)	0.1	1.2	(0.1)
Impairment loss of other properties, plant and equipment	-	-	0.2	-
Write-off of other properties, plant and equipment	-	12.5	-	-
Net fair value (gain)/loss on derivative financial instruments	(21.7)	2.1	-	-
(Gain)/loss on financial liabilities at fair value through profit or loss classified under other long-term liability	(15.0)	6.0	-	-
(Write-back of provision)/provision for receivables, net	-	-	(0.1)	0.1
Write-back of provisions for inventories	-	-	(0.9)	-

Note:

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

## 5. Taxation

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

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

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

Income tax expenses related to discontinued operations are disclosed in Note 11.

## 6. Earnings per share

### (a) Basic

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

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

## 6. Earnings per share (Continued)

### (b) Diluted

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

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

## 7. Dividends

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

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



## 8. Properties for sale

	2013 HK\$'M	2012 HK\$'M (Restated)
Properties under development held for sale	1,131.6	1,320.4
Completed properties	293.4	4.0
	<u>1,425.0</u>	<u>1,324.4</u>

## 9. Trade and other receivables, deposits and prepayments

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

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

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

## 10. Trade and other payables and accruals

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

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

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

## 11. Discontinued operations

### (a) Cessation of garment manufacturing operations

In October 2013, the Group decided to cease its garment manufacturing operations. Accordingly, provision for closure costs of HK\$23.8M has been made in 2013. HK\$20.8M was utilised by 31 December 2013.

Financial information relating to cessation of garment manufacturing operations:

	2013 HK\$'M	2012 HK\$'M
Revenue	317.8	398.6
Cost of sales	(253.5)	(325.8)
Other gains, net	5.2	4.2
Selling and distribution costs	(2.6)	(10.4)
Administrative expenses	(60.5)	(59.9)
Profit before taxation from discontinued operations	6.4	6.7
Taxation	-	0.1
Profit for the year from discontinued operations attributable to equity holders of the Company	<u>6.4</u>	<u>6.8</u>

## 11. Discontinued operations (Continued)

### (a) Cessation of garment manufacturing operations (Continued)

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

	2013 HK\$'M	2012 HK\$'M
Net cash generated from operating activities	0.1	27.6
Net cash generated from/(used in) investing activities	<u>2.4</u>	<u>(1.6)</u>
Total net cash inflows	<u><u>2.5</u></u>	<u><u>26.0</u></u>

### (b) Disposal of G&H Group

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

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

The disposal of G&H Group was completed on 3 May 2012 and it is presented as discontinued operations in the consolidated income statement and in segment information for the year ended 31 December 2012.

Financial information relating to the discontinued operations is as follows:

	2012 HK\$'M
Revenue	63.9
Cost of sales	(31.2)
Other gains, net	0.2
Selling and distribution costs	(28.9)
Administrative expenses	(16.8)
Redundancy costs	(9.1)
Gain on disposal of G&H Group	<u>275.6</u>
Profit from operations	253.7
Finance costs	<u>(0.1)</u>
Profit before taxation from discontinued operations	253.6
Taxation	<u>(0.3)</u>
Profit for the year from discontinued operations attributable to equity holders of the Company	<u><u>253.3</u></u>

## 11. Discontinued operations (Continued)

### (b) Disposal of G&H Group (Continued)

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

	2012 HK\$'M
Net cash generated from operating activities	8.8
Net cash used in investing activities	(1.0)
Net cash generated from financing activities	3.3
Total net cash inflows	<u>11.1</u>

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

	2012 HK\$'M
Other properties, plant and equipment	24.0
Trade and other receivables, deposits and prepayments	33.1
Inventories	57.3
Bank balances and cash	36.6
Trade and other payables and accruals	(85.7)
Tax payable	(0.3)
<b>Net assets</b>	<b>65.0</b>
Translation reserve realised	(3.8)
<b>Net assets disposed of</b>	<b>61.2</b>
Net consideration	<u>336.8</u>
<b>Gain on disposal</b>	<b><u>275.6</u></b>
<b>Consideration</b>	
Cash consideration	407.8
Consideration receivables	21.5
Disposal related costs	(2.2)
Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries (Note)	(90.3)
Net consideration	<u>336.8</u>
<b>Net cash flow on disposal of subsidiaries</b>	
Consideration settled in cash	407.8
Disposal related costs	(2.2)
Bank balances and cash of subsidiaries disposed of	(36.6)
Net cash inflow in respect of the disposal	<u>369.0</u>

Note:

Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries mainly represent pension cost liability assumed and provisions for claims liability in accordance with the sales and purchase agreement under which the Group is required to indemnify the purchaser against the cost of winding up the pension scheme of G&H Group. The pension cost liability was valued by an independent actuary at 31 December 2013 and 31 December 2012, and is classified as other long-term liability.

## 11. Discontinued operations (Continued)

### (c) Results from discontinued operations

	Profit /(loss) for the year HK\$'M	Gain on disposal of subsidiaries HK\$'M	Total HK\$'M
<b>Year ended 31 December 2013</b>			
Cessation of garment manufacturing operations	<u>6.4</u>	<u>-</u>	<u>6.4</u>
<b>Year ended 31 December 2012</b>			
Cessation of garment manufacturing operations	6.8	-	6.8
Disposal of G&H Group	<u>(22.3)</u>	<u>275.6</u>	<u>253.3</u>
	<u>(15.5)</u>	<u>275.6</u>	<u>260.1</u>

## 12. Disposal of subsidiaries

In 2012, apart from disposal of G&H Group as disclosed in Note 11(b) on 13 May 2012, the Company entered into a share sale agreement (the "Share Sale Agreement") with Vanke Property (Hong Kong) Company Limited (the "Purchaser"), relating to the sale of the Company's entire interest in Winsor Properties Holdings Limited ("Winsor") post the Group Reorganisation (as described in (i) below) (the "Disposal"), distribution in specie by Winsor of the shares in Privateco (as defined in (i) below) (the "Distribution In Specie") and the payment of a special cash dividend by Winsor (the "Special Cash Dividend"), followed by, amongst others, an offer for the shares in Privateco by Standard Chartered Bank (Hong Kong) Limited ("SCB") on behalf of the Group (other than those already owned or agreed to be acquired by the Company) (the "Privateco Offer"). The Purchaser is an independent third party of the Company and the aggregate cash consideration for the Disposal amounts to HK\$1,156.7 million representing HK\$5.6197 per sale share. The Share Sale Agreement is conditional upon, among other things, the approval of the Company's shareholders and the Winsor's independent shareholders for certain aspects of the transactions contemplated thereunder.

(i) Pursuant to the Group Reorganisation, Winsor, among other things, reorganised its group to form two sub-groups called the Remaining Group (also called the "Disposal Group") and the Privateco Group respectively. The Remaining Group is engaged in the business of holding or relating to all those units and car park podium in Regent Centre owned by members of the Winsor group prior to the Group Reorganisation (excluding Units 505-510, 5/F, Tower B of Regent Centre, which is owned by a member of the Privateco Group) (the "Property"). The Privateco Group is engaged in all the other businesses of the Winsor group prior to the Group Reorganisation. Privateco is the holding company of the Privateco Group.

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

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

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

## 12. Disposal of subsidiaries (Continued)

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

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

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

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

In respect to the Share Sale Completion as disclosed above, the assets and liabilities of Disposal Group disposed of at the completion date comprise:

	2012 HK\$'M
Investment properties	1,129.4
Deferred tax assets	2.2
Trade and other receivables, deposits and prepayments	8.3
Bank balances and cash	37.4
Trade and other payables and accruals	(18.2)
Tax payable	(4.6)
Deferred tax liabilities	(25.1)
<b>Net assets</b>	<b>1,129.4</b>
Non-controlling interests	(230.7)
<b>Share of net assets disposed of</b>	<b>898.7</b>
Net consideration	1,136.1
<b>Gain on disposal</b>	<b>237.4</b>
<b>Consideration</b>	
Cash consideration	1,156.7
Disposal related costs	(20.6)
Net consideration	1,136.1
<b>Net cash flow on disposal of subsidiaries</b>	
Consideration settled in cash	1,156.7
Disposal related costs	(20.6)
Bank balances and cash of subsidiaries disposed of	(37.4)
Net cash inflow in respect of the disposal	1,098.7

### 13. Acquisition of non-controlling interests

#### Acquisitions in 2012

(a) As disclosed in Note 12 to the consolidated financial statements, the Company owns 100% interests in Privateco at 31 December 2012 through Privateco Offer and Compulsory Redemption.

	HK\$'M
Fair value of additional interest of Privateco acquired from non-controlling shareholders	2,179.4
Purchase consideration settled by cash	(1,486.2)
Acquisition related costs	(11.6)
	<hr/>
Gain on bargain purchase attributable to equity holders of the Company recognised in equity, net of tax	681.6
	<hr/>

(b) The Group purchased the 4.76% remaining interest in a non-wholly owned subsidiary from a non-controlling shareholder at a consideration of HK\$14.3M. Such acquisition does not have any impact on the profit or loss nor equity attributable to equity holders of the Company.

#### 14. Scope of Work of PricewaterhouseCoopers

The financial figures in respect of this results announcement for the year ended 31 December 2013 have been agreed by the Group auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

#### FINAL DIVIDEND AND RECORD DATE

The Directors recommend the payment of a final dividend of HK9.3 cents (2012: HK9.3 cents) per share for the year ended 31 December 2013. Including the interim dividend of HK4.2 cents (2012: HK4.2 cents) per share distributed on 26 September 2013, the total dividend payout for the year ended 31 December 2013 shall be HK13.5 cents (2012: HK13.5 cents) per share. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be distributed on or around 13 June 2014 to shareholders whose names appear on the register of members of the Company at the close of business on 29 May 2014 (the Record Date).

In order to qualify for the entitlement of the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 29 May 2014.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of ascertaining shareholders' entitlement to attend and vote at the coming annual general meeting, the register of members of the Company will be closed from 23 May 2014 to 26 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 22 May 2014.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

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

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

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

### **Property Development**

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



### *Wholly-owned projects*

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

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

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

### *Joint venture projects*

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

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

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

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

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

### **Property Investment and Management**

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

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

value gains on investment properties, segment profit before taxation was HK\$337 million, an increase of HK\$70 million or 26% compared with HK\$267 million in 2012 on a like-for-like basis.

#### *Wholly-owned properties in Hong Kong*

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

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

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

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

#### *Wholly-owned properties in London*

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

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

#### *Joint venture project in China*

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

## Hospitality Investment and Management

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

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

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

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

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

## Others

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

## FINANCIAL REVIEW

### Liquidity and Financial Resources

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

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

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

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

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

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

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

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

### Foreign Currencies

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

### Contingent Liabilities

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

### Pledge of Assets

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

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

## PROSPECTS

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

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

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

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

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

## EMPLOYEES

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

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

## **CORPORATE GOVERNANCE**

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

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

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

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2013, including the accounting principles and practices adopted by the Group.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **ANNUAL REPORT**

The 2013 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) and copies will be dispatched to shareholders of the Company on or about 11 April 2014.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

With effect from 31 March 2014, the Hong Kong Branch Share Registrar and transfer office of the Company, Tricor Standard Limited ("Tricor"), will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong to:

**Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong.**

All telephone and facsimile numbers of Tricor will remain unchanged.

By Order of the Board  
**WING TAI PROPERTIES LIMITED**  
**Fung Ching Man, Janet**  
*Company Secretary & Chief Financial Officer*

Hong Kong, 21 March 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Au Hing Lun, Dennis

Non-Executive Directors:

Kwok Ping Luen, Raymond (Yung Wing Chung as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:

Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent