

# WING TAI PROPERTIES LIMITED

永泰地產有限公司

STOCK CODE 股份代號 369

ANNUAL REPORT  
年報 2014

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

We strive to deliver sophisticated  
yet warm homes that  
turn our customers' dreams  
into reality. At Wing Tai Asia,

WE DON'T  
JUST BUILD, WE  
CRAFT.









*Upper Riverside*



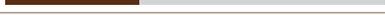
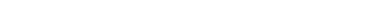
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## FINANCIAL HIGHLIGHTS

<b>The Group</b>	2014	2013	
<b>For the year ended 31 December</b>	HK\$'M	HK\$'M	% Change
Revenue	1,783.5	1,736.2	↑ 3%
Gross profit	926.4	818.8	↑ 13%
Change in fair value of investment properties and financial instruments	1,539.2	2,121.1	↓ 27%
Profit before taxation from continuing operations	2,033.1	2,746.2	↓ 26%
Profit attributable to equity holders of the Company	1,943.6	2,661.0	↓ 27%
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic	HK\$1.45	HK\$1.99	↓ 27%
Diluted	HK\$1.45	HK\$1.98	↓ 27%
<b>Dividends per ordinary share</b>			
Interim	HK4.2 cents	HK4.2 cents	-
Final	HK9.3 cents	HK9.3 cents	-
Total	HK13.5 cents	HK13.5 cents	-
<b>At 31 December</b>	HK\$'M	HK\$'M	% Change
Total assets	27,527.8	26,705.1	↑ 3%
Total equity	22,680.2	20,895.2	↑ 9%

## GROUP'S MAJOR INVESTMENTS

	Group's Effective Interest	
<b>Properties</b>		
<b>Property Development</b>		
The Warren	100%	
The Pierre	100%	
Siu Sau, Tuen Mun (Tuen Mun Town Lot No. 435)	100%	
Shau Kei Wan (Shan Kei Wan Inland Lot No. 854)	100%	
Providence Bay	15%	
Providence Peak	15%	
The Graces • Providence Bay	15%	
Seymour	30%	
Homantin Hillside	50%	
Kau To, Shatin (Sha Tin Town Lot No. 567)	35%	
Kau To, Shatin (Sha Tin Town Lot No. 565)	35%	
<b>Property Investment and Management</b>		
Landmark East	100%	
W Square	100%	
Winner Godown Building	100%	
Shui Hing Centre	100%	
No. 1 Savile Row/7 Vigo Street, London	100%	
8-12 (even) Brook Street, London	100%	
Upper Riverside, Shanghai	50%	
<b>Hospitality Investment and Management</b>		
Lanson Place Hotel, Hong Kong	100%	
Lanson Place Central Park Residences, Beijing (33 units)	100%	
Lanson Place Jinlin Tiandi Residences, Shanghai	23.4%	
Lanson Place Bukit Ceylon, Kuala Lumpur	50%	
<b>Management Services</b>		
Wing Tai Properties Development	100%	
Lanson Place Hospitality Management	100%	

Dear Shareholders,

Despite the challenging operating environment in the local residential property market, I am pleased to report that the Group continued to report solid results for 2014 on the back of our diversified portfolio of residential, commercial and hospitality assets. Net profit attributable to shareholders was HK\$1,943.6 million for 2014, riding on resilient growth in recurring rental revenue and operating profit, as well as sustainable capital value gains from our prime investment properties. The Board of Directors has proposed a final dividend of HK9.3 cents per share. Together with the interim dividend of HK4.2 cents, the total dividend for the year stands at HK13.5 cents per share.

In 2014, following the Government's move to increase land supply with plots of various sizes and in different locations, we proactively participated in government land tenders and won a prime residential site in Shau Kei Wan. Situated at the harbour-front with an entrancing seaview and easy access to the public transport network, the site with a gross floor area of approximately 46,000 square feet, is unique in the urban area of Hong Kong Island. Currently, our residential development pipeline has expanded to six projects which will extend well beyond 2018.

The handover of two luxury residential developments, namely The Warren and The Pierre, was well-received. This was a testimony to our commitment to achieve unique value creation for our customers through our product design and quality, timely and cost effective execution, as well as customer-oriented lifestyle driven services by Lanson Place. The Group recognised revenue and related profits from the pre-sale of The Pierre in the first half of 2014.

The Hong Kong residential property market in 2014 was for the most part difficult given the government's continued market cooling measures which were reinforced in February 2015. The primary sale market showed signs of recovery in the second half of 2014 backed by pent-up domestic demand and continued low interest rate environment. We took advantage of this window to re-launch the remaining units of Seymour, The Warren, Providence Bay, Providence Peak and The Graces, and received favourable market attention and sales results. In late November 2014, the Group launched our newest development in the urban centre of Kowloon, Homantin Hillside, for which revenue and related profits from the pre-sales will be recognised in 2016.

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Our commercial investment portfolio continued to deliver good upward rental reversion in rates and stable high occupancy. In Hong Kong, our Grade-A office twin towers in Kowloon East, Landmark East achieved virtually full occupancy with sustainable positive rental reversions on renewal or upon rent review. The Government's initiative to transform Kowloon East into the second central business district of Hong Kong is well supported by the private sectors through active land tenders and sales transactions hitting record highs, as well as enhanced tenant profile with major financial institutions and multi-national corporations moving their corporate offices to Kowloon East.

The Lanson Place hospitality business remained solid with gradual growth in revenue supported by stable occupancy level and rental rates, and increased number of rooms under management. In November 2014, we signed a 10-year management contract to manage 186 luxurious serviced apartment units in downtown Puxi, Shanghai, which denoted the 10th addition to our Lanson Place portfolio and the 4th flag in the vibrant city of Shanghai. Currently, Lanson Place has established its presence in Beijing, Shanghai, Kuala Lumpur, Singapore and Hong Kong.

We are confident that with a healthy and robust balance sheet, prudent strategic planning and disciplined execution, we are well positioned to take full advantage of the opportunities in the market as they arise and to further grow and diversify our asset portfolio to create long-term value for our stakeholders. I would like to express my gratitude to our shareholders, colleagues and business partners for all your support over the years.

**Cheng Wai Chee, Christopher**

*Chairman*

Hong Kong, 17 March 2015

## BUSINESS REVIEW

For the year ended 31 December 2014, the Group's revenue was HK\$1,784 million compared with HK\$1,736 million in 2013. Consolidated profit attributable to equity holders was HK\$1,944 million, a decrease of HK\$717 million compared with HK\$2,661 million in 2013. The decrease was mainly attributable to (a) lower fair value gain on investment properties and financial instruments of HK\$1,539 million in 2014 compared with HK\$2,121 million in 2013; (b) one-off disposal gain on investments of HK\$90 million in 2013; and (c) lower development profits offset by gain on upward rental reversion of our commercial and hospitality investment properties.

### Property Development

Property development segment revenue was HK\$944 million in 2014 compared with HK\$1,010 million in 2013. Segment profit before taxation was HK\$170 million, a decrease of HK\$120 million compared with HK\$290 million in 2013, mainly attributable to fewer sales from joint venture projects in 2014 than 2013.

#### *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 for 103 residential units and 2 retail shops on the ground floor. In 2014, around 6% of the residential units were sold. Around 83% of the residential units were sold as at 31 December 2014 and nearly all of the sold units were handed over to the purchasers.

The Pierre, located at 1 Coronation Terrace, Mid-Levels West, is a residential project with a saleable area of approximately 29,000 square feet for 77 units. Over 97% of the residential units were pre-sold in September 2012. The Occupation Permit was obtained in May 2014. Around 92% of the residential units were handed over to the purchasers.

The Siu Sau site in Tuen Mun, a low-density residential site, has a gross floor area of 159,000 square feet. Green area site formation work is in progress and the project is scheduled for completion in 2019.

In April 2014, the Group acquired a prime harbour-front residential site located at Shau Kei Wan, with a gross floor area of approximately 46,000 square feet. Design and planning work is completed and the project is scheduled for completion in 2018.

#### *Joint venture projects*

The Group has a 15% interest in each of Providence Bay, Providence Peak and The Graces located at Pak Shek Kok, Tai Po. In 2014, around 4%, 1% and 35% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively. As at 31 December 2014, around 64%, 81% and 83% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively.

The Group has a 30% interest in Seymour, located at Mid-levels. Around 98% of the residential units were sold.

The Group has a 50% interest in Homantin Hillside, located at Hung Hom, which is in close proximity to the future Ho Man Tin MTR station of Kwun Tong Line Extension and Shatin to Central Link. The project has a saleable area of approximately 128,000 square feet for 173 residential units. 4% of residential units were pre-sold during an initial launch in November 2014. The Group is the lead project manager and lead sales and marketing manager for this project. Superstructure work is in progress and the project is scheduled for completion in 2016.

The Group has two low-density residential projects in Kau To, Shatin. 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. Foundation work is in progress and the projects are scheduled for completion in 2017.

### **Property Investment and Management**

Property investment and management segment revenue was HK\$669 million in 2014, an increase of HK\$105 million or 19% compared with HK\$564 million in 2013. Segment profit before taxation (including fair value changes) was HK\$1,930 million, a decrease of HK\$401 million compared with HK\$2,331 million in 2013. Excluding fair value changes in investment properties and financial instruments and a one-off disposal gain on investment in an associated company, segment profit before taxation was HK\$393 million in 2014, an increase of HK\$78 million or 25% compared with HK\$315 million in 2013. The increase reflects continued growth in rental revenue and rate of the investment properties.

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

As at 31 December 2014, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 0.7 million square feet of industrial buildings, had an aggregate fair market valuation of HK\$17,560 million.

Landmark East is the Group's flagship property located in Kowloon East. This wholly-owned property is a Grade-A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 31 December 2014, the property achieved an occupancy of approximately 96%. At the date of this report, the occupancy rate has further improved to 98%. In 2014, around 22% of leases expired and were renewed with an average rental upward reversion of approximately 32%. Around 24% of leases will expire in 2015 and will be subject to renewal on market terms prevailing at the relevant time.

Located at Hennessy Road in the heart of Wan Chai, W Square offers a gross floor area of approximately 129,000 square feet of office and retail spaces. As at 31 December 2014, the property achieved an occupancy of approximately 84%. At the date of this report, the occupancy rate has further improved to 92%. In 2014, around 34% of leases expired and were renewed with an average rental upward reversion of approximately 13%. Around 32% of the leases will expire in 2015 and will be subject to renewal on market terms prevailing at the relevant time.

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 2014, the two properties achieved nearly full occupancy. In 2014, around 19% of leases were renewed with an average rental upward reversion of approximately 25%. Around 42% of the leases will expire in 2015 and will be subject to renewal on market terms prevailing at the relevant time.

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

The newly refurbished commercial property at Savile Row/Vigo Street, West End, has a net internal area of approximately 14,000 square feet of Grade-A office and retail space. As at 31 December 2014, the property achieved full occupancy.

The high-end commercial property located at Brook Street, West End, offers easy access to the upcoming Bond Street Station of London Crossrail and has a net internal area of approximately 19,000 square feet of Grade-A office and retail space. As at 31 December 2014, the property achieved an occupancy of approximately 74%.

#### *Joint venture project in China*

The Group has a 50% interest in Upper Riverside, a luxury apartment building located at Lujiazui, Pudong, Shanghai. The project has a gross floor area of approximately 210,000 square feet for 97 units. The Group is the lead project manager and lead sales and marketing manager. Interior fitting out works are in progress, and the project is scheduled for completion in 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Hospitality Investment and Management

Hospitality investment and management segment revenue was HK\$147 million in 2014 compared with HK\$141 million in 2013. Segment profit before taxation was HK\$59 million in 2014, compared with HK\$135 million in 2013. Excluding fair value changes in investment properties and financial instruments, segment profit before taxation was HK\$35 million in 2014, compared with HK\$29 million in 2013.

Lanson Place Bukit Ceylon Serviced Residences, our 50:50 joint venture property in Kuala Lumpur, Malaysia had its full opening in December 2014. The residence 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.

The Lanson Place Hotel in Hong Kong and Lanson Place Jinlin Tiandi Serviced Residences in Shanghai recorded a gradual rise in both the occupancy and average rental rates in 2014 after completion of refurbishment.

Lanson Place Central Park Residences in Beijing continued to achieve an occupancy of over 90% with a steady growth in average rental rate.

In November 2014, a new 10-year management contract was signed for a luxury residential property in Huangpu District, Puxi, Shanghai located near Xintiandi. This denotes the 4th property in Shanghai under Lanson Place Management. The project offers 186 units of one to two-bedroom suites and is targeted to open in early 2016.

Lanson Place properties continue to be well-recognised by travellers. The Lanson Place Hotel was awarded the "2014 Certificate of Excellence" by TripAdvisor, "Expedia Insiders' Select 2014" by Expedia.com as well as a 5 Stars award at the 2014-2015 International Hotel Awards in the category of Hotel Renovation/Refurbishment for Hong Kong in the Asia Pacific region. In addition, Lanson Place Central Park Serviced Residences and Lanson Place Hospitality Management Limited were awarded "The Best Serviced Apartments of China" and "The Best Serviced Apartment Operator of China" respectively at the 9th China Hotel Starlight Awards. Lanson Place Jinlin Tiandi Serviced Residences was awarded "Best Park View" and "Best Location" by City Weekend – Best Homes of China 2014.

## Others

The others segment represents investing activities and corporate expenses including central management and administrative function. Segment revenue was HK\$23 million in 2014 compared with HK\$22 million in 2013. Segment loss before taxation was HK\$126 million in 2014 compared with loss before taxation of HK\$9 million in 2013. Excluding fair value change in financial instruments and a one-off return of investment in an available-for-sale financial assets, segment loss before taxation was HK\$92 million in 2014, compared with HK\$105 million in 2013.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group's net assets totaled HK\$22,680 million as at 31 December 2014 (31 December 2013: HK\$20,895 million). The increase by HK\$1,785 million is mainly resulted from the profit for the year of HK\$1,944 million, offset by the

distribution of the 2013 final dividend and 2014 interim dividend of HK\$181 million.

As at 31 December 2014, the Group's bank and other borrowings totaled HK\$3,879 million (31 December 2013: HK\$4,687 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2014		31 December 2013	
	HK\$ million		HK\$ million	
Repayable:				
Within one year	64	2%	1,740	37%
Between one to two years	459	12%	32	1%
Between two to five years	1,427	37%	1,236	26%
After five years	1,929	49%	1,679	36%
	<b>3,879</b>	<b>100%</b>	<b>4,687</b>	<b>100%</b>

The maturity profile was lengthened, in particular for the bank and other borrowings repayable between two to five years and repayable after five years rose to 37% from 26% and to 49% from 36% respectively. The percentage increase for the bank and other borrowings repayable between two to five years is due to refinancing of several bank loans in 2014 while the percentage increase for the bank and other borrowings repayable after five years is due to the issuance of the HK\$200 million 7-year unrated fixed rate bonds and HK\$100 million 10-year unrated fixed rate bonds in 2014.

As at 31 December 2014, the Group's net borrowings (total bank borrowings and fixed rate bonds less bank balances and cash) was HK\$2,286 million (31 December 2013: HK\$3,445 million), representing 10.1% of the Group's net assets (31 December 2013: 16.5%). Interest for the Group's bank borrowings is 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 2014	31 December 2013
	HK\$ million	HK\$ million
Bank balances and cash	1,593	1,242
Unutilised revolving loan facilities	2,210	1,679
	<b>3,803</b>	<b>2,921</b>

### Foreign Currencies

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingent Liabilities

As at 31 December 2014, the Group had contingent liabilities of HK\$2,858 million (31 December 2013: HK\$2,865 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 2014, the Group's advances to associates/joint ventures of HK\$1,531 million (31 December 2013: HK\$1,385 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 2014, several of the Group's investment properties, other financial assets and properties for sale with carrying values of HK\$4,995 million, HK\$374 million and HK\$1,057 million respectively were pledged to secure credit facilities for the Group.

## PROSPECTS

The Hong Kong residential property market is expected to remain challenging in 2015 given the government's further cooling measures which will curb the momentum in the recent recovery of the primary property market, and the expected rise in interest rate. It takes time for the market to absorb the adverse impact from these measures, but we believe the residential property market will remain resilient in view of strong pent-up domestic household demand, and low mortgage rates, supported by low unemployment rate and inflation. While we remain cautious on the local residential market, we are confident that our prime investment properties will continue to generate sustainable and growing recurring rental income.

With the government expediting and increasing the land supply in various sizes and locations, and a slowdown in the rise of construction costs, we will continue to proactively replenish our land bank through land tenders to enhance our development pipeline. We focus to consistently craft high quality products and create lifestyle living environment for our customers through efficient and effective project execution. In 2015, we will closely monitor the residential market development to capture the right window to launch/re-launch our new projects and remaining units of completed projects, including Homantin Hillside in Hong Kong and Upper Riverside in Shanghai.

We expect our diversified investment portfolio in commercial and hospitality properties to generate sustainable growing recurring income in 2015, supported by stable high occupancy and rising rental rates. In particular, we expect our flagship Grade A office towers, Landmark East, to continue to enjoy upward rental reversion for its expiring leases and to capture quality tenants including major multi-national corporations, reinforcing its leading market positioning in the growing Kowloon East district. We will continue to acquire yield-enhancing investment properties in Hong Kong and key gateway cities to grow our portfolio and recurring leasing income.

The revenue base and presence of our Lanson Place hospitality brand will be further strengthened with the full opening of Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur last December and the opening of Aroma Garden Serviced Suites by Lanson Place, our 3rd residence in Shanghai in the second quarter of 2015. We are committed to expanding our hospitality management business in both existing and new markets in the region through long-term third party management contracts.

While we remain vigilant to any near-term market volatility and stay disciplined through prudent financial management, we are confident that we will grow our presence in the luxury residential, prime commercial and hospitality property sectors, backed by our balanced asset portfolio, a strong and healthy balance sheet, and diversified and robust capital structure.

## EMPLOYEES

As at 31 December 2014, the Group had approximately 580 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 and an occupational retirement 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 by phases within ten years.

## OTHERS

In respect of Code Provision C.1.4 of Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, discussion and analysis of the Group's performance in 2014 and corporate strategies are set out in "Chairman's Statement" on pages 10 and 11 and "Management Discussion and Analysis" on pages 12 to 16.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### EXECUTIVE DIRECTORS

**Dr. CHENG Wai Chee, Christopher** *GBS OBE JP*, aged 66, was appointed Chairman of the Company in 1991. Dr. Cheng is a member of the Remuneration Committee and Nomination Committee of the Company. He is also a director of certain members of the Group. Dr. Cheng is an independent non-executive director of several listed companies in Hong Kong, including NWS Holdings Limited, New World China Land Limited and Kingboard Chemical Holdings Limited. He is also an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Dr. Cheng holds a Doctorate in Social Sciences *honoris causa* from The University of Hong Kong and a Doctorate in Business Administration *honoris causa* by The Hong Kong Polytechnic University. He graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.

Dr. Cheng plays an active role in public service. He is a member of the Judicial Officers Recommendation Commission of the Government of the HKSAR. Dr. Cheng is also a member of the board of overseers of Columbia Business School, a member of the council of The University of Hong Kong and a steward of the board of The Hong Kong Jockey Club.

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

**Mr. CHENG Wai Sun, Edward** *SBS JP*, aged 59, was appointed executive director and Chief Executive in 1994 and Deputy Chairman of the Company in 2007. Mr. Cheng is a member of the Remuneration Committee and the Nomination Committee of the Company and a director of a number of members of the Group. He is also an independent non-executive director of Orient Overseas (International) Limited and Standard Chartered Bank (Hong Kong) Limited. Mr. Cheng resigned as an independent non-executive director of Television Broadcasts Limited with effect from 1 January 2015. Mr. Cheng has a master's degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

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

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

**Mr. CHENG Man Piu, Francis**, aged 62, was appointed executive director of the Company in 1991 and is also a director of a couple of members of the Group. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and an MBA degree. He is the Vice-Chairman of The Federation of Hong Kong Garment Manufacturers, a general committee member of The Chinese Manufacturers' Association of Hong Kong and Textile Council of Hong Kong and also a member of The Accountancy Training Board of the Vocational Training Council.

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

**Mr. CHOW Wai Wai, John**, aged 65, was appointed executive director of the Company in 2007. He is the Managing Director of the Group's Property Investment and Management Division and a director of certain members of the Group. Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (Manager of the Singapore listed Suntec Real Estate Investment Trust). Mr. Chow has over 30 years of experience in the property investment and management business.

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# DIRECTORS AND SENIOR MANAGEMENT PROFILE

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

**Mr. NG Kar Wai, Kenneth**, aged 59, was appointed executive director of the Company in January 2015. He is the Managing Director of the Group’s Property Division. He is a seasoned Chartered Civil Engineer with considerable expertise in the development and construction of a variety of properties, ranging from commercial and residential to hospitality developments, in Hong Kong, Mainland China and other Asian cities. Prior to joining the Company, Mr. Ng has worked for various well-known property development and construction companies including Shangri-La Hotels and Resorts Group, CITIC Pacific Limited, Hsin Chong Construction Group and Swire Properties Limited.

A Registered Structural Engineer and Chartered Engineer, Mr. Ng is a member of the Hong Kong Institution of Engineers, Institution of Civil Engineers, UK and Institution of Structural Engineers, UK and Adjunct Professor, Department of Real Estate and Construction, The University of Hong Kong.

## NON-EXECUTIVE DIRECTORS

**Mr. KWOK Ping Luen, Raymond JP**, aged 61, was appointed non-executive director of the Company in 1991. He is the Chairman and Managing Director of Sun Hung Kai Properties Limited (“SHKP”) (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master’s degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the Chairman and an executive director of SUNeVision Holdings Ltd. He is also the Chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited.

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

**Mr. YUNG Wing Chung**, aged 68, was appointed as the alternate director to Mr. Kwok Ping Luen, Raymond in 2010. He is a Corporate Advisor of SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Yung is a director of RoadShow Holdings Limited, YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company, Limited and Airport Freight Forwarding Centre Company Limited.

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

**Mr. HONG Pak Cheung, William**, aged 60, was appointed non-executive director of the Company in 2002. Mr. Hong is a member of the Audit Committee of the Company. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

**Mr. NG Tak Wai, Frederick**, aged 57, acted as executive director from 1995 and was re-designated as a non-executive director of the Company in April 2011. He graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with an MBA degree. Mr. Ng has held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. His background is in manufacturing operations and management information systems.

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

**Mrs. CHEN Chou Mei Mei, Vivien**, aged 65, was appointed non-executive director of the Company in 2012 and has been with the Group since 2007. She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is a non-executive director of Agritrade Resources Limited. She retired as an independent non-executive director of Bingo Group Holdings Limited with effect from 15 August 2014.

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

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Simon MURRAY CBE**, aged 74, was appointed independent non-executive director of the Company in 1994. Mr. Murray is the Chairman of the Remuneration Committee of the Company. He is the Chairman of General Enterprise Management Services (International) Limited, a private equity fund management company. Mr. Murray is an independent non-executive director of Cheung Kong (Holdings) Limited, Orient Overseas (International) Limited and Spring Asset Management Limited (the manager of the listed Spring Real Estate Investment Trust). He is also the independent non-executive director and Chairman of Gulf Keystone Petroleum Ltd (quoted on the London Stock Exchange). Mr. Murray was appointed as an independent non-executive director of China LNG Group Limited with effect from 23 October 2014. He is also a non-executive director of Greenheart Group Limited, IRC Limited and Compagnie Financière Richemont SA (listed on SWX Swiss Exchange). Mr. Murray has been the Executive Chairman of Asia Pacific for the Deutsche Bank Group.

**Mr. FANG Hung, Kenneth GBS CBE JP**, aged 76, was appointed independent non-executive director of the Company in 1997. Mr. Fang is a member of the Audit Committee and the Remuneration Committee of the Company. He is the Chairman of Fang Brothers Knitting Limited and Yeebo (International Holdings) Limited. Mr. Fang is currently a non-executive director of Jiangsu Expressway Company Limited (listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange). He graduated from Massachusetts Institute of Technology, U.S.A. in 1961 with a Master's degree in Chemical Engineering. Mr. Fang was also conferred an Honorary Degree of Doctor of Business Administration by The Hong Kong Polytechnic University in 2005. He is an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association.

**Mr. YEUNG Kit Shing, Jackson**, aged 65, was appointed independent non-executive director of the Company in 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Yeung has over 25 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

**Mr. Haider Hatam Tyebjee BARMA GBS CBE ISO JP**, aged 71, was appointed independent non-executive director of the Company in 2012 and has been with the Group since 2007. He is a member of the Nomination Committee of the Company. Mr. Barma graduated with a Bachelor of Arts degree from The University of Hong Kong and worked in the Hong Kong government for 30 years. After retiring from the civil service in 1996, he served as Chairman of the Public Service Commission from August 1996 to April 2005. Mr. Barma then served as Chief Executive Officer of the Hong Kong Research Institute of Textiles and Apparel from April 2006 to July 2012.

# DIRECTORS AND SENIOR MANAGEMENT PROFILE

**Mr. CHENG Hoi Chuen, Vincent** *GBS OBE JP*, aged 66, was appointed independent non-executive director and Chairman of the Nomination Committee of the Company in February 2013. He graduated with a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master's degree of Philosophy in Economics from The University of Auckland. Mr. Cheng is an independent non-executive director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, Hui Xian Asset Management Limited (the manager of the publicly listed Hui Xian Real Estate Investment Trust), China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited and Hutchison Whampoa Limited.

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

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

## SENIOR MANAGEMENT

**Ms. FUNG Ching Man, Janet**, aged 52, joined the Group in 2007. She is the Chief Financial Officer and Company Secretary of the Company, and a director of a number of members of the Group. Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

**Mr. CHUNG Siu Wah, Henry**, aged 60, joined the Group in 1993. He is the Group Legal Counsel and a director of a number of members of the Group. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant and a Chartered Secretary.

**Mr. LEUNG Chun Keung, Andrew**, aged 58, joined the Group in 2005. He is the Executive Director of China Investment and also a director of a couple of members of the Group. Mr. Leung is responsible for overseeing the Group's investments in China. Prior to joining the Group, he was an executive director of Sunday Communications Limited. Mr. Leung graduated from The University of Hong Kong with an Honours Bachelor's degree in Laws and a Post Graduate Certificate in Laws and was qualified as a solicitor in New South Wales, Australia, the United Kingdom and Hong Kong.

**Mrs. LI Kan Fung Ling, Karen**, aged 53, is the Executive Director of Lanson Place, the hospitality management arm of the Group. She is also the Director of Corporate Development and a director of a few members of the Group. Joining the Group in 1994, Mrs. Li has helped found Lanson Place. She has been responsible for the Group's hospitality and branding projects ever since. She has 30 years of international experience in strategic planning and operations relating to luxurious residential and hotel projects. Mrs. Li has previously helped Wharf Hotels Investment Limited (H.K.) and Hilton Hotels Corporation (Beverly Hills, U.S.A.) in setting up flagship projects. She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and a MBA degree in Finance and International Business from George Washington University, Washington, D.C.

**Mr. Marc Rudolf HEDIGER**, aged 57, joined the Lanson Place Hospitality Management Limited, the hospitality management arm of the Group, as Chief Executive Officer in 2011.

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

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2014.

### PRINCIPAL ACTIVITIES

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

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

Details of the Company's principal subsidiaries, the Group's principal joint ventures and associates at 31 December 2014 are set out in notes 42 to 44 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 50.

An interim dividend of HK4.2 cents (2013: HK4.2 cents) per share, amounting to a total of about HK\$56.2 million, was paid to shareholders on 3 October 2014.

The Directors recommend the payment of a final dividend of HK9.3 cents per share for the year ended 31 December 2014 (2013: HK9.3 cents per share) to shareholders whose names appear on the register of members of the Company on 27 May 2015, which together with the interim dividend payment amounts to a total of approximately HK\$180.7 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 11 June 2015.

### SHARE CAPITAL

Movements in the Company's authorised and issued share capital are set out in note 32 to the financial statements.

### RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 56 and those of the Company are set out in note 34 to the financial statements.

### INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31 December 2014 on an open market value basis. Movements in the investment properties balance during the year are set out in note 15 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2014 is set out on pages 128 to 129.

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# DIRECTORS' REPORT

## **OTHER PROPERTIES, PLANT AND EQUIPMENT**

Details of the Group's other properties, plant and equipment as at 31 December 2014 are set out in note 16 to the financial statements.

## **DONATIONS**

During the year, the Group made charitable and other donations totaling HK\$0.2 million.

## **DIRECTORS AND DIRECTORS' SERVICES CONTRACTS**

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

### **Executive Directors:**

Cheng Wai Chee, Christopher *GBS OBE JP (Chairman)*

Cheng Wai Sun, Edward *SBS JP (Deputy Chairman and Chief Executive)*

Cheng Man Piu, Francis

Chow Wai Wai, John

Au Hing Lun, Dennis *(resigned on 6 May 2014)*

Ng Kar Wai, Kenneth *(appointed on 22 January 2015)*

### **Non-Executive Directors:**

Kwok Ping Luen, Raymond *JP (Yung Wing Chung as his alternate)*

Hong Pak Cheung, William

Ng Tak Wai, Frederick

Chen Chou Mei Mei, Vivien

### **Independent Non-Executive Directors:**

Simon Murray *CBE*

Fang Hung, Kenneth *GBS CBE JP*

Yeung Kit Shing, Jackson

Haider Hatam Tyebjee Barma *GBS CBE ISO JP*

Cheng Hoi Chuen, Vincent *GBS OBE JP*

In accordance with Bye-law 100(A) of the Company's Bye-laws and code provision A.4.2 of Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), Cheng Man Piu, Francis, Fang Hung, Kenneth and Simon Murray will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Ng Kar Wai, Kenneth has entered into a service contract for a fixed term of 3 years commencing on 22 January 2015. In accordance with the Bye-law 103(B) of the Company's Bye-laws and code provision A.4.2 of the CG Code, he shall hold office until the forthcoming annual general meeting or general meeting and, being eligible, offer himself for re-election.

According to the Bye-laws of the Company, all Directors, except the Chairman of the Company or managing director, are subject to retirement by rotation. In order to comply with code provision A.4.2 of the CG Code, Cheng Wai Chee, Christopher, Chairman of the Company, will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Except the case of Ng Kar Wai, Kenneth as disclosed above, no Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## PUBLIC FLOAT

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

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

As at 31 December 2014, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules are as follows:

### Interests in the Company

Director	Number of shares held				Number of underlying shares held under equity derivatives (Note d)	Aggregate interests	Approx. percentage of the issued share capital (Note a)
	Personal interests	Family interests	Corporate interests	Other interests			
Cheng Wai Chee, Christopher	9,272,316	-	-	462,488,185 (Note b)	1,818,250	473,578,751	35.38%
Cheng Wai Sun, Edward	7,204,981	-	-	462,488,185 (Note b)	1,818,250	471,511,416	35.22%
Cheng Man Piu, Francis	-	-	-	462,488,185 (Note b)	-	462,488,185	34.55%
Chow Wai Wai, John	232,252	-	-	-	254,750	487,002	0.04%
Kwok Ping Luen, Raymond	-	-	-	9,224,566 (Note c)	-	9,224,566	0.69%
Ng Tak Wai, Frederick	592,057	1,016,000	-	-	-	1,608,057	0.12%

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# DIRECTORS' REPORT

*Notes:*

- (a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2014 was 1,338,605,529.
- (b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders' Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.
- (c) Kwok Ping Luen, Raymond was a beneficiary of a trust the assets of which included interests in 9,224,566 Shares.
- (d) These interests represented the interests in underlying shares in respect of the incentive shares granted by the Company to these directors as beneficial owners. Details of which are set out in the section below headed Share Incentive Scheme.

Save as disclosed herein, as at 31 December 2014, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SHARE INCENTIVE SCHEME**

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

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2014 under the Share Incentive Scheme are as follows:

Director	Date of award	Number of incentive shares					As at 31.12.2014	Vesting date of the outstanding awards	Exercisable period
		As at 1.1.2014	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year				
Cheng Wai Chee, Christopher	31.3.2011	193,000	-	193,000	-	-	N/A	N/A	
	31.3.2011	386,000	-	386,000	-	-	N/A	N/A	
	24.5.2012	275,000	-	275,000	-	-	N/A	N/A	
	24.5.2012	275,000	-	275,000	-	-	N/A	N/A	
	24.5.2012	550,000	-	-	-	550,000	17.1.2015	17.1.2015 to 24.5.2022	
	6.5.2013	160,750	-	160,750	-	-	N/A	N/A	
	6.5.2013	160,750	-	-	-	160,750	23.1.2015	23.1.2015 to 6.5.2023	
	6.5.2013	321,500	-	-	-	321,500	23.1.2016	23.1.2016 to 6.5.2023	
	28.5.2014	-	196,500	-	-	196,500	13.1.2015	13.1.2015 to 28.5.2024	
	28.5.2014	-	196,500	-	-	196,500	13.1.2016	13.1.2016 to 28.5.2024	
28.5.2014	-	393,000	-	-	393,000	13.1.2017	13.1.2017 to 28.5.2024		

# DIRECTORS' REPORT

Director	Date of award	Number of incentive shares					As at 31.12.2014	Vesting date of the outstanding awards	Exercisable period
		As at 1.1.2014	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2014			
Cheng Wai Sun, Edward	31.3.2011	386,000	-	386,000	-	-	N/A	N/A	
	24.5.2012	275,000	-	275,000	-	-	N/A	N/A	
	24.5.2012	550,000	-	-	-	550,000	17.1.2015	17.1.2015 to 24.5.2022	
	6.5.2013	160,750	-	160,750	-	-	N/A	N/A	
	6.5.2013	160,750	-	-	-	160,750	23.1.2015	23.1.2015 to 6.5.2023	
	6.5.2013	321,500	-	-	-	321,500	23.1.2016	23.1.2016 to 6.5.2023	
	28.5.2014	-	196,500	-	-	196,500	13.1.2015	13.1.2015 to 28.5.2024	
	28.5.2014	-	196,500	-	-	196,500	13.1.2016	13.1.2016 to 28.5.2024	
	28.5.2014	-	393,000	-	-	393,000	13.1.2017	13.1.2017 to 28.5.2024	

Director	Date of award	Number of incentive shares					As at 31.12.2014	Vesting date of the outstanding awards	Exercisable period
		As at 1.1.2014	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year				
Au Hing Lun, Dennis <i>(resigned as director on 6 May 2014)</i>	31.3.2011	162,500	-	162,500	-	-	N/A	N/A	
	24.5.2012	115,000	-	115,000	-	-	N/A	N/A	
	24.5.2012	230,000	-	-	230,000	-	N/A	N/A	
	6.5.2013	70,750	-	70,750	-	-	N/A	N/A	
	6.5.2013	70,750	-	-	70,750	-	N/A	N/A	
	6.5.2013	141,500	-	-	141,500	-	N/A	N/A	
Ng Tak Wai, Frederick	31.3.2011	14,000	-	14,000	-	-	N/A	N/A	
Chow Wai Wai, John	6.5.2013	32,250	-	32,250	-	-	N/A	N/A	
	6.5.2013	32,250	-	-	-	32,250	23.1.2015	23.1.2015 to 6.5.2023	
	6.5.2013	64,500	-	-	-	64,500	23.1.2016	23.1.2016 to 6.5.2023	
	28.5.2014	-	39,500	-	-	39,500	13.1.2015	13.1.2015 to 28.5.2024	
	28.5.2014	-	39,500	-	-	39,500	13.1.2016	13.1.2016 to 28.5.2024	
	28.5.2014	-	79,000	-	-	79,000	13.1.2017	13.1.2017 to 28.5.2024	

# DIRECTORS' REPORT

Employees	Date of award	Number of incentive shares					As at 31.12.2014	Vesting date of the outstanding awards	Exercisable period
		As at 1.1.2014	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2014			
Employees In aggregate	31.3.2011	406,000	-	406,000	-	-	N/A	N/A	
	24.5.2012	270,000	-	270,000	-	-	N/A	N/A	
	24.5.2012	540,000	-	-	-	540,000	17.1.2015	17.1.2015 to 24.5.2022	
	6.5.2013	126,000	-	126,000	-	-	N/A	N/A	
	6.5.2013	126,000	-	-	-	126,000	23.1.2015	23.1.2015 to 6.5.2023	
	6.5.2013	252,000	-	-	-	252,000	23.1.2016	23.1.2016 to 6.5.2023	
	28.5.2014	-	158,000	-	-	158,000	13.1.2015	13.1.2015 to 28.5.2024	
	28.5.2014	-	158,000	-	-	158,000	13.1.2016	13.1.2016 to 28.5.2024	
	28.5.2014	-	316,000	-	-	316,000	13.1.2017	13.1.2017 to 28.5.2024	
		6,829,500	2,362,000	3,308,000	442,250	5,441,250			

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

Details of Share Incentive Scheme of the Company are set out in note 33 to the financial statements.

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

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2014, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
1. Brave Dragon Limited	Beneficial owner	141,794,482	10.59%
2. Crossbrook Group Limited	Beneficial owner	270,411,036	20.20%
3. Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 (Notes 2(a) & 3)	34.55%
4. Deutsche Bank International Trust Co. Limited	Trustee	462,488,185 (Notes 2(b) & 4)	34.55%
5. Deutsche Bank International Trust Co. (Cayman) Limited	Trustee	462,488,185 (Notes 2(b) & 4)	34.55%
6. Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 (Note 5)	13.64%
7. Renowned Development Limited	Interest of controlled corporation	182,560,826 (Notes 2(c) & 5)	13.64%
8. Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 (Notes 2(c) & 6)	14.93%
9. Sun Hung Kai Properties Limited	Interest of controlled corporation	183,612,533 (Note 7)	13.72%
10. Gala Land Investment Company Limited	Beneficial owner	101,579,467	7.59%
11. Farnham Group Limited	Interest of controlled corporation	101,579,467 (Notes 2(d) & 8)	7.59%

# DIRECTORS' REPORT

Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
12. Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 (Notes 2(d) & 9)	13.45%
13. Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 (Notes 2(d) & 10)	11.27%

*Notes:*

- 1 The total number of issued Shares as at 31 December 2014 was 1,338,605,529.
- 2 The interests disclosed duplicated in the following manners and to the following extent:
  - (a) the interests of parties 1 and 2 were included in the interests of party 3.
  - (b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.
  - (c) the interests of party 6 duplicated with the interests of party 7 entirely and were included in the interests of party 8.
  - (d) the interests of party 10 duplicated with the interests of party 11 entirely and were included in the interests of parties 12 and 13.
- 3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.
- 4 Deutsche Bank International Trust Co. Limited was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.36% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.28% of the issued shares of Wing Tai Holdings Limited.
- 5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 93,629,998 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.  
  
By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.
- 6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

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

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited (“Soundworld”), Units Key Limited (“Units Key”) and Triple Surge Limited (“Triple Surge”). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 5,673,333 and 37,680,000 Shares respectively.

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

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

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

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

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

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

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

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

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

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

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

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any interests or short positions held by any substantial shareholder in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### **INTERESTS OF ANY OTHER PERSONS**

As at 31 December 2014, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

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# DIRECTORS' REPORT

## **DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACT OF SIGNIFICANCE**

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Berhad ("WTMB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments.

Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of WTMB and the JV Company.

WTMB is a subsidiary of Wing Tai Holdings Limited ("WTHL"), the controlling shareholder of the Company (as defined in the Listing Rules).

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

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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

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

Kwok Ping Luen, Raymond is also a director of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property holdings and development. Only in these respects he is regarded to be interested in the relevant competing business with the Group.

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

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## CONNECTED TRANSACTIONS

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

### 1. Continuing Connected Transactions

- (i) The following agreements (the "2009 Operating Agreements") were entered into on 8 January 2009:-
- (a) an agreement between Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore") with Winshine Investment Pte Ltd ("Winshine") whereby LP Singapore has agreed to provide serviced apartment management services to Winshine;
  - (b) an agreement between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia") with Seniharta Sdn Bhd ("Seniharta") whereby LP Malaysia has agreed to provide hotel apartment management services;
  - (c) an agreement between LP Malaysia with Seniharta whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Seniharta (such agreement was assigned by Seniharta (in exercise its right thereunder) to DNP Jaya Sdn Bhd ("DNP") subsequently); and
  - (d) an agreement between LP Malaysia with Kualiti Gold Sdn Bhd ("Kualiti Gold") whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Kualiti Gold.

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

- (a) an agreement between Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda") with Winshine whereby LP Bermuda has agreed to grant to Winshine the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Singapore;
- (b) an agreement between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant to Seniharta the rights to use certain trademarks and tradenames in relation to a hotel apartment block located in Malaysia;
- (c) an agreement between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant Seniharta the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia (such agreement was assigned by Seniharta (in exercise of its right thereunder) to DNP subsequently); and
- (d) an agreement between LP Bermuda with Kualiti Gold whereby LP Bermuda has agreed to grant to Kualiti Gold the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia.

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# DIRECTORS' REPORT

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

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

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

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

The total fees of HK\$4.9 million received by the LP Group Companies under the 2009 Operating Agreements and the 2009 Licence Agreements for the year ended 31 December 2014 is within the annual cap of HK\$15.1 million for 2014 as set out in the Company’s announcement dated 8 January 2009.

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

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

The consideration received by Begin Land from WTC under the Offer for the period from 1 January 2014 to 15 May 2014 totaled HK\$1,200,000 which is within the 2014 annual cap of HK\$1,700,000 as set out in the Company’s announcement dated 20 April 2011.

On 15 May 2014, Begin Land accepted the offer made by WTC in relation to the leasing of the premises located at Suites 1502-5, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a fixed term of three years commencing from 16 May 2014 and ending on 15 May 2017 (both days inclusive) (the “New Offer”).

The consideration received by Begin Land from WTC under the New Offer for the period from 16 May 2014 to 31 December 2014 totaled HK\$3,100,000 which is within the 2014 annual cap of HK\$3,500,000 as set out in the Company’s announcement dated 15 May 2014.

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## **2. Annual Review of Continuing Connected Transactions**

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2014 have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms;
- (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) have not exceeded the relevant maximum amount capped in accordance to the annual caps as set out in the relevant announcements.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 33 to 35 of this annual report in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

### **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 December 2014, the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

### **DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES**

As at 31 December 2014, the aggregate amounts due from and all guarantees given by the Group on behalf of the affiliated companies of Nan Fung Group Holdings Limited (the "Relevant Companies") amounted to approximately 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

# DIRECTORS' REPORT

Details of the amounts for the Relevant Companies as at 31 December 2014 are as follows:

Name of the Relevant Company	Group's % of attributable equity interest therein	Amount of guarantee for loan facilities given on its behalf by the Company as at 31 December 2014	Amount due from it to the Group as at 31 December 2014	Total	Final maturity date of the loan facilities
		(Note 1)	(Note 2)		
		HK\$'M	HK\$'M	HK\$'M	
Century Rise Limited	15%	-	145.1	145.1	-
The Graces - Providence Bay Finance Company Limited	15%	-	13.3	13.3	-
Pacific Bond Limited	15%	-	235.3	235.3	-
Providence Bay Finance Company Limited	15%	-	8.0	8.0	-
Brave Sky Investments Limited	50%	756.3	529.6	1,285.9	the earlier of (a) 2 April 2016 or (b) the date falling 9 months after the issuance of the Certificate of Compliance by the Directors of Lands (or, if earlier, the issuance of the Consent to Assign)
Property Sky Limited	50%	-	378.3	378.3	-
Estate Success Limited	50%	-	3.7	3.7	-
Total				<u>2,069.6</u>	

*Notes:*

- All the loan facilities are secured by (among others) guarantees by the Company, Nan Fung Group Holdings Limited and its subsidiaries and associated companies and other joint venture partners on a several and proportional basis. All loan facilities carry interest at normal commercial rate agreed after arm's length negotiations with the lenders concerned.
- The amounts due from the Relevant Companies are all (i) unsecured, (ii) carrying interest at rates agreed from time to time by the joint venture partners concerned and (iii) without fixed repayment dates.

#### **DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES**

As at 31 December 2014, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK\$5,690 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2014 are presented below:

	<b>Pro-forma combined balance sheet</b>	<b>Group's attributable interest</b>
	HK\$'M	HK\$'M
Non-current assets	4,028.8	1,592.0
Current assets	13,985.3	3,852.5
Current liabilities	(924.4)	(228.0)
Non-current liabilities	(5,360.9)	(2,105.1)
Amounts and loans due from shareholders	5.2	1.4
Amounts and loans due to shareholders	(8,183.2)	(2,530.5)
Net assets	3,550.8	582.3

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

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

#### **PRE-EMPTIVE RIGHTS**

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

#### **FIVE YEARS FINANCIAL SUMMARY**

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 131 of this annual report.

#### **AUDITOR**

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

On behalf of the Board

**Cheng Wai Chee, Christopher**  
*Chairman*

Hong Kong, 17 March 2015

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

#### **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) throughout the year ended 31 December 2014.

#### **CODES FOR DEALING IN THE COMPANY’S SECURITIES**

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

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2014, and received confirmations from all the directors that they had fully complied with the required standard set out in the Model Code throughout the year.

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

#### **BOARD OF DIRECTORS**

As at the date of this report, the Board comprises five executive directors (i.e. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Ng Kar Wai, Kenneth), four non-executive directors (i.e. Kwok Ping Luen, Raymond (Yung Wing Chung as his alternate) Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien) and five independent non-executive directors (i.e. Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent). Biographies of all the directors are set out on pages 17 to 20 of this annual report.

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

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

#### **Chairman and Chief Executive**

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

#### **Retirement by Rotation and Specific Term of Office**

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

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### **Independent Non-Executive Directors**

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in the annual report, they did not have any business or financial interest with the Company and its subsidiaries (the “Group”) and were independent as at 31 December 2014 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

### **Functions and Responsibilities of the Board**

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

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

- (i) the Board shall approve the yearly budgets of the Company and its subsidiaries;
- (ii) the Board shall monitor the operating and financial performance of the Group;
- (iii) the Board shall oversee the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance;
- (iv) the Board shall assume responsibility for corporate governance; and
- (v) the day-to-day operations of the Group is delegated to the management led by the Chief Executive.

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

### **Directors’ Induction and Continuous Professional Development**

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

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

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# CORPORATE GOVERNANCE REPORT

During the year under review, all directors of the Company, namely Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John, Au Hing Lun, Dennis (resigned on 6 May 2014), Kwok Ping Luen, Raymond, (Yung Wing Chung act as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick, Chen Chou Mei Mei, Vivien, Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent were provided with written materials to develop and refresh their professional skills and the latest development of applicable laws, rules and regulations for the directors to assist them in discharging their duties as well as monthly commentary on the Group's business, operations and financial matters.

Cheng Wai Sun, Edward, Chow Wai Wai, John, Kwok Ping Luen, Raymond and Yung Wing Chung also attended seminars/briefings during the year.

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

## **CORPORATE GOVERNANCE FUNCTIONS**

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

- (i) To develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of directors and senior management;
- (iii) To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
- (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
- (v) To review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

The following works on corporate governance functions were performed by the Board during 2014:

- (a) approval of the revised Codes for Securities Transaction by Relevant Employees of the Group; and
- (b) approval of the 2013 Corporate Governance Report.

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## **REMUNERATION COMMITTEE**

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

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

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

Remuneration Committee met once in 2014. The attendance record of each member at the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Remuneration Committee during 2014:

- (a) review and approval of the remuneration packages of certain executive directors for the year ended 31 December 2014;
- (b) review and approval of the grant of incentive shares to the senior management pool and management staff pool under the Share Incentive Scheme;
- (c) review and approval of the proposal of directors' fees for the year ended 31 December 2014, with a recommendation to the shareholders for approval; and
- (d) review and approval of the remuneration package of Ng Kar Wai, Kenneth, an Executive Director of the Company, for a term of three years under a service contract.

### **Remuneration Policy for Executive Directors and Senior Management**

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

- (i) the executive director's and senior management's responsibilities;
- (ii) the executive director's and senior management's individual performance;
- (iii) performance of the business unit(s) headed by the executive director or senior management; and
- (iv) performance of the Group as a whole.

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# CORPORATE GOVERNANCE REPORT

## Remuneration Policy for Non-Executive Directors

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

## DIRECTORS' REMUNERATION

The directors' remuneration is set out in note 9 to the financial statements on pages 89 to 91 of this annual report.

## SENIOR MANAGEMENT'S REMUNERATION

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

	Number of individuals
	2014
Emoluments bands	
HK\$2,000,001 – HK\$3,000,000	2
HK\$3,000,001 – HK\$4,000,000	1
HK\$4,000,001 – HK\$5,000,000	1
Over HK\$5,000,001	1
	5

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## NOMINATION COMMITTEE

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

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

The Nomination Committee met once in 2014. The attendance record of each member at the Nomination Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Nomination Committee during 2014:

- (a) review of the structure, size and composition of the Board;
- (b) review of the independence of the Independent Non-executive Directors;

- 
- (c) making recommendations on the re-election of Directors at the 2014 annual general meeting;
  - (d) review of the measurable objectives set for implementing the Board Diversity Policy and approval of the disclosure of the review in the Corporate Governance Report; and
  - (e) consideration of the skill, knowledge and experience of Ng Kar Wai, Kenneth according to the Board Diversity Policy and making recommendation to the Board on his appointment as an Executive Director.

### **Board Diversity Policy**

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

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

### **Measurable Objectives**

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

#### Gender

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

#### Age

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

#### Type of Directors

- (i) Maintain a balanced composition of executive, non-executive and independent non-executive directors
- (ii) Comply with the relevant requirements of Listing Rules

#### Professional Qualifications

- (i) Maintain a board with balanced professional qualifications in order to carry out the duties as directors
- (ii) Comply with Listing Rules requirements

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# CORPORATE GOVERNANCE REPORT

## Areas of Expertise

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

All the measurable objectives had been taken into account when the Nomination committee considered and recommended to the Board on the appointment of Ng Kar Wai, Kenneth as an Executive Director. The measurable objectives concerning types of directors and professional qualifications of Directors have been and will be reviewed on an annual basis.

## **AUDIT COMMITTEE**

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

Yeung Kit Shing, Jackson                      (*Committee Chairman*)  
Fang Hung, Kenneth  
Hong Pak Cheung, William

The Audit Committee met three times in 2014. The attendance record of each member at the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Audit Committee during 2014:

- (a) review of the external auditor's audit plan for the year ended 31 December 2014;
- (b) review of the 2015 internal audit plan;
- (c) review of the 2014 work progress report and the works performed by internal audit in 2014;
- (d) review of the annual report and results announcement for the year ended 31 December 2013, with a recommendation to the Board for approval;
- (e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2013;
- (f) review of the interim report and interim results announcement for the six months ended 30 June 2014, with a recommendation to the Board for approval;
- (g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2014;
- (h) approval of the 2015 annual budget for audit and non-audit services; and
- (i) meeting with external auditors without executive board members present.

## ATTENDANCE AT MEETINGS

The attendance record of individual members at the Board and Committees meetings and general meeting in 2014 are detailed in the following table:

	Meetings attended/Eligible to attend				
	General Meeting	Board	Remuneration Committee	Audit Committee	Nomination Committee
<i>Executive directors</i>					
Cheng Wai Chee, Christopher	1/1	4/4	1/1	N/A	1/1
Cheng Wai Sun, Edward	1/1	4/4	1/1	N/A	1/1
Cheng Man Piu, Francis	1/1	4/4	N/A	N/A	N/A
Chow Wai Wai, John	1/1	4/4	N/A	N/A	N/A
Au Hing Lun, Dennis (resigned on 6 May 2014)	N/A	1/1	N/A	N/A	N/A
<i>Non-executive directors</i>					
Kwok Ping Luen, Raymond (attended by his alternate, Yung Wing Chung)	0/1	0/4	N/A	N/A	N/A
Hong Pak Cheung, William	1/1	4/4	N/A	3/3	N/A
Ng Tak Wai, Frederick	1/1	4/4	N/A	N/A	N/A
Chen Chou Mei Mei, Vivien	0/1	4/4	N/A	N/A	N/A
<i>Independent non-executive directors</i>					
Simon Murray	1/1	4/4	1/1	N/A	N/A
Fang Hung, Kenneth	1/1	4/4	1/1	3/3	N/A
Yeung Kit Shing, Jackson	1/1	4/4	1/1	3/3	1/1
Haider Hatam Tyebjee Barma	0/1	3/4	N/A	N/A	1/1
Cheng Hoi Chuen, Vincent	1/1	4/4	N/A	N/A	1/1

## INTERNAL CONTROLS

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

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

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# CORPORATE GOVERNANCE REPORT

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

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

For the financial year ended 31 December 2014, the Board through the Audit Committee had conducted a review of the effectiveness of the Group's internal control system as reported by the Group's internal audit department.

## **Whistleblowing Policy**

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

The purpose of formulating this policy is to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. In accordance with this policy employees are provided with reporting channels and guidance on whistleblowing. During the year, there were no reports received from employees under this policy.

## **AUDITORS' REMUNERATION**

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2014 are HK\$4,843,000 (2013: HK\$5,912,000) and HK\$1,873,000 (2013: HK\$1,009,000) respectively.

The remuneration in respect of significant non-audit services in 2014 includes the following:

Nature of services	Fee paid HK\$
Tax services	1,543,000
Special projects	330,000
Total	1,873,000

## **COMPANY SECRETARY**

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

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## **FINANCIAL REPORTING**

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies have been selected and applied consistently. The statement of the auditor of the Group relating to their reporting and responsibilities on the financial statements of the Group and the Company is set out in the Independent Auditor's Report on page 49 of this annual report.

## **CONSTITUTIONAL DOCUMENTS**

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2014. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company under the Corporate Governance Section and the Stock Exchange.

## **CORPORATE COMMUNICATION**

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

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

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

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

The Company's website at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) offers timely access to investors regarding the Company's financial, corporate and other information.

## **SHAREHOLDERS' RIGHTS**

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

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

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# CORPORATE GOVERNANCE REPORT

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

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

## **Procedures for Shareholders to Put Forward Proposals at a General Meeting**

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

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

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

The procedures for proposing a person for election as a director are at the Company's website at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) under the Corporate Governance Section.

## **Procedures for Directing Shareholders' Enquiries to the Board**

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

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

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

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

We have audited the consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 50 to 127, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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

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

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

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

**OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers***Certified Public Accountants*

Hong Kong, 17 March 2015

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

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>Continuing operations</b>			
<b>Revenue</b>	5	1,783.5	1,736.2
Cost of sales		(857.1)	(917.4)
<b>Gross profit</b>			
Other gains, net	7	926.4	818.8
Selling and distribution costs		8.0	105.6
Administrative expenses		(75.9)	(85.9)
Change in fair value of investment properties and financial instruments		(250.0)	(236.9)
	14	1,539.2	2,121.1
<b>Profit from operations</b>			
	8	2,147.7	2,722.7
Finance costs	10	(130.1)	(159.1)
Finance income	10	13.9	13.2
Share of results of joint ventures	18(a)	(0.6)	163.5
Share of results of associates	19(a)	2.2	5.9
<b>Profit before taxation from continuing operations</b>			
Taxation	11	2,033.1	2,746.2
		(89.5)	(91.4)
<b>Profit for the year from continuing operations</b>			
		1,943.6	2,654.8
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	39	–	6.4
<b>Profit for the year</b>			
		1,943.6	2,661.2
<b>Profit for the year attributable to:</b>			
Equity holders of the Company			
– From continuing operations		1,943.6	2,654.6
– From discontinued operations		–	6.4
Non-controlling interests		1,943.6	2,661.0
– From continuing operations		–	0.2
		1,943.6	2,661.2

	Note	2014	2013
<b>Earnings per share attributable to equity holders of the Company</b>	12		
Basic earnings per share			
– From continuing operations		HK\$1.45	HK\$1.99
– From discontinued operations		–	–
		HK\$1.45	HK\$1.99
Diluted earnings per share			
– From continuing operations		HK\$1.45	HK\$1.98
– From discontinued operations		–	–
		HK\$1.45	HK\$1.98
<b>Dividends (expressed in HK\$'M)</b>	13	180.7	180.6

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>Profit for the year</b>		1,943.6	2,661.2
<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		–	7.1
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		(44.8)	13.5
Net fair value gain/(loss) arising from revaluation of available-for-sale financial assets		87.8	(50.0)
Net gain/(loss) on net investment hedge		0.6	(7.9)
Net (loss)/gain on cash flow hedge			
– Fair value (losses)/gains		(53.1)	33.5
– Realised upon settlement		26.9	45.6
– Release to profit or loss		(5.1)	–
		12.3	34.7
<b>Other comprehensive income for the year, net of tax</b>	11	12.3	41.8
<b>Total comprehensive income for the year</b>		1,955.9	2,703.0
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		1,955.9	2,702.8
Non-controlling interests		–	0.2
		1,955.9	2,703.0
<b>Total comprehensive income for the year attributable to equity holders of the Company:</b>			
– From continuing operations		1,955.9	2,696.4
– From discontinued operations		–	6.4
		1,955.9	2,702.8

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

At 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	15	20,586.1	19,002.7
Other properties, plant and equipment	16	58.4	68.0
Investments in joint ventures	18(a)	482.3	511.5
Loans to joint ventures	18(a)	1,905.8	1,726.7
Investments in associates	19(a)	100.0	100.5
Loans to associates	19(a)	21.8	24.7
Deposits and loan receivables	20	17.5	20.1
Other financial assets	21	487.0	401.6
Deferred tax assets	30	4.5	9.4
Derivative financial instruments	24	–	30.2
		23,663.4	21,895.4
<b>Current assets</b>			
Properties for sale	22	1,322.2	1,425.0
Trade and other receivables, deposits and prepayments	23	777.0	1,885.9
Other financial assets	21	38.9	51.3
Derivative financial instruments	24	0.4	–
Sales proceeds held in stakeholders' accounts	25	79.1	192.4
Tax recoverable		40.7	2.3
Restricted bank deposits	26	13.5	10.6
Bank balances and cash	27	1,592.6	1,242.2
		3,864.4	4,809.7
<b>Current liabilities</b>			
Trade and other payables and accruals	28	404.4	684.9
Derivative financial instruments	24	18.9	39.5
Tax payable		46.2	71.7
Bank and other borrowings	29	63.8	1,739.7
		533.3	2,535.8
<b>Net current assets</b>		3,331.1	2,273.9
<b>Total assets less current liabilities</b>		26,994.5	24,169.3

# CONSOLIDATED BALANCE SHEET

At 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>Non-current liabilities</b>			
Bank and other borrowings	29	3,815.0	2,947.1
Other long-term liability	31	91.5	58.9
Derivative financial instruments	24	136.6	54.2
Deferred tax liabilities	30	271.2	213.9
		4,314.3	3,274.1
<b>NET ASSETS</b>		22,680.2	20,895.2
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	32	669.3	667.6
Reserves	34(a)	22,009.7	20,226.1
		22,679.0	20,893.7
<b>Non-controlling interests</b>		1.2	1.5
<b>TOTAL EQUITY</b>		22,680.2	20,895.2

The financial statements on pages 50 to 127 were approved and authorised for issue by the Board of Directors on 17 March 2015 and are signed on its behalf by:

**Cheng Wai Chee, Christopher**  
*DIRECTOR*

**Cheng Wai Sun, Edward**  
*DIRECTOR*

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

## BALANCE SHEET

At 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Interests in subsidiaries	17	6,883.8	7,062.1
<b>Current assets</b>			
Other receivables and prepayments		0.7	0.6
Bank balances and cash	27	0.2	0.2
		0.9	0.8
<b>Current liabilities</b>			
Other payables		12.5	4.8
<b>Net current liabilities</b>		(11.6)	(4.0)
<b>Total assets less current liabilities</b>		6,872.2	7,058.1
<b>NET ASSETS</b>		6,872.2	7,058.1
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	32	669.3	667.6
Reserves	34(b)	6,202.9	6,390.5
<b>TOTAL EQUITY</b>		6,872.2	7,058.1

**Cheng Wai Chee, Christopher**  
DIRECTOR

**Cheng Wai Sun, Edward**  
DIRECTOR

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity holders of the Company											Total equity HK\$'M
	Share capital HK\$'M	Share premium HK\$'M	Hedging reserve HK\$'M	Investment revaluation reserve HK\$'M	Employee share-based compensation reserve HK\$'M	Other property revaluation reserve HK\$'M	Translation reserve HK\$'M	Contributed surplus HK\$'M	Retained profits HK\$'M	Total HK\$'M	Non- controlling interests HK\$'M	
At 1 January 2014	667.6	3,273.6	(30.6)	178.1	15.5	64.1	76.5	751.0	15,897.9	20,893.7	1.5	20,895.2
<b>Comprehensive income</b>												
Profit for the year	-	-	-	-	-	-	-	-	1,943.6	1,943.6	-	1,943.6
<b>Other comprehensive income</b>												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(44.8)	-	-	(44.8)	-	(44.8)
Net fair value gain arising from revaluation of available-for-sale financial assets	-	-	-	87.8	-	-	-	-	-	87.8	-	87.8
Net gain on net investment hedge	-	-	0.6	-	-	-	-	-	-	0.6	-	0.6
Net loss on cash flow hedge	-	-	(31.3)	-	-	-	-	-	-	(31.3)	-	(31.3)
Total comprehensive income	-	-	(30.7)	87.8	-	-	(44.8)	-	1,943.6	1,955.9	-	1,955.9
<b>Transactions with owners</b>												
Value of employee services relating to grants of incentive shares	-	-	-	-	9.4	-	-	-	-	9.4	-	9.4
Value of employee services relating to lapse of incentive shares	-	-	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Incentive shares exercised	1.7	10.2	-	-	(10.2)	-	-	-	-	1.7	-	1.7
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
2013 final dividend paid	-	-	-	-	-	-	-	-	(124.5)	(124.5)	-	(124.5)
2014 interim dividend paid	-	-	-	-	-	-	-	-	(56.2)	(56.2)	-	(56.2)
Total transactions with owners	1.7	10.2	-	-	(1.8)	-	-	-	(180.7)	(170.6)	(0.3)	(170.9)
At 31 December 2014	669.3	3,283.8	(61.3)	265.9	13.7	64.1	31.7	751.0	17,660.8	22,679.0	1.2	22,680.2

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

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'M	2013 HK\$'M
<b>Cash flows from operating activities</b>			
Profit from operations			
– continuing operations		2,147.7	2,722.7
– discontinued operations	39	–	6.4
		2,147.7	2,729.1
Adjustments for:			
Change in fair value of investment properties	15	(1,593.0)	(2,084.4)
Gain on disposal of an available-for-sale financial asset		–	(1.2)
Gain on disposal of an associate		–	(29.5)
Gain on return of investment of an available-for-sale financial asset		–	(59.4)
Net loss on disposal of other properties, plant and equipment		3.5	1.1
Impairment loss of other properties, plant and equipment		–	0.2
Depreciation and amortisation			
– trademark		–	0.1
– land use rights		–	0.1
– other properties, plant and equipment		10.8	19.9
Net fair value loss/(gain) on derivative financial instruments		20.4	(21.7)
Loss/(gain) on financial liabilities at fair value through profit or loss classified under other long-term liability		33.4	(15.0)
Write-off of deposits and loan receivables		1.5	1.9
Share-based compensation expenses		10.1	11.4
Write-back of provision for trade receivables		–	(0.1)
Provision for impairment on loans to an associate		2.9	0.1
Amortisation of interest income on held-to-maturity investments		(1.6)	(6.4)
Operating cash flows before movements in working capital		635.7	546.2
Decrease in inventories		–	16.8
Decrease/(increase) in properties for sale		139.1	(92.7)
Decrease/(increase) in trade and other receivables, deposits and prepayments		1,101.2	(97.8)
Decrease in sales proceeds held in stakeholders' accounts		113.3	59.7
Decrease in trade and other payables and accruals		(321.6)	(22.9)
Increase in restricted bank deposits		(2.9)	(0.1)
Net cash generated from operations		1,664.8	409.2
Interest income received		13.9	13.2
Coupon received from held-to-maturity investments		2.1	1.0
Interest paid on bank and other borrowings		(125.0)	(161.7)
Hong Kong profits tax paid		(88.7)	(21.0)
Tax paid in other jurisdictions		–	(0.2)
<b>Net cash generated from operating activities</b>		<b>1,467.1</b>	<b>240.5</b>

	Note	2014 HK\$'M	2013 HK\$'M
<b>Cash flows from investing activities</b>			
Additions of investment properties		(4.3)	(518.0)
Purchase of other properties, plant and equipment		(5.6)	(8.1)
Advances of loans to joint ventures		(180.1)	(390.0)
Repayments of loans to a joint venture		–	58.3
Repayments of loans to associates		–	6.3
Proceeds from disposal of other properties, plant and equipment		0.9	2.3
Proceeds from disposal of an associate		–	46.6
Proceeds from return of investment of an available-for-sale financial asset		–	63.6
Dividend income from a joint venture		20.0	–
Dividend income from associates		–	185.3
Purchase of a held-to-maturity investment		(39.5)	–
Cash received from a held-to-maturity investment upon maturity		51.4	62.0
Release/(placement) of deposits with bank with original maturity of more than three months		3.9	(58.4)
<b>Net cash used in investing activities</b>		<b>(153.3)</b>	<b>(550.1)</b>
<b>Cash flows from financing activities</b>			
Issue of fixed rate bonds		300.0	580.0
Direct issue costs incurred on fixed rate bonds		(4.6)	(13.8)
Cash settlement on derivative financial instruments		(35.9)	(13.7)
Bank and other borrowings raised		709.4	1,279.3
Repayments of bank and other borrowings		(1,747.4)	(1,237.2)
Dividends paid by the Company		(180.7)	(180.3)
Dividends paid to non-controlling shareholders		(0.3)	(0.7)
<b>Net cash (used in)/generated from financing activities</b>		<b>(959.5)</b>	<b>413.6</b>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		1,183.8	1,079.8
<b>Cash and cash equivalents at the end of the year</b>	27	<b>1,538.1</b>	<b>1,183.8</b>

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 1. GENERAL INFORMATION

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

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

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

In 2013, the Group ceased its garment manufacturing operations. The ceased business is presented as discontinued operations for the year ended 31 December 2013. Details of which are disclosed in Note 39 to the consolidated financial statements.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK\$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2015.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap.32) for this financial year and the comparative period.

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

### (i) *New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2014 and relevant to the Group*

HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Impairment of assets
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (Amendment)	Consolidation for investment entities
HK (IFRIC) – Int 21	Levies

The adoption of the above 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Basis of preparation (Continued)

#### (ii) *New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS that are not yet effective in 2014 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 yet effective for the year ended 31 December 2014:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 19 (2011) (Amendment)	Defined benefit plans – employee contributions	1 January 2015
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (2011) (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sales or contribution of asset between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
Annual improvements 2012		1 July 2014
Annual improvements 2013		1 July 2014
Annual improvements 2014		1 January 2016

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

#### (iii) *New Hong Kong Companies Ordinance (Cap. 622) that is not yet effective in 2014*

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 (i.e. the Group's financial year begins on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). The adoption of the requirements will primarily only affect the presentation and the disclosure of the information in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Consolidation

#### (i) *Subsidiaries*

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

#### *Business combinations*

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies

#### *Changes in ownership interests in subsidiaries without change of control*

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Consolidation (Continued)

#### (i) *Subsidiaries (Continued)*

##### *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (ii) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### (c) Joint ventures and associates

#### *Associates*

An associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the income statement.

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

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Joint ventures and associates (Continued)

#### *Joint arrangements*

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (d) Segment reporting

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

### (e) Foreign currency translation

#### (i) *Functional and presentation currency*

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

#### (ii) *Transactions and balances*

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

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

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Foreign currency translation (Continued)

#### (iii) *Group companies*

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

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

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

#### (iv) *Disposal of foreign operation and partial disposal*

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

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

### (f) Other properties, plant and equipment

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Other properties, plant and equipment (Continued)

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

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	2% – 4%
Furniture, fixtures and equipment	10% – 33 1/3%
Motor vehicles	20% – 33 1/3%
Plant and machinery	5% – 10%

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

### (g) Investment properties

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

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

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Properties for sale

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

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

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

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

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

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

### (j) Financial assets

#### *Classification*

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

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

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

#### *(ii) Loans and receivables*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) Financial assets (Continued)

#### *Classification (Continued)*

##### *(iii) Held-to-maturity financial assets*

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

##### *(iv) Available-for-sale financial assets*

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

#### *Recognition and measurement*

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

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

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

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

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

### (k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (l) Impairment of financial assets

#### (i) *Assets carried at amortised cost*

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

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

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

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

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

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

### (m) Derivative financial instruments and hedging activities

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

- (i) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedge); or
- (ii) hedges of a net investment in a foreign operation (net investment hedge).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Derivative financial instruments and hedging activities (Continued)

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### (i) *Cash flow hedge*

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

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

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

#### (ii) *Net investment hedge*

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

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

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

### (n) Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(o) Cash and cash equivalents**

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

### **(p) Share capital**

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

### **(q) Trade payables**

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

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

### **(r) Borrowings**

Borrowings (including the bonds as disclosed in Note 29) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees are capitalised as prepayments for liquidity services and amortised over the period of the facility to which it relates.

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

### **(s) Other financial liabilities**

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

Financial liabilities at fair value through profit or loss include other long-term liability disclosed in Note 31. They are initially recognised at fair value and transaction costs are expensed off immediately. Realised or unrealised gains or losses on financial liabilities are charged to the income statement in the period in which they arise. The fair value is estimated by discounting the estimated future contractual cash flows at the current market discount rate which considers the Group's credit risk. Where applicable, a pricing adjustment is applied to arrive at the fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (t) Borrowing costs

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

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

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

### (u) Current and deferred taxation

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

#### (i) *Current income tax*

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

#### (ii) *Deferred income tax*

##### *Inside basis differences*

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

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

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

##### *Outside basis differences*

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Current and deferred taxation (Continued)

#### (iii) *Offsetting*

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

### (v) Employee benefits

#### (i) *Employee leave entitlements*

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

#### (ii) *Termination benefits*

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

#### (iii) *Bonus plans*

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

#### (iv) *Retirement benefits cost*

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

#### (v) *Share-based payments*

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

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

When the incentive shares are exercised (Note 33), the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the incentive shares are exercised.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (w) Provisions

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

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

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

### (x) Revenue recognition

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

- (i) Income from properties developed for sale is recognised when the significant risks and rewards of the properties are transferred to the buyers and the collectability of related receivables is reasonably assured. Payments received from purchasers prior to this stage are recorded as deposits received, which are included in current liabilities.
- (ii) Rental income from investment property is recognised on a straight-line basis over the period of the leases.
- (iii) Property management income is recognised when the services are rendered.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Dividend income from investments is recognised when the Group's right to receive payment has been established.

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(y) Operating leases**

#### ***(i) Group as the lessee to operating leases***

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

#### ***(ii) Group as the lessor to operating leases***

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

### **(z) Finance leases**

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

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

### **(aa) Contingent liabilities and contingent assets**

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

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

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

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

### **(bb) Financial guarantee contracts**

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

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

### **(cc) Dividend distribution**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (dd) Discontinued operations

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

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

## 3. FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

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

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

#### (i) Foreign exchange risk

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

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

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

At 31 December 2014, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, equity would have been HK\$24.4M (2013: HK\$20.0M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated available-for-sale financial assets.

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

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

#### (ii) Interest rate risk

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

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 29 below. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (ii) Interest rate risk (Continued)

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK\$6.1M (2013: HK\$3.3M) lower/higher and capitalised interest on “properties for sale” would have been HK\$2.6M (2013: HK\$4.7M) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

In addition, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK\$16.1M (2013: HK\$15.6M) higher or HK\$17.0M (2013: HK\$16.4M) lower, mainly as a result of gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting.

##### (iii) Price risk

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

At 31 December 2014, if market value of the Group’s listed available-for-sale financial assets had increased/decreased by 10% (2013: 10%), with all other variables held constant, equity would have been HK\$48.5M (2013: HK\$39.7M) higher/lower before any further impairment. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

##### (iv) Credit risk

The Group’s credit risks are primarily attributable to the Group’s cash at banks (Note 27), other financial assets (Note 21), deposits and loan receivables (Note 20), trade receivables from sale of properties and rent receivables from tenants (Note 23).

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Financial risk factors (Continued)

#### (v) Liquidity risk

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

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

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

	<b>THE GROUP</b>			
	<b>Less than 1 year HK\$'M</b>	<b>Between 1 and 2 years HK\$'M</b>	<b>Between 2 and 5 years HK\$'M</b>	<b>Over 5 years HK\$'M</b>
<b>At 31 December 2014</b>				
Bank and other borrowings	182.5	574.8	1,726.9	2,289.3
Derivative financial instruments	18.9	14.0	28.4	94.2
Trade and other payables and accruals	220.0	10.1	–	–
Other long-term liability	–	–	–	91.5
Financial guarantees (Note)	–	571.4	965.0	–
<b>Total</b>	<b>421.4</b>	<b>1,170.3</b>	<b>2,720.3</b>	<b>2,475.0</b>
<b>At 31 December 2013</b>				
Bank and other borrowings	1,858.4	129.7	1,479.3	2,031.0
Derivative financial instruments	39.5	19.2	11.4	(6.6)
Trade and other payables and accruals	343.0	0.2	8.2	–
Other long-term liability	–	–	–	58.9
Financial guarantees (Note)	112.5	–	1,366.8	–
<b>Total</b>	<b>2,353.4</b>	<b>149.1</b>	<b>2,865.7</b>	<b>2,083.3</b>

*Note:*

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

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (v) Liquidity risk (Continued)

	THE COMPANY			
	Less than 1 year HK\$'M	Between 1 and 2 years HK\$'M	Between 2 and 5 years HK\$'M	Over 5 years HK\$'M
<b>At 31 December 2014</b>				
Other payables	12.5	–	–	–
Financial guarantees (Note)	559.1	1,541.1	3,607.3	2,030.3
<b>Total</b>	<b>571.6</b>	<b>1,541.1</b>	<b>3,607.3</b>	<b>2,030.3</b>
<b>At 31 December 2013</b>				
Other payables	4.8	–	–	–
Financial guarantees (Note)	3,079.8	211.3	3,003.0	1,738.4
<b>Total</b>	<b>3,084.6</b>	<b>211.3</b>	<b>3,003.0</b>	<b>1,738.4</b>

*Note:*

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

#### (b) Capital management

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

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

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

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 HK\$'M	2013 HK\$'M
Bank and other borrowings	3,878.8	4,686.8
Less: Bank balances and cash	(1,592.6)	(1,242.2)
<b>Net borrowings</b>	<b>2,286.2</b>	<b>3,444.6</b>
<b>Total equity</b>	<b>22,680.2</b>	<b>20,895.2</b>
<b>Gearing ratio</b>	<b>10.1%</b>	<b>16.5%</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Fair value estimation

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

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

The following tables presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014 and 2013 (see Note 15 for disclosures of the investment properties that are measured at fair value).

	<b>THE GROUP</b>			
	<b>Level 1 HK\$'M</b>	<b>Level 2 HK\$'M</b>	<b>Level 3 HK\$'M</b>	<b>Total HK\$'M</b>
<b>At 31 December 2014</b>				
<b>Assets</b>				
Other financial assets				
Available-for-sale financial assets				
– listed securities	485.9	–	–	485.9
– unlisted securities	–	1.1	–	1.1
Derivative financial instruments				
– forward exchange contract	–	0.4	–	0.4
	485.9	1.5	–	487.4
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	16.6	–	16.6
– cross currency swap contracts	–	138.9	–	138.9
Other long-term liability	–	–	91.5	91.5
	–	155.5	91.5	247.0
<b>At 31 December 2013</b>				
<b>Assets</b>				
Other financial assets				
Available-for-sale financial assets				
– listed securities	399.5	–	–	399.5
– unlisted securities	–	2.1	–	2.1
Derivative financial instruments				
– interest rate swap contracts	–	30.2	–	30.2
	399.5	32.3	–	431.8
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	42.5	–	42.5
– cross currency swap contracts	–	51.2	–	51.2
Other long-term liability	–	–	58.9	58.9
	–	93.7	58.9	152.6

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

There is no transfer between the different levels of fair value measurement hierarchy of financial instruments for the years ended 31 December 2014 and 2013.

##### (i) *Financial instruments in Level 1:*

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

##### (ii) *Financial instruments in Level 2:*

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

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

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

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

##### (iii) *Financial instruments in Level 3:*

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

##### *Valuation processes of the Group*

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

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

The fair value of the long-term liability is determined using a solvency valuation model and the significant unobservable inputs used in the fair value measurement are the forecast price inflation and investment return. The fair value measurement of the liability is positively correlated to the forecast price inflation and negatively correlated to the forecast investment return. As at 31 December 2014, it is estimated that with all other variables held constant, an increase in both the above unobservable inputs by 0.1% (2013: 0.1%) would have increased the Group's profit by HK\$1.6M (2013: HK\$0.9M).

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

	<b>Other long-term liability</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Opening balance	(58.9)	(74.2)
Company's contributions	0.8	0.3
Fair value (loss)/gain recognised in the consolidated income statement (Note 14)	(33.4)	15.0
Closing balance	(91.5)	(58.9)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Fair value of investment properties

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

### (b) Fair value of derivative financial instruments

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

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

If information on current or recent prices of financial liabilities at fair value through profit or loss is not available, the fair values of financial liabilities at fair value through profit or loss are determined using valuation techniques (including discounted cash flow model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date. The main assumptions have been disclosed in Note 31.

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

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

### (e) Net realisable values of properties for sale

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

### (f) Impairment of trade receivables

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (g) Impairment of assets

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

##### (h) Taxation

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

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

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

##### (i) Accrual of construction costs

It usually takes more than a year after completion of the relevant constructions to finalise and agree with the contractors on overall construction costs (including initial contract sum, variation orders, liquidation damages, if any) for property development. The Group has accrued for construction costs based on the latest information available and directors' best estimate on the likely outcome of negotiation with contractors. If the final construction costs differ from the accruals made, there will be effects on the results of the Group in the year in which construction costs are concluded.

#### 5. REVENUE

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

	Continuing operations	
	2014	2013
	HK\$'M	HK\$'M
Sale of properties and project management income	944.0	1,009.9
Rental and property management income	816.1	704.4
Dividend income from available-for-sale financial assets	23.4	21.9
	1,783.5	1,736.2

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 6. SEGMENT INFORMATION

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

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others represent mainly investing activities and corporate activities including central management and administrative function.

Garment Manufacturing segment ceased its operations in 2013 and was presented as discontinued operations for the year ended 31 December 2013.

	Continuing operations					Total HK\$'M
	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	
<b>For the year ended 31 December 2014</b>						
<b>REVENUE</b>						
External sales	944.0	669.0	147.1	23.4	-	1,783.5
Inter-segment sales	-	11.5	-	-	(11.5)	-
Total	944.0	680.5	147.1	23.4	(11.5)	1,783.5
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	137.9	493.1	53.6	(75.5)	(0.6)	608.5
Change in fair value of investment properties and financial instruments	13.0	1,536.6	23.0	(33.4)	-	1,539.2
Profit/(loss) from operations	150.9	2,029.7	76.6	(108.9)	(0.6)	2,147.7
Finance costs	(3.3)	(89.6)	(17.8)	(57.8)	38.4	(130.1)
Finance income	1.4	2.1	7.1	41.1	(37.8)	13.9
Share of results of joint ventures	20.4	(12.1)	(8.9)	-	-	(0.6)
Share of results of associates	0.3	-	1.9	-	-	2.2
Profit/(loss) before taxation	169.7	1,930.1	58.9	(125.6)	-	2,033.1
Taxation						(89.5)
Profit for the year						1,943.6
<b>Other items</b>						
Depreciation and amortisation	4.4	2.0	-	4.4	-	10.8
Loss/(gain) on disposals of other properties, plant and equipment, net	3.4	0.4	-	(0.3)	-	3.5

## 6. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operations	
	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M	Garment manufacturing HK\$'M
<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/(loss) before change in fair value of investment properties and financial instruments	124.6	437.3	49.8	(10.1)	-	601.6	6.4
Change in fair value of investment properties and financial instruments	-	1,985.9	98.2	37.0	-	2,121.1	-
<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)/loss on disposals of other properties, plant and equipment, net	-	(0.2)	-	0.1	-	(0.1)	1.2
Write back of trade receivables, net	-	-	-	-	-	-	(0.1)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2014 and 2013 and additions to non-current assets for the years then ended are as follows:

	Continuing operations				Sub-total HK\$'M	Discontinued operations	Total HK\$'M
	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M		Garment manufacturing HK\$'M	
<b>At 31 December 2014</b>							
<b>ASSETS</b>							
Segment assets (Note a)	2,267.5	19,344.5	2,212.3	1,148.0	24,972.3	–	24,972.3
Investments in joint ventures and loans to joint ventures	1,852.8	432.9	102.4	–	2,388.1	–	2,388.1
Investments in associates and loans to associates	10.9	14.4	96.5	–	121.8	–	121.8
Other assets	4,131.2	19,791.8	2,411.2	1,148.0	27,482.2	–	27,482.2
					45.6	–	45.6
Consolidated total assets					27,527.8	–	27,527.8
<b>LIABILITIES</b>							
Segment liabilities (Note b)	(134.0)	(206.1)	(26.8)	(129.0)	(495.9)	–	(495.9)
Other liabilities					(4,351.7)	–	(4,351.7)
Consolidated total liabilities					(4,847.6)	–	(4,847.6)
<b>Additions to non-current assets (Note c)</b>	–	2.5	3.6	3.8	9.9	–	9.9
<b>At 31 December 2013</b>							
<b>ASSETS</b>							
Segment assets (Note a)	3,411.8	17,311.8	2,201.4	1,258.6	24,183.6	116.2	24,299.8
Investments in joint ventures and loans to joint ventures	1,722.1	405.6	110.5	–	2,238.2	–	2,238.2
Investments in associates and loans to associates	11.1	17.3	96.8	–	125.2	–	125.2
Other assets	5,145.0	17,734.7	2,408.7	1,258.6	26,547.0	116.2	26,663.2
					41.9	–	41.9
Consolidated total assets					26,588.9	116.2	26,705.1
<b>LIABILITIES</b>							
Segment liabilities (Note b)	(376.6)	(204.8)	(35.6)	(94.4)	(711.4)	(32.5)	(743.9)
Other liabilities					(5,066.0)	–	(5,066.0)
Consolidated total liabilities					(5,777.4)	(32.5)	(5,809.9)
<b>Additions to non-current assets (Note c)</b>	1.6	494.2	25.8	4.0	525.6	0.5	526.1

## 6. SEGMENT INFORMATION (Continued)

Notes:

- (a) Segment assets consist primarily of investment properties, other properties, plant and equipment, other financial assets, deposits and loan receivables, 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.
- (b) Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, deferred tax liabilities and derivative financial instruments.
- (c) Additions to non-current assets comprise additions to investment properties and other properties, plant and equipment.

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 customers are located, irrespective of the origin of the goods/services:

	Year ended 31 December Continuing operations	
	2014 HK\$'M	2013 HK\$'M
Hong Kong	1,702.7	1,664.9
The PRC	31.4	32.6
United Kingdom	21.4	12.9
Singapore	25.1	24.2
Others	2.9	1.6
	1,783.5	1,736.2

The followings are analysis of the Group's total assets, non-current assets other than financial instruments (including investments in joint ventures and associates, loans to joint ventures and associates, deposits and loan receivables, other financial assets and derivative financial instruments) and deferred tax assets, and additions to non-current assets by geographical areas in which the assets are located.

	Total assets At 31 December		Non-current assets other than financial instruments and deferred tax assets At 31 December		Additions to non-current assets (Note c) Year ended 31 December	
	2014 HK\$'M	2013 HK\$'M	2014 HK\$'M	2013 HK\$'M	2014 HK\$'M	2013 HK\$'M
Hong Kong	25,011.3	24,296.3	19,403.1	17,870.1	9.6	36.7
The PRC	1,073.9	1,063.9	501.1	490.9	0.3	0.6
United Kingdom	780.4	740.8	740.3	709.7	–	488.8
Singapore	537.5	464.8	–	–	–	–
North America	–	10.9	–	–	–	–
Others	124.7	128.4	–	–	–	–
	27,527.8	26,705.1	20,644.5	19,070.7	9.9	526.1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 7. OTHER GAINS, NET

	Continuing operations	
	2014 HK\$'M	2013 HK\$'M
Amortisation of interest income on held-to-maturity investments	1.6	6.4
Compensation income arising from termination of a serviced residences operating agreement	8.1	–
Exchange (losses)/gains, net	(4.1)	2.6
(Loss)/gain on disposals of other properties, plant and equipment	(3.5)	0.1
Gain on disposal of an associate	–	29.5
Gain on disposal of an available-for-sale financial asset	–	1.2
Gain on disposal of other assets	4.4	–
Gain on return of investment of an available-for-sale finance asset	–	59.4
Provision for impairment on loans to an associate	(2.9)	(0.1)
Write-back of provisions for claims	1.0	6.1
Write-off of deposits and loan receivables	(1.5)	(1.9)
Others	4.9	2.3
	8.0	105.6

## 8. PROFIT FROM OPERATIONS

	Continuing operations	
	2014 HK\$'M	2013 HK\$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	200.4	192.6
Retirement benefits costs, net of negligible forfeited contributions	8.2	6.8
Total staff costs (Note)	208.6	199.4
Share-based compensation expenses (Note)	10.1	11.4
Auditor's remuneration	4.4	5.9
Amortisation of trademark	–	0.1
Amortisation of land use rights	–	0.1
Cost of sales of properties included in cost of sales	680.1	762.0
Depreciation of other properties, plant and equipment (Note 16)	10.8	15.7
Direct operating expenses arising from investment properties generating rental income	147.1	128.6
Gain on disposal of an available-for-sale financial asset	–	(1.2)
Gain on return of investment of an available-for-sale financial asset	–	(59.4)
Gain on disposal of an associate	–	(29.5)
Loss/(gain) on disposal of other properties, plant and equipment	3.5	(0.1)

Note:

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

## 9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' remuneration

	2014 HK\$'M	2013 HK\$'M
Directors' fees	1.7	1.8
Other directors' emoluments		
– Salaries and allowances	20.7	21.3
– Discretionary bonus	4.6	6.0
– Retirement benefits costs – defined contribution plan	0.9	1.0
Directors' emoluments	27.9	30.1
Value of incentive shares	5.9	7.3
	33.8	37.4

Details of the remuneration of directors for the year ended 31 December 2014 are as follows:

Name	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit costs - defined contribution plan HK\$'000	Sub-total HK\$'000	Fair value of incentive shares amortised in 2014 HK\$'000 (Note 33)	Total HK\$'000
<b>Executive directors</b>							
CHENG Wai Chee, Christopher	25	6,053	–	298	6,376	3,051	9,427
CHENG Wai Sun, Edward	25	9,354	3,772	463	13,614	3,051	16,665
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	25	3,505	788	175	4,493	473	4,966
AU Hing Lun, Dennis (resigned on 6 May 2014)	8	1,777	–	–	1,785	(669)	1,116
<b>Non-executive directors</b>							
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
NG Tak Wai, Frederick	60	–	–	–	60	–	60
CHEN CHOU Mei Mei, Vivien	60	–	–	–	60	–	60
<b>Independent non-executive directors</b>							
Simon MURRAY	286	–	–	–	286	–	286
FANG Hung, Kenneth	237	–	–	–	237	–	237
YEUNG Kit Shing, Jackson	337	–	–	–	337	–	337
Haider Hatam Tyebjee BARMA	237	–	–	–	237	–	237
CHENG Hoi Chuen, Vincent	286	–	–	–	286	–	286
<b>Total</b>	1,731	20,689	4,560	936	27,916	5,906	33,822

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### (a) Directors' remuneration (Continued)

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

Name	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit costs - defined contribution plan HK\$'000	Sub-total HK\$'000	Fair value of incentive shares amortised in 2013 HK\$'000 (Note 33)	Total HK\$'000
<b>Executive directors</b>							
CHENG Wai Chee, Christopher	25	5,419	–	271	5,715	2,909	8,624
CHENG Wai Sun, Edward	25	8,420	3,725	389	12,559	2,909	15,468
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	25	3,319	747	166	4,257	260	4,517
AU Hing Lun, Dennis	25	4,167	1,500	192	5,884	1,247	7,131
<b>Non-executive directors</b>							
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
NG Tak Wai, Frederick	60	–	–	–	60	15	75
CHEN CHOU Mei Mei, Vivien	60	–	–	–	60	–	60
YUNG Wing Chung (retired on 15 May 2013)	22	–	–	–	22	–	22
<b>Independent non-executive directors</b>							
Simon MURRAY	287	–	–	–	287	–	287
FANG Hung, Kenneth	237	–	–	–	237	–	237
YEUNG Kit Shing, Jackson	337	–	–	–	337	–	337
Haider Hatam Tyebjee BARMA	237	–	–	–	237	–	237
CHENG Hoi Chuen, Vincent (appointed on 1 February 2013)	261	–	–	–	261	–	261
<b>Total</b>	<b>1,746</b>	<b>21,325</b>	<b>5,972</b>	<b>1,018</b>	<b>30,061</b>	<b>7,340</b>	<b>37,401</b>

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). None of the directors has waived any emoluments during the year (2013: Nil).

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

### (b) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2014 included three (2013: three) executive directors of the Company whose emoluments are included above. The emoluments of the remaining two (2013: two) highest paid individuals are as follows:

	2014 HK\$'M	2013 HK\$'M
Salaries and allowances	7.3	4.9
Discretionary bonus	2.0	3.9
Retirement benefits costs – defined contribution plan	0.3	0.3
	9.6	9.1

The emoluments fell within the following bands:

	Number of individual	
	2014	2013
Emoluments bands		
HK\$4,000,001 – HK\$4,500,000	1	1
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$5,000,001 and above	1	–

## 10. FINANCE COSTS AND FINANCE INCOME

	2014 HK\$'M	2013 HK\$'M
Finance costs		
Interest expenses on:		
– bank and other borrowings wholly repayable within five years	73.9	83.6
– bank and other borrowings not wholly repayable within five years	84.7	83.4
Total borrowing costs	158.6	167.0
Less: interest capitalised in properties for sale (Note)	(28.5)	(7.9)
	130.1	159.1
Finance income		
– bank interest income	(6.3)	(6.5)
– other interest income	(7.6)	(6.7)
	(13.9)	(13.2)

Note:

The borrowing costs have been capitalised at rates ranging from 1.0% to 4.2% per annum (2013: 1.0% to 1.7% per annum).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2013: 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:

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Current taxation		
– Hong Kong profits tax	51.2	60.8
– Over-provision in prior years	(26.4)	(1.2)
– Taxation in other jurisdictions	0.1	–
	24.9	59.6
Deferred taxation (Note 30)		
– Change in fair value of investment properties	11.0	12.2
– Temporary differences on tax depreciation	23.7	(17.0)
– Utilisation of tax losses	29.7	35.8
– Withholding tax	0.2	0.8
	64.6	31.8
Income tax expenses	89.5	91.4

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

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Profit before taxation from continuing operations	2,033.1	2,746.2
Tax calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	335.5	453.1
Expenses not deductible for tax purpose	13.2	9.2
Income not subject tax	(266.8)	(372.4)
Net increase in unrecognised tax losses and other temporary differences	25.2	20.6
Effect of different tax rates of subsidiaries operating in other jurisdictions	3.1	3.0
Over-provision in prior years	(26.4)	(1.2)
Tax effect of share of results of joint ventures	–	(27.0)
Tax effect of share of results of associates	(0.4)	(1.0)
PRC land appreciation tax on change in fair value of investment properties (Note)	4.2	5.0
PRC land appreciation tax and other taxes deductible for calculation of income tax purpose	1.7	1.3
Withholding tax on undistributed earnings	0.2	0.8
Taxation for the year	89.5	91.4

## 11. TAXATION (Continued)

Note:

PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% (2013: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

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

	Before tax HK\$'M	2014 Tax charge HK\$'M	After tax HK\$'M	Before tax HK\$'M	2013 Tax charge HK\$'M	After tax HK\$'M
Net surplus arising on revaluation of land use rights and other properties, plant and equipment upon transfer to investment properties	–	–	–	16.7	(9.6)	7.1
Exchange differences on translation of foreign operations	(44.8)	–	(44.8)	13.5	–	13.5
Net fair value gain/(loss) arising from revaluation of available-for-sale financial assets	87.8	–	87.8	(50.0)	–	(50.0)
Net gain/(loss) on net investment hedge	0.6	–	0.6	(7.9)	–	(7.9)
Net (loss)/gain on cash flow hedge						
– Fair value (losses)/gains	(53.1)	–	(53.1)	33.5	–	33.5
– Realised upon settlement	26.9	–	26.9	45.6	–	45.6
– Release to profit or loss	(5.1)	–	(5.1)	–	–	–
Other comprehensive income for the year	12.3	–	12.3	51.4	(9.6)	41.8
Deferred taxation (Note 30)		–			(9.6)	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 12. EARNINGS PER SHARE

### (a) Basic

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

	2014	2013
Profit attributable to equity holders of the Company (expressed in HK\$'M)		
– From continuing operations	1,943.6	2,654.6
– From discontinued operations	–	6.4
	1,943.6	2,661.0
Weighted average number of ordinary shares in issue	1,337,922,241	1,335,139,269
Basic earnings per share		
– From continuing operations	HK\$1.45	HK\$1.99
– From discontinued operations	–	–
	HK\$1.45	HK\$1.99

### (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.

	2014	2013
Profit attributable to equity holders of the Company (expressed in HK\$'M)		
– From continuing operations	1,943.6	2,654.6
– From discontinued operations	–	6.4
	1,943.6	2,661.0
Weighted average number of ordinary shares in issue	1,337,922,241	1,335,139,269
Effect of dilutive potential shares issuable under the Company's share incentive scheme	4,776,819	5,612,191
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,342,699,060	1,340,751,460
Diluted earnings per share		
– From continuing operations	HK\$1.45	HK\$1.98
– From discontinued operations	–	–
	HK\$1.45	HK\$1.98

**13. DIVIDENDS**

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Interim dividend paid on 3 October 2014 of HK4.2 cents (2013: HK4.2 cents) per ordinary share	56.2	56.1
Proposed final dividend of HK9.3 cents (2013: HK9.3 cents) per ordinary share	124.5	124.5
	180.7	180.6

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

**14. CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES AND FINANCIAL INSTRUMENTS**

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Change in fair value of investment properties (Note 15)	1,593.0	2,084.4
Net change in fair value of financial instruments		
– net fair value (loss)/gain on derivative financial instruments	(20.4)	21.7
– (loss)/gain on financial liabilities at fair value through profit or loss classified under other long-term liability (Note 31)	(33.4)	15.0
	(53.8)	36.7
	1,539.2	2,121.1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 15. INVESTMENT PROPERTIES

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
At 1 January	19,002.7	16,321.5
Exchange differences	(55.4)	43.7
Additions	4.3	518.0
Finalisation of construction costs upon completion	–	(0.7)
Transfer from land use rights	–	5.8
Transfer from other properties, plant and equipment	–	30.0
Transfer from properties for sale	41.5	–
Net gain arising from change in fair value	1,593.0	2,084.4
At 31 December	20,586.1	19,002.7
Investment properties comprise:		
Properties in Hong Kong held on:		
Leases of over 50 years	1,819.6	1,730.0
Leases of between 10 to 50 years	17,525.2	16,072.1
Properties outside Hong Kong held on:		
Leases of over 50 years	382.8	370.6
Leases of between 10 to 50 years	118.2	120.3
Freehold properties outside Hong Kong	740.3	709.7
	20,586.1	19,002.7

### (a) Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2014 and 2013 has been determined on the basis of valuations carried out by independent valuers not related to the Group. The Group engaged Savills Valuation and Professional Services Limited, Jones Long LaSalle Limited, Savills (UK) Limited and B.I. Appraisals Limited to value its investment properties. Discussion of valuation processes and results are held between the Group's management and valuers at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date the Group's management:

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

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

## 15. INVESTMENT PROPERTIES (Continued)

### (b) Fair value hierarchy

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

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

	<b>Quoted prices in active market for identical assets (Level 1) HK\$'M</b>	<b>Significant other observable inputs (Level 2) HK\$'M</b>	<b>Significant unobservable inputs (Level 3) HK\$'M</b>
<b>Recurring fair value measurements</b>			
At 31 December 2014	–	5.8	20,580.3
At 31 December 2013	–	4.8	18,997.9

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

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

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

#### Fair value measurements using significant unobservable inputs (Level 3)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 15. INVESTMENT PROPERTIES (Continued)

### (b) Fair value hierarchy (Continued)

Movements of investment properties under Level 3 measurements:

	Commercial properties HK\$'M	Serviced apartments HK\$'M	Industrial properties HK\$'M	Others HK\$'M	Total HK\$'M
At 1 January 2014	14,887.7	2,070.6	1,908.0	131.6	18,997.9
Exchange differences	(43.7)	(8.8)	–	(2.9)	(55.4)
Change in fair value	1,293.7	27.4	253.8	17.1	1,592.0
Additions	0.5	3.6	0.2	–	4.3
Transfer from properties for sale	–	–	–	41.5	41.5
At 31 December 2014	16,138.2	2,092.8	2,162.0	187.3	20,580.3
At 1 January 2013	12,676.9	1,936.8	1,612.0	91.9	16,317.6
Exchange differences	31.6	9.8	–	2.3	43.7
Change in fair value	1,688.2	98.2	295.5	1.6	2,083.5
Finalisation of construction costs upon completion	(0.7)	–	–	–	(0.7)
Additions	491.7	25.8	0.5	–	518.0
Transfer from land use rights	–	–	–	5.8	5.8
Transfer from other properties, plant and equipment	–	–	–	30.0	30.0
At 31 December 2013	14,887.7	2,070.6	1,908.0	131.6	18,997.9

Significant inputs used to determine fair value of investment properties at 31 December 2014 and 2013:

	Valuation method	Range of significant unobservable inputs	
		Monthly market rents HK\$/sq.ft.	Capitalisation rate %
At 31 December 2014			
Commercial properties	Income capitalisation and direct comparison	30 to 87	3.2 to 3.9
Serviced apartments	Income capitalisation and direct comparison	30 to 108	3.7 to 6.0
Industrial properties	Income capitalisation and direct comparison	9 to 12	3.2 to 4.4
At 31 December 2013			
Commercial properties	Income capitalisation and direct comparison	30 to 91	3.3 to 4.0
Serviced apartments	Income capitalisation and direct comparison	29 to 108	3.7 to 6.0
Industrial properties	Income capitalisation and direct comparison	8 to 12	3.4 to 4.8

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

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

**16. OTHER PROPERTIES, PLANT AND EQUIPMENT**

<b>THE GROUP</b>	<b>Land and buildings HK\$'M (Note a)</b>	<b>Furniture, fixtures and equipment HK\$'M</b>	<b>Motor vehicles HK\$'M</b>	<b>Plant and machinery HK\$'M</b>	<b>Total HK\$'M</b>
<b>AT COST</b>					
At 1 January 2014	49.1	87.0	12.0	37.0	185.1
Additions	–	2.5	3.1	–	5.6
Disposals	–	(23.8)	(3.2)	–	(27.0)
Write-off	–	(32.1)	–	(36.0)	(68.1)
At 31 December 2014	49.1	33.6	11.9	1.0	95.6
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>					
At 1 January 2014	2.8	69.3	8.0	37.0	117.1
Provided for the year	0.5	8.6	1.7	–	10.8
Disposals	–	(19.8)	(2.8)	–	(22.6)
Write-off	–	(32.1)	–	(36.0)	(68.1)
At 31 December 2014	3.3	26.0	6.9	1.0	37.2
<b>NET BOOK VALUE</b>					
At 31 December 2014	45.8	7.6	5.0	–	58.4

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

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

Note:

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

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Properties held on leases of over 50 years in Hong Kong	35.7	35.9
Properties held on leases of between 10 to 50 years in Hong Kong	10.1	10.4
	45.8	46.3

## 17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2014 HK\$'M	2013 HK\$'M
Investments, at cost		
Unlisted shares	590.8	590.8
Loans to a subsidiary (Note a)	6,293.0	6,471.3
Interests in subsidiaries	6,883.8	7,062.1

### Notes:

- (a) Loans to a subsidiary are unsecured, interest free and not repayable within one year.
- (b) Details of the principal subsidiaries at 31 December 2014 are set out in Note 42.

## 18. JOINT VENTURES

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Share of net assets (Notes a & b)	482.3	511.5
Loans to joint ventures (Notes a & c)	1,905.8	1,726.7
	2,388.1	2,238.2

Details of the principal joint ventures at 31 December 2014 are set out in Note 43. Contingent liabilities relating to the Group's interest in the joint ventures are set out in Note 37.

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

	2014 HK\$'M	2013 HK\$'M
<b>Investments in joint ventures:</b>		
At 1 January	511.5	337.0
Exchange differences	(8.6)	11.0
Share of results	(0.6)	163.5
Dividend income from a joint venture	(20.0)	–
At 31 December	482.3	511.5
<b>Loans to joint ventures:</b>		
At 1 January	1,726.7	2,016.4
Exchange differences	(1.0)	(8.3)
Interest income on loans to joint ventures	6.4	6.6
Net advances to joint ventures	180.1	325.1
Reclassification to trade and other receivables, deposits and repayments grouped under current assets	(6.4)	(613.1)
At 31 December	1,905.8	1,726.7

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 18. JOINT VENTURES (Continued)

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

	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
<b>Revenue</b>	283.6	639.2
<b>Profit from operations</b>	4.8	197.8
Finance costs	(10.4)	(7.1)
Finance income	2.8	1.8
<b>(Loss)/profit before taxation</b>	(2.8)	192.5
Taxation	2.2	(29.0)
<b>(Loss)/profit for the year</b>	(0.6)	163.5
Other comprehensive income	(8.6)	11.0
<b>Total comprehensive income</b>	(9.2)	174.5
Non-current assets		
– Investment properties	1,166.4	1,168.3
– Other non-current assets	49.9	16.7
Current assets		
– Properties for sale	3,391.9	3,431.5
– Bank balances and cash	203.3	279.1
– Other current assets	203.4	396.4
<b>Total assets</b>	5,014.9	5,292.0
Current liabilities		
– Amounts due to shareholders	(589.9)	(996.3)
– Bank and other borrowings	(3.1)	(0.6)
– Other current liabilities	(215.0)	(287.2)
Non-current liabilities		
– Loans to shareholders	(1,905.8)	(1,726.7)
– Bank and other borrowings	(1,698.5)	(1,642.7)
– Other non-current liabilities	(120.3)	(127.0)
<b>Total liabilities</b>	(4,532.6)	(4,780.5)
<b>Net assets</b>	482.3	511.5

## 18. JOINT VENTURES (Continued)

- (c) Loans to joint ventures are unsecured, not repayable within one year and approximate their fair value. Other than loans of HK\$120.7M (2013: HK\$121.1M) which bear interest at a fixed rate of 5% per annum (2013: 5%), the remaining balances are interest free.

They are denominated in the following currencies:

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
HK dollars	1,775.9	1,595.9
Malaysian Ringgit	120.7	121.1
UK pound	9.2	9.7
	<b>1,905.8</b>	<b>1,726.7</b>

## 19. ASSOCIATES

	<b>THE GROUP</b>	
	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Share of net assets (Notes a & b)	100.0	100.5
Loans to associates (Notes a & c)	21.8	24.7
	<b>121.8</b>	<b>125.2</b>

Details of the principal associates at 31 December 2014 are set out in Note 44. Contingent liabilities relating to the Group's interest in the associates are set out in Note 37.

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

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
<b>Investments in associates:</b>		
At 1 January	100.5	281.3
Exchange differences	(2.7)	(1.4)
Share of results	2.2	5.9
Dividends from associates	–	(185.3)
At 31 December	<b>100.0</b>	<b>100.5</b>
<b>Loans to associates:</b>		
At 1 January	24.7	31.2
Exchange differences	–	(0.1)
Impairment on loans to an associate	(2.9)	(0.1)
Net repayment on loans to associates	–	(6.3)
At 31 December	<b>21.8</b>	<b>24.7</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 19. ASSOCIATES (Continued)

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

	2014 HK\$'M	2013 HK\$'M
Revenue	15.0	118.2
Profit for the year	2.2	5.9
Other comprehensive income	(2.7)	(1.4)
Total comprehensive income	(0.5)	4.5
Net assets	100.0	100.5

- (c) Loans to associates are unsecured and not repayable within one year. All balances as at 31 December 2014 and 2013 are interest free.

They are denominated in the following currencies:

	2014 HK\$'M	2013 HK\$'M
Renminbi	14.4	17.3
US dollars	6.7	6.7
HK dollars	0.7	0.7
	21.8	24.7

Impairment of HK\$2.9M (2013: HK\$0.1M) has been made in respect of an aggregate loan amount of HK\$14.4M (2013: HK\$17.3M). The remaining balance is not impaired.

## 20. DEPOSITS AND LOAN RECEIVABLES

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Consideration receivables (Note a)	17.2	19.8
Others	0.3	0.3
	17.5	20.1
Analysed as		
Non-current	17.5	20.1

Note:

- (a) Consideration receivables represent estimated subsequent purchase price receivable from the purchaser for 18 years on disposal of a business in 2012. They are denominated in UK pound.

## 21. OTHER FINANCIAL ASSETS

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
<b>Held-to-maturity investments</b>		
Unlisted debt and other investments (Note a)	38.9	51.3
<b>Available-for-sale financial assets</b>		
Equity securities listed overseas (Note b)	485.9	399.5
Unlisted other investment	1.1	2.1
	487.0	401.6
Total	525.9	452.9
Analysed as		
Non-current	487.0	401.6
Current	38.9	51.3
	525.9	452.9

Notes:

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

	2014 HK\$'M	2013 HK\$'M
At 1 January	51.3	107.9
Additions	39.5	–
Amortised to the consolidated income statement (Note 7)	1.6	6.4
Cash received upon maturity	(51.4)	(62.0)
Coupon received	(2.1)	(1.0)
	38.9	51.3

They are denominated in the following currencies:

	2014 HK\$'M	2013 HK\$'M
Renminbi	38.9	–
HK dollars	–	31.9
US dollars	–	19.4
	38.9	51.3

They are carried at amortised cost, which approximates their fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 21. OTHER FINANCIAL ASSETS (Continued)

Notes (Continued):

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

	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
The equity securities are listed in:		
– Singapore	485.4	397.5
– United Kingdom	0.5	2.0
	<b>485.9</b>	<b>399.5</b>
They are denominated in the following currencies:		
– Singapore dollars	485.4	397.5
– UK pound	0.5	2.0
	<b>485.9</b>	<b>399.5</b>
Market value of equity securities listed overseas	485.9	399.5

## 22. PROPERTIES FOR SALE

	<b>THE GROUP</b>	
	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
Properties under development held for sale	1,056.7	1,131.6
Completed properties	265.5	293.4
	<b>1,322.2</b>	<b>1,425.0</b>
Net book value of leasehold land of leases of		
– over 50 years in Hong Kong	36.3	622.7
– between 10 to 50 years in Hong Kong	1,143.6	563.2
	<b>1,179.9</b>	<b>1,185.9</b>

### 23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Trade receivables	99.4	793.4
Deferred rent receivables	12.5	10.3
Amounts due from and loans to joint ventures	589.9	996.3
Amounts due from and loans to associates	1.2	6.2
Other receivables, deposits and prepayments	74.0	79.7
	777.0	1,885.9

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

	2014 HK\$'M	2013 HK\$'M
Not yet due	87.7	779.4
1 – 30 days	3.1	5.6
31 – 90 days	5.8	6.2
Over 90 days	2.8	2.2
	99.4	793.4

- (c) As of 31 December 2014, trade receivables of HK\$11.7M (2013: HK\$14.0M) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default and certain of the debts are covered by rental deposits received. The ageing analysis of these trade receivables is presented above.
- (d) As of 31 December 2014, all trade receivables were not impaired (2013: Nil).
- (e) The trade receivables (net of provision) are denominated in the following currencies:

	2014 HK\$'M	2013 HK\$'M
HK dollars	93.1	769.5
US dollars	–	12.7
Other currencies	6.3	11.2
	99.4	793.4

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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

	2014 HK\$'M	2013 HK\$'M
At 1 January	–	0.3
Write-back of provision	–	(0.1)
Release of provision for impairment resulting from write off of receivables	–	(0.2)
At 31 December	–	–

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

(h) The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivables mentioned above. At 31 December 2014, trade receivables in respect of property sales were HK\$80.6M (2013: HK\$758.4M). To mitigate majority of its credit risk, the Group possessed the properties as collaterals.

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

(j) At 31 December 2014, none of the other receivables and deposits was past due nor contain impaired assets (2013: Nil).

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP			
	2014 Assets HK\$'M	Liabilities HK\$'M	2013 Assets HK\$'M	Liabilities HK\$'M
Interest rate swap contracts (Note a)				
– cash flow hedges	–	–	–	(28.1)
– not qualifying as hedges	–	(16.6)	30.2	(14.4)
	–	(16.6)	30.2	(42.5)
Cross currency swap contracts (Note a)				
– cash flow hedges	–	(131.3)	–	(42.2)
– net investment hedges	–	(7.6)	–	(9.0)
	–	(138.9)	–	(51.2)
Forward exchange contracts (Note a)				
– cash flow hedges	0.4	–	–	–
	0.4	(155.5)	30.2	(93.7)
Analysed as				
Non-current	–	(136.6)	30.2	(54.2)
Current	0.4	(18.9)	–	(39.5)
	0.4	(155.5)	30.2	(93.7)

## 24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Note:

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

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Interest rate swap contracts	830.2	1,650.8
Cross currency swap contracts	1,098.2	1,140.2
Forward exchange contracts	37.4	–

The portion of changes in fair value of interest rate swap contracts not qualify as hedges are recognised in the income statement and amounted to losses of HK\$20.4M (2013: gains of HK\$21.7M).

At 31 December 2014, the fixed interest rates under interest rate swap contracts ranges from 1.7% to 4.6% per annum (2013: 1.7% to 4.7% per annum). The effective portion of gains and losses on interest rate swap contracts qualifying for hedge accounting as at 31 December 2014 are recognised in the hedging reserve in equity and are released to the profit and loss account to match relevant interest payments which are mainly calculated using Hong Kong Interbank Offered Rate (HIBOR) or London Interbank Offered Rate (LIBOR).

## 25. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

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

## 26. RESTRICTED BANK DEPOSITS

As at 31 December 2014, the Group held deposits of HK\$13.5M (2013: HK\$10.6M) received from owners of certain properties which are used exclusively for the purpose of management of the respective properties. The amounts are unsecured. The deposits with the same amount are held by the Group in a separate bank account as restricted bank deposit. They are denominated in HK dollars.

The carrying amounts of the balances approximate their fair values.

## 27. BANK BALANCES AND CASH

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Bank balances and cash	1,592.6	1,242.2	0.2	0.2
Less: Deposits with maturity of more than three months	(54.5)	(58.4)	–	–
Cash and cash equivalents in consolidated cash flow statement	1,538.1	1,183.8	0.2	0.2

Bank balances and cash include short-term bank time deposits of HK\$1,172.2M (2013: HK\$798.3M) with an average interest rate of 1.0% (2013: 1.3%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 27. BANK BALANCES AND CASH (Continued)

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

	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
HK dollars	1,539.7	1,035.3
Renminbi	35.4	32.4
UK pound	12.5	16.7
US dollars	2.6	75.9
Singapore dollars	2.4	80.9
Other currencies	–	1.0
	1,592.6	1,242.2
Maximum exposure to credit risk	1,591.6	1,240.8

## 28. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>THE GROUP</b>	
	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
Trade payables	5.7	35.3
Properties sale deposits received	6.2	173.0
Rental deposits received	162.2	150.5
Construction costs payable	64.6	116.8
Amounts due to joint ventures	1.2	12.1
Amounts due to associates	0.2	0.4
Provision for other costs arising from disposal of subsidiaries	6.0	10.0
Other creditors and accruals	158.3	186.8
	404.4	684.9

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

	<b>2014 HK\$'M</b>	<b>2013 HK\$'M</b>
0 – 30 days	4.7	33.6
31 – 90 days	0.4	1.1
Over 90 days	0.6	0.6
	5.7	35.3

The carrying values of the Group's trade and other payables approximate their fair values.

## 28. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

Trade payables are denominated in the following currencies:

	2014 HK\$'M	2013 HK\$'M
HK dollars	5.2	34.1
Renminbi	0.5	0.9
US dollars	–	0.3
	5.7	35.3

Included in other payables and accruals are balances of HK\$31.6M (2013: HK\$17.7M) and HK\$14.0M (2013: HK\$20.7M) which are denominated in UK pound and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

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

## 29. BANK AND OTHER BORROWINGS

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Bank borrowings (Note a)	2,016.2	3,082.2
Fixed rate bonds (Note b)	1,862.6	1,604.6
	3,878.8	4,686.8

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

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Within one year	63.8	1,739.7
Between one to two years	459.1	32.4
Between two to five years	1,427.3	1,236.1
After five years	1,928.6	1,678.6
	3,878.8	4,686.8
Less: Amounts due within one year shown under current liabilities	(63.8)	(1,739.7)
Amounts due after one year	3,815.0	2,947.1
Analysed as		
Secured	2,016.2	3,082.2
Unsecured	1,862.6	1,604.6
	3,878.8	4,686.8

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 29. BANK AND OTHER BORROWINGS (Continued)

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

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
HK dollars	2,359.4	3,069.4
Singapore dollars	992.8	1,033.4
UK pound	433.1	464.2
Renminbi	93.5	100.4
US dollars	–	19.4
	3,878.8	4,686.8

Notes:

- (a) Bank borrowings are secured by certain properties and other financial assets of the Group amounting to HK\$6,425.5M (2013: HK\$17,767.7M) (Note 38). The bank borrowings bear interests at floating interest rates.
- (b) Details of the Group's fixed rate bonds at 31 December 2014 are as follows:

Principal amount	Coupon rate per annum	Coupon payment term	Issue date	Maturity date	Note
SGD170 million *	4.25%	semi-annual basis	29 November 2012	29 November 2022	(d)
HK\$480 million	3.95%	quarterly basis	25 January 2013	25 January 2023	–
HK\$100 million	3.80%	quarterly basis	24 May 2013	24 May 2023	(e)
HK\$100 million	4.30%	quarterly basis	8 August 2014	8 August 2021	–
HK\$100 million	4.10%	quarterly basis	6 October 2014	6 October 2021	–
HK\$100 million	4.50%	quarterly basis	27 November 2014	27 November 2024	–

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

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

- (c) The bank and other borrowings have an average effective interest rate of 3.0% (2013: 2.5%) per annum.
- (d) As at 31 December 2014 and 2013, the Group had cross currency swap arrangements with banks to swap the fixed rate bonds of principal SGD170 million and the relevant interest payments to Hong Kong dollar to match the currency exposures of the fixed rate bonds.
- (e) As at 31 December 2014 and 2013, the Group had cross currency swap arrangements with a bank to swap the fixed rate bonds of principal HK\$100 million and the relevant interest payments to UK pounds to match the currency exposures of one of the Group's UK investments.
- (f) The carrying amounts of fixed rate bonds approximate their fair values.

### 30. DEFERRED TAXATION

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

	<b>THE GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Deferred tax liabilities	271.2	213.9
Deferred tax assets	(4.5)	(9.4)
	<b>266.7</b>	<b>204.5</b>

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

	<b>Tax depreciation HK\$'M</b>	<b>Revaluation of properties HK\$'M</b>	<b>Tax losses HK\$'M</b>	<b>Undistributed earnings HK\$'M</b>	<b>Total HK\$'M</b>
At 1 January 2014	154.2	86.7	(43.3)	6.9	204.5
Exchange adjustments	–	(2.4)	–	–	(2.4)
Charge to the consolidated income statement for the year (Note 11)	23.7	11.0	29.7	0.2	64.6
At 31 December 2014	177.9	95.3	(13.6)	7.1	266.7
At 1 January 2013	171.2	62.6	(79.1)	6.1	160.8
Exchange adjustments	–	2.3	–	–	2.3
Charge to the consolidated income statement for the year (Note 11)	(17.0)	12.2	35.8	0.8	31.8
Charge to reserve for the year (Note 11)	–	9.6	–	–	9.6
At 31 December 2013	154.2	86.7	(43.3)	6.9	204.5

At 31 December 2014, the Group has unused tax losses and other temporary differences of approximately HK\$1,078.6M (2013: HK\$1,141.8M) available for offset against future profits. Deferred tax asset has been recognised in respect of HK\$82.0M (2013: HK\$262.0M) of such unused tax losses for which the realisation of the related tax benefit through the future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK\$996.6M (2013: HK\$879.8M) due to the unpredictability of future profit streams of some of the subsidiaries. Included in unrecognised tax losses are losses of HK\$69.1M (2013: HK\$63.0M) that will expire in the next five years. Other losses may be carried forward indefinitely.

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

### 31. OTHER LONG-TERM LIABILITY

Other long-term liability represents provision for liabilities in relation to indemnifying the purchaser against the cost of winding up the pension scheme of Gieves & Hawkes Group in the disposal of Gieves & Hawkes Group in 2012. The amount is measured at fair value and the key assumptions include investment return of 1.83% (2013: 3.50%), price inflation of 3.3% (2013: 3.95%), pension increases of 2.4% to 3.25% (2013: 2.50% to 3.85%) and numerous demographic assumptions have been used in the fair value estimates. There is unconditional right to defer payment for more than 12 months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 32. SHARE CAPITAL

	Number of ordinary shares of HK\$0.50 each	Amount HK\$'M
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2013	1,332,257,279	666.1
Issue of shares on exercise of incentive shares (Note 33)	3,040,250	1.5
At 31 December 2013	1,335,297,529	667.6
At 1 January 2014	1,335,297,529	667.6
Issue of shares on exercise of incentive shares (Note 33)	3,308,000	1.7
At 31 December 2014	1,338,605,529	669.3

## 33. SHARE INCENTIVE SCHEME

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. At 31 December 2014, the total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Incentive Scheme aggregated to 24,031,828 shares, which represented approximately 1.8% of the issued share capital of the Company as at the date of this annual report.

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

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

### 33. SHARE INCENTIVE SCHEME (Continued)

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

	Date of award	Number of incentive shares				As at 31.12.2014	Fair value of incentive shares amortised in 2014 HK\$
		As at 1.1.2014	Awarded during the year	Vested and exercised during the year	Cancelled/ lapsed during the year		
<b>Directors</b>							
CHENG Wai Chee, Christopher	31.3.2011	579,000	-	(579,000)	-	-	19,000
	24.5.2012	1,100,000	-	(550,000)	-	550,000	675,000
	6.5.2013	643,000	-	(160,750)	-	482,250	1,023,000
	28.5.2014	-	786,000	-	-	786,000	1,334,000
CHENG Wai Sun, Edward	31.3.2011	386,000	-	(386,000)	-	-	19,000
	24.5.2012	825,000	-	(275,000)	-	550,000	675,000
	6.5.2013	643,000	-	(160,750)	-	482,250	1,023,000
	28.5.2014	-	786,000	-	-	786,000	1,334,000
CHOW Wai Wai, John	6.5.2013	129,000	-	(32,250)	-	96,750	205,000
	28.5.2014	-	158,000	-	-	158,000	268,000
AU Hing Lun, Dennis (resigned as director on 6 May 2014)	31.3.2011	162,500	-	(162,500)	-	-	8,000
	24.5.2012	345,000	-	(115,000)	(230,000)	-	(428,000)
	6.5.2013	283,000	-	(70,750)	(212,250)	-	(249,000)
NG Tak Wai, Frederick	31.3.2011	14,000	-	(14,000)	-	-	-
		5,109,500	1,730,000	(2,506,000)	(442,250)	3,891,250	5,906,000
<b>Employees</b>							
	31.3.2011	406,000	-	(406,000)	-	-	20,000
	24.5.2012	810,000	-	(270,000)	-	540,000	651,000
	6.5.2013	504,000	-	(126,000)	-	378,000	786,000
	28.5.2014	-	632,000	-	-	632,000	1,069,000
		1,720,000	632,000	(802,000)	-	1,550,000	2,526,000
<b>Total</b>		6,829,500	2,362,000	(3,308,000)	(442,250)	5,441,250	8,432,000

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the provisional date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the provisional date of award. During the year ended 31 December 2014, 2,362,000 (2013: 2,202,000) incentive shares were awarded and 3,308,000 (2013: 3,040,250) incentive shares were vested and exercised.

At 28 May 2014 (2013: 6 May 2013), being the date of awards, the closing price of the shares of the Company as quoted on the Stock Exchange was HK\$4.66 (2013: HK\$5.35) per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 33. SHARE INCENTIVE SCHEME (Continued)

### (a) Fair values of incentive shares awarded

The fair values of incentive shares awarded during the year ended 31 December 2014 are determined using the Binominal Option Pricing Model (the "Model"). Key assumptions of the Model are:

Risk-free rate	1.91%
Expected dividend yield	2.67%
Expected volatility of the market price of the Company's shares	34.48%
Expected life	10 years from the date of grant

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

The fair value of the incentive shares awarded during the year ended 31 December 2014 were HK\$9.1M (2013: HK\$9.9M).

## 34. RESERVES

- (a) Movements in the reserves of the Group are disclosed in the consolidated statement of changes in equity.
- (b) Movements on the reserves of the Company are as follows:

	Share premium HK\$'M	Employee share-based compensation reserve HK\$'M	Retained profits HK\$'M	Total HK\$'M
<b>THE COMPANY</b>				
At 1 January 2013	3,267.0	12.2	3,300.0	6,579.2
Value of employee services relating to grants of incentive shares	–	9.9	–	9.9
Incentive shares exercised	6.6	(6.6)	–	–
2012 final dividend paid	–	–	(124.2)	(124.2)
2013 interim dividend paid	–	–	(56.1)	(56.1)
Loss for the year	–	–	(18.3)	(18.3)
At 31 December 2013	3,273.6	15.5	3,101.4	6,390.5
At 1 January 2014	3,273.6	15.5	3,101.4	6,390.5
Value of employee services relating to grants of incentive shares	–	9.4	–	9.4
Value of employee services relating to lapse of incentive shares	–	(1.0)	–	(1.0)
Incentive shares exercised	10.2	(10.2)	–	–
2013 final dividend paid	–	–	(124.5)	(124.5)
2014 interim dividend paid	–	–	(56.2)	(56.2)
Loss for the year	–	–	(15.3)	(15.3)
At 31 December 2014	3,283.8	13.7	2,905.4	6,202.9

Distributable reserve of the Company at 31 December 2014 amounted to HK\$2,919.1M (2013: HK\$3,116.9M).

### **34. RESERVES (Continued)**

#### **(c) Nature and purpose of reserves – The Group**

**(i) Share premium**

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

**(ii) Hedging reserve**

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

**(iii) Investment revaluation reserve**

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

**(iv) Employee share-based compensation reserve**

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

**(v) Other property revaluation reserve**

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

**(vi) Translation reserve**

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

**(vii) Contributed surplus**

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

#### **(d) Nature and purpose of reserves – The Company**

**(i) Share premium**

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

**(ii) Employee share-based compensation reserve**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 34. RESERVES (Continued)

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

#### (iii) Contributed surplus

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

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

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

## 35. OPERATING LEASES

### THE GROUP AS LESSEE

	Continuing operations	
	2014 HK\$'M	2013 HK\$'M
Minimum lease payments charged to the consolidated income statement during the year		
– land and buildings	1.0	3.8

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2014, the future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2014 HK\$'M	2013 HK\$'M
For buildings		
– Within one year	0.6	0.9
– After one year and not later than five years	0.1	0.1
	0.7	1.0

### THE GROUP AS LESSOR

	Continuing operations	
	2014 HK\$'M	2013 HK\$'M
Gross rental income from tenancies credited to the consolidated income statement during the year	786.2	674.5
Less: Outgoings	(102.4)	(50.9)
	683.8	623.6

### 35. OPERATING LEASES (Continued)

The Group's investment properties are held for rental purposes. Rental income is fixed and predetermined. The majority of the relevant tenancy periods range from 2 to 3 years. At 31 December 2014, the amount of future rental receivable by the Group is analysed as follows:

	2014 HK\$'M	2013 HK\$'M
Within one year	586.5	472.2
After one year and not later than five years	609.3	549.0
Over five years	38.2	47.6
	1,234.0	1,068.8

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

### 36. COMMITMENTS

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Expenditure in respect of investment properties		
– contracted but not provided for	1.6	2.0
Expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for	–	2.1
Capital injection to joint ventures		
– contracted but not provided for	393.2	460.8
	394.8	464.9

The Company had no capital commitment at the balance sheet dates.

### 37. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	THE GROUP		THE COMPANY	
	2014 HK\$'M	2013 HK\$'M	2014 HK\$'M	2013 HK\$'M
Guarantees given to banks in respect of bank facilities extend to				
– subsidiaries	–	–	5,418.2	6,525.0
– joint ventures	2,745.1	2,752.5	2,745.1	2,752.5
– an associate	112.5	112.5	112.5	112.5
Guarantees given to bonds holders (Note 29)	–	–	1,862.6	1,604.6
	2,857.6	2,865.0	10,138.4	10,994.6

At 31 December 2014, bank loans of HK\$4,237.0M (2013: HK\$3,062.9M), HK\$1,701.6M (2013: HK\$1,366.8M) and HK\$112.5M (2013: HK\$112.5M) being guaranteed by the Company to subsidiaries, joint ventures and an associate respectively have been drawn down.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 38. PLEDGE OF ASSETS

- (a) At 31 December 2014, the Group's advances to associates/joint ventures of HK\$1,530.8M (2013: HK\$1,384.9M) which were subordinated to loans facilities of associates/joint ventures and assigned. The associates/joint ventures are engaged in property development and hospitality investment and management. The shares in these associates/joint ventures beneficially owned by the Group are pledged to financial institutions.
- (b) At 31 December 2014, several of the Group's assets were pledged to secure credit facilities for the Group:

	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>
Investment properties	4,995.1	16,037.3
Properties for sale	1,056.8	1,421.0
Other financial assets	373.6	309.4
	<b>6,425.5</b>	<b>17,767.7</b>

The credit facilities were utilised to the extent of HK\$2,016.2M (2013: HK\$3,082.2M)

## 39. DISCONTINUED OPERATIONS

In October 2013, the Group decided to cease its garment manufacturing operations. Accordingly, provision for closure costs as at 31 December 2013 was HK\$18.8M, out of which HK\$17.9M was utilised by 31 December 2014.

Financial information relating to cessation of garment manufacturing operations for the year ended 31 December 2013:

	<b>HK\$'M</b>
Revenue	317.8
Cost of sales	(253.5)
Other gains, net	5.2
Selling and distribution costs	(2.6)
Administrative expenses	(60.5)
Profit before taxation from discontinued operations	6.4
Taxation	-
Profit before taxation from discontinued operations attributable to equity holders of the Company	6.4

The net cash flows attributable to the discontinued operations for the year ended 31 December 2013 were as follows:

	<b>HK\$'M</b>
Net cash generated from operating activities	0.1
Net cash generated from investing activities	2.4
Total net cash inflows	2.5

#### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Key management compensation (Note)		
Salaries and other benefits	(27.0)	(29.1)
Retirement benefits costs	(0.9)	(1.0)
Value of incentive shares	(5.9)	(7.3)
	(33.8)	(37.4)
Interest income from loans to joint ventures	6.4	6.6
Project management fee income from joint ventures	19.5	5.1
Serviced apartment management fee income from associates	2.4	2.3
Serviced apartment management and license fee income from a joint venture of the Company	1.0	–
Serviced apartment management and license fee income from a substantial shareholder of the Company	3.9	3.9
Property rental income from a substantial shareholder of the Company	4.5	4.4

These transactions were carried out on terms mutually agreed between the parties involved.

*Note:*

Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

- (b) Outstanding balances with these related parties at the balance sheet dates are:

	THE GROUP	
	2014 HK\$'M	2013 HK\$'M
Loans to joint ventures (Note 18)	1,905.8	1,726.7
Amounts due from and loans to joint ventures (Note 23)	589.9	996.3
Amounts due to joint ventures (Note 28)	1.2	12.1
Loans to associates (Note 19)	21.8	24.7
Amounts due from and loans to associates (Note 23)	1.2	6.2
Amounts due to associates (Note 28)	0.2	0.4

Details of loans repaid during the year are disclosed in the consolidated cash flow statement.

#### 41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as a result of changes in presentation of the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 42. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation/operation	Nominal value of issued and fully paid share capital/registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Adam Knitters Limited	Hong Kong	Ordinary shares HK\$1,000 Non-voting deferred shares HK\$200,000	100%	Property investment
Baudinet Investment Limited	Hong Kong	Ordinary shares HK\$18 Non-voting deferred shares HK\$2	100%	Property investment
Begin Land Limited	Hong Kong	Ordinary shares HK\$90,000 Non-voting deferred shares HK\$10,000	100%	Property investment
Cheong Ka Limited	British Virgin Islands/ People's Republic of China	US\$1	98%	Property investment
Chung Fook Limited	British Virgin Islands/ People's Republic of China	US\$1	100%	Property investment
Creation Empire Limited	Hong Kong	HK\$1	100%	Property investment
East Sun Estate Management Company Limited	Hong Kong	HK\$200	100%	Property management
Fore Prosper Limited	Hong Kong	Ordinary shares HK\$10 Non-voting deferred shares HK\$100	100%	Property investment
Glory Charm Development Limited	Hong Kong	HK\$2	100%	Property holding

#### 42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Grandeur Investments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Property investment
Green Lotus Limited	Hong Kong	HK\$1	100%	Property development
Hilwin Properties Limited	Hong Kong	Ordinary shares HK\$450,000 Non-voting deferred shares HK\$50,000	100%	Investment holding and treasury investment
Honest Bond Limited	Hong Kong	HK\$1	100%	Property investment
Lanson Place Hospitality Management Limited	Hong Kong	HK\$2	100%	Provision of hospitality management services
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US\$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S\$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US\$12,000	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US\$1	100%	Investment holding
New Ego Limited	British Virgin Islands/ United Kingdom	US\$1	100%	Property investment
Noble Castle Investments Limited	Hong Kong	HK\$1	100%	Property investment
Oasis Rainbow Limited	Hong Kong	HK\$1	100%	Property development
Pangold Development Limited	Hong Kong	HK\$100	100%	Property development
Shang Tai Property Management Limited	Hong Kong	HK\$1	100%	Provision of property management services
Success First Development Limited	Hong Kong	HK\$2	100%	Property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Topworth Enterprises Limited	British Virgin Islands/ United Kingdom	US\$1	100%	Property investment	
True Synergy Limited	Hong Kong	HK\$1	100%	Property development	
Value Castle Limited	Hong Kong	HK\$1	100%	Property development	
W Billion Management Limited	Hong Kong	HK\$10	80%	Property management	
Wing Tai Properties Development Limited	Hong Kong	HK\$2	100%	Provision of property project management services	
Wing Tai Properties Estate Agents Limited	Hong Kong	HK\$20	100%	Property agent	
Wing Tai Properties Estate Management Limited	Hong Kong	HK\$2	100%	Property management	
Wing Tai Properties Investment Limited	British Virgin Islands	US\$1	100%	Investment holding	1
Wing Tai Properties (B.V.I.) Limited	British Virgin Islands	US\$50,000	100%	Investment holding	1
Wing Tai Properties (Finance) Limited	British Virgin Islands/ Hong Kong	Ordinary shares US\$1 Fixed rate bonds S\$170,000,000 & HK\$880,000,000	100%	Provides finance to group companies	
Wing Tai Properties (Hong Kong) Limited	Hong Kong	HK\$227,750,062	100%	Provides finance to group companies	
Wing Tai Properties (International) Limited	British Virgin Islands	US\$1	100%	Investment holding	
Winner Godown Limited	Hong Kong	HK\$1,500,000	70%	Godown operation	
Winnion Limited	Hong Kong	HK\$100	100%	Property investment	
Winprop Pte. Ltd.	Singapore	S\$2	100%	Investment holding	
WTP Investment Finance Limited	Hong Kong	HK\$2	100%	Provides finance to group companies	

#### 42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital and debt securities	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
WTP Investment (Hong Kong) Limited	British Virgin Islands/ Hong Kong	US\$2	100%	Investment holding	
WTP Investment (Overseas) Limited	British Virgin Islands	US\$2	100%	Investment holding	
WTP Project Management Limited	Hong Kong	HK\$2	100%	Provision of property project management services	
Zofka Properties Limited	Hong Kong	Ordinary shares HK\$90,000 Non-voting deferred shares HK\$10,000	100%	Property investment	
東莞冠麗時裝有限公司	People's Republic of China	HK\$13,250,000	100%	Property investment	2
乳源冠麗製衣有限公司	People's Republic of China	HK\$20,000,000	100%	Property investment	2
乳源寶麗製衣有限公司	People's Republic of China	HK\$15,000,000	100%	Property investment	2
韶關乳源環邦針織製衣有限公司	People's Republic of China	HK\$7,800,000	100%	Property investment	2
永泰富聯物業管理(北京)有限公司	People's Republic of China	US\$12,300,000	100%	Property investment	2
逸蘭公寓管理(上海)有限公司	People's Republic of China	US\$140,000	100%	Provision of hospitality management services	2

#### Notes:

- only Wing Tai Properties (B.V.I.) Limited and Wing Tai Properties Investment Limited are directly held by the Company.
- represents a wholly owned foreign enterprise established in the People's Republic of China.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

#### Significant restrictions

Cash and short-term deposits of HK\$29.7M (2013: HK\$32.6M) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividend.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 43. PRINCIPAL JOINT VENTURES

Details of the principal joint ventures at 31 December 2014 are as follows:

Name of joint venture	Place of incorporation/operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities	Note
Ace Glory Limited	Hong Kong	15%	Property development	
Brave Sky Investments Limited	Hong Kong	50%	Property development	
Bravo Partner Limited	Hong Kong	35%	Property development	
Cateavon Limited	Hong Kong	30%	Property development	
Century Rise Limited	Hong Kong	15%	Property development	
Estate Success Limited	Hong Kong	50%	Investment holding	
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Property investment	
Mega Island (HK) Limited	Hong Kong	35%	Property development	
Pacific Bond Limited	Hong Kong	15%	Property development	
Providence Bay Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Providence Bay Property Management Company Limited	Hong Kong	15%	Provision of property management services	
Providence Peak Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
Providence Peak Property Management Company Limited	Hong Kong	15%	Provision of property management services	
The Graces – Providence Bay Finance Company Limited	Hong Kong	15%	Provision of second mortgage financing	
The Graces – Providence Bay Property Management Company Limited	Hong Kong	15%	Provision of property management services	
Seriford International Limited	British Virgin Islands/ Hong Kong	30%	Property investment	
豐永(上海)置業有限公司	People's Republic of China	50%	Property investment	1

Note:

1. represents a wholly owned foreign enterprise established in the People's Republic of China.

The Group's percentage of shareholding, profit sharing and voting power of each of the above principal joint venture are the same.

#### 44. PRINCIPAL ASSOCIATES

Details of the principal associates at 31 December 2014 are as follows:

Name of associate	Place of incorporation/ operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities	Note
Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.	People's Republic of China	23.4%	Property investment	1
Smart Gainful Limited	Hong Kong	33.3%	Provision of second mortgage financing	
Winquest Investment Pte. Ltd.	Singapore	30.0%	Property development	
China Merchants International Cold Chain (Shenzhen) Company Ltd.	People's Republic of China	30.0%	Cold storage	

*Note:*

1. the name in English is for identification only.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

## PROPERTIES HELD FOR INVESTMENT PURPOSES

At 31 December 2014

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2014
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,337,747 sq.ft.	2047	100%	Let to outside parties as retail and office
W Square, 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122)	128,658 sq.ft.	2859	100%	Let to outside parties as retail and office
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,827 sq.ft.	2047	100%	Let to outside parties as workshops, canteen or godowns
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (The Remaining Portion of Tsun Wan Inland Lot No. 28)	497,140 sq.ft.	2047	100%	Let to outside parties as workshops or godowns
Lanson Place Hotel, 133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,097 sq.ft.	2047	100%	Service apartment
Unit H, 1st Floor, Wong King Industrial Building, 192-198 Choi Hung Road and 2-4 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (2/501st shares of and in New Kowloon Inland Lot No. 4448)	2,424 sq.ft.	2047	100%	Let to an outside party as workshop
161 agricultural lots, Lantau Island and Peng Chau, New Territories, Hong Kong	–	2047	100%	Vacant
Lanson Place Central Park Serviced Residences (33 Units), Tower 23, Central Park, No. 6 Chaoyangmenwai Road, Chaoyang District, Beijing, People's Republic of China	6,162 sq.m.	2074	100%	Service apartment
Lanson Place Jinlin Tiandi Serviced Residences, No. 3, Lane 139, Danshui Road, HuangPu District, Shanghai, People's Republic of China	22,041 sq.m.	2052	50%	Service apartment
Upper Riverside, No. 10, Lane 1288, Puming Road, Pudong, Shanghai, People's Republic of China	19,273 sq.m.	2048	50%	Interior fitting out works in progress

<b>Address</b>	<b>Gross floor area</b>	<b>Lease expiry</b>	<b>Effective percentage holding</b>	<b>Particulars of occupancy as at 31 December 2014</b>
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,146 sq.m.	2053	100%	Let to a related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,639 sq.m.	2053	100%	Let to a related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Ru Fu Guo Yong Zong Zi Di 000030312 / No. Ru Fu Guo Yong Zi (2005) Di 02320100060)	14,537 sq.m.	2052	100%	Vacant
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C4281592, C4281593, C42815954 and C4281595)	11,565 sq.m.	2044	98%	Let to an outsider party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi 1486418, 1486419, 1486420 and 1486421)	9,609 sq.m.	2044	100%	Let to an outsider party as factory
Jiuwei Village, Jizhou Management Zone, Shijie Town Dongguan, Guangdong Province, PRC (Yue Fang Di Zheng Zi 1247756-65)	28,179 sq.m.	2047	100%	Vacant
8-12 (even) Brook Street, London, W1S 1BG United Kingdom	19,123 sq.ft.	Freehold	100%	Let to outside parties as retail and offices
1 Savile Row W1S 3JR/ 7 Vigo Street W1S 3HF London, United Kingdom	13,786 sq.ft.	Freehold	100%	Let to outside parties as retail and offices
Lanson Place Bukit Ceylon Serviced Residences, Tower C, Verticas Residensi, 10 Jalan Ceylon, 50200 Kuala Lumpur, Malaysia (Parent Lot No. 1315, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan K.L.)	19,045 sq.m.	Freehold	50%	Service apartment

## PROPERTIES FOR SALE

At 31 December 2014

Address	Nature of property	Available gross floor area at 31 December 2014	Effective percentage holding	Project status	Expected completion date
<b>Completed properties</b>					
Seymour 9 Seymour Road, Mid-Levels West, Hong Kong (Inland Lot Nos. 4626, 4627, 4628, 4629 and the Remaining Portion of Inland Lot No. 585)	Residential	3,000 sq.ft.*	30%	Completed	Completed
Providence Bay 5 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 186)	Residential	214,000 sq.ft.*	15%	Completed	Completed
The Graces • Providence Bay 9 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 187)	Residential	64,000 sq.ft.*	15%	Completed	Completed
Providence Peak 8 Fo Chun Road, Tai Po, New Territories, Hong Kong (Tai Po Town Lot No. 188)	Residential	159,000 sq.ft.*	15%	Completed	Completed
The Warren 9 Warren Street, Causeway Bay, Hong Kong (Section A, B, C, F, G, H, J, K and the Remaining Portion of Section D and E of Inland Lot No. 2087, and the Remaining Portion thereof)	Residential/Shops	10,000 sq.ft.*	100%	Completed	Completed
The Pierre No. 1 Coronation Terrace, Sheung Wan, Hong Kong (Subsection 2 of Section B, the Remaining Portion of Section B and Section E of Inland Lot No. 100)	Residential	2,000 sq.ft.*	100%	Completed	Completed
<b>Properties under development</b>					
Homantin Hillside 8 Wai Yin Path, Hung Hom, Kowloon, Hong Kong (Inland Lot No. 11184)	Residential	128,000 sq.ft.*	50%	Superstructure in progress	2016
Area 56A, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 567)	Residential	318,000 sq.ft.	35%	Foundation in progress	2017
Area 56A, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 565)	Residential	142,000 sq.ft.	35%	Foundation in progress	2017
Castle Peak Road - Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories, Hong Kong (Tuen Mun Town Lot No.435)	Residential	159,000 sq.ft.	100%	Green area site formation in progress	2019
Junction of Oi Kan Road and Oi Tak Street, Shau Kei Wan Hong Kong (Shau Kei Wan Inland Lot No.854)	Residential	46,000 sq.ft.	100%	Planning and design	2018

\* it represents the saleable area.

## FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2014:

	<b>Year ended 31 December</b>				
	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>	<b>2012</b> <b>HK\$'M</b> (Note a & b)	<b>2011</b> <b>HK\$'M</b> (Note a & b)	<b>2010</b> <b>HK\$'M</b> (Note a & b)
<b>RESULTS</b>					
Revenue	1,783.5	1,736.2	891.7	1,191.0	1,416.0
Profit before taxation from continuing operations	2,033.1	2,746.2	4,612.1	2,847.4	2,515.2
Taxation	(89.5)	(91.4)	(78.4)	(81.8)	(48.1)
Profit for the year from continuing operations	1,943.6	2,654.8	4,533.7	2,765.6	2,467.1
Profit/(loss) for the year from discontinued operations	–	6.4	260.1	(31.9)	(23.3)
Profit for the year	1,943.6	2,661.2	4,793.8	2,733.7	2,443.8
Attributable to:					
Equity holders of the Company					
– From continuing operations	1,943.6	2,654.6	4,476.6	2,242.6	1,943.4
– From discontinued operations	–	6.4	260.1	(31.9)	(23.3)
	1,943.6	2,661.0	4,736.7	2,210.7	1,920.1
Non-controlling interests					
– From continuing operations	–	0.2	57.1	523.0	523.7
	1,943.6	2,661.2	4,793.8	2,733.7	2,443.8
<b>At 31 December</b>					
	<b>2014</b> <b>HK\$'M</b>	<b>2013</b> <b>HK\$'M</b>	<b>2012</b> <b>HK\$'M</b> (Note b)	<b>2011</b> <b>HK\$'M</b> (Note b)	<b>2010</b> <b>HK\$'M</b> (Note b)
<b>ASSETS AND LIABILITIES</b>					
Total assets	27,527.8	26,705.1	23,578.1	20,212.5	17,631.2
Total liabilities	(4,847.6)	(5,809.9)	(5,216.3)	(4,849.8)	(4,377.6)
Non-controlling interests	(1.2)	(1.5)	(2.0)	(2,435.0)	(2,343.3)
Equity attributable to the equity holders of the Company	22,679.0	20,893.7	18,359.8	12,927.7	10,910.3

*Notes:*

- (a) In 2013, the Group's garment manufacturing operations were ceased. In 2012, the Group's branded products distribution operations were disposed. Therefore, these operations are presented as discontinued operations according to HKFRS 5 "Non-current assets held for sale and discontinued operations". Prior years' results are re-presented.
- (b) The Group adopted HKFRS 11 "Joint arrangements" with effect from 1 January 2013, and applied retrospectively.

**BOARD OF DIRECTORS****Executive Directors**

CHENG Wai Chee, Christopher *GBS OBE JP*  
(Chairman)

CHENG Wai Sun, Edward *SBS JP*  
(Deputy Chairman and Chief Executive)

CHENG Man Piu, Francis

CHOW Wai Wai, John

NG Kar Wai, Kenneth

**Non-Executive Directors**

KWOK Ping Luen, Raymond *JP*  
(KWOK Ho Lai, Edward as his alternate)

HONG Pak Cheung, William

NG Tak Wai, Frederick

CHEN Chou Mei Mei, Vivien

**Independent Non-Executive Directors**

Simon MURRAY *CBE*

FANG Hung, Kenneth *GBS CBE JP*

YEUNG Kit Shing, Jackson

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

CHENG Hoi Chuen, Vincent *GBS OBE JP*

**AUDIT COMMITTEE MEMBERS**

YEUNG Kit Shing, Jackson (Chairman)

FANG Hung, Kenneth *GBS CBE JP*

HONG Pak Cheung, William

**REMUNERATION COMMITTEE MEMBERS**

Simon MURRAY *CBE* (Chairman)

CHENG Wai Chee, Christopher *GBS OBE JP*

CHENG Wai Sun, Edward *SBS JP*

FANG Hung, Kenneth *GBS CBE JP*

YEUNG Kit Shing, Jackson

**NOMINATION COMMITTEE MEMBERS**

CHENG Hoi Chuen, Vincent *GBS OBE JP* (Chairman)

CHENG Wai Chee, Christopher *GBS OBE JP*

CHENG Wai Sun, Edward *SBS JP*

YEUNG Kit Shing, Jackson

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

**COMPANY SECRETARY AND  
CHIEF FINANCIAL OFFICER**

FUNG Ching Man, Janet

**AUDITOR**

PricewaterhouseCoopers

**LEGAL ADVISERS TO THE COMPANY**

Slaughter and May (as to Hong Kong Laws)

Appleby (as to Bermuda Laws)

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER AGENT**

Appleby Management (Bermuda) Ltd.

Canon's Court, 22 Victoria Street

Hamilton HM 12, Bermuda

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER OFFICE**

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Level 22, Hopewell Centre

183 Queen's Road East

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**REGISTERED OFFICE**

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**HONG KONG STOCK EXCHANGE  
STOCK CODE**

369

**WING TAI PROPERTIES LIMITED**

Incorporated in Bermuda with limited liability

永泰地產有限公司

於百慕達註冊成立之有限公司



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