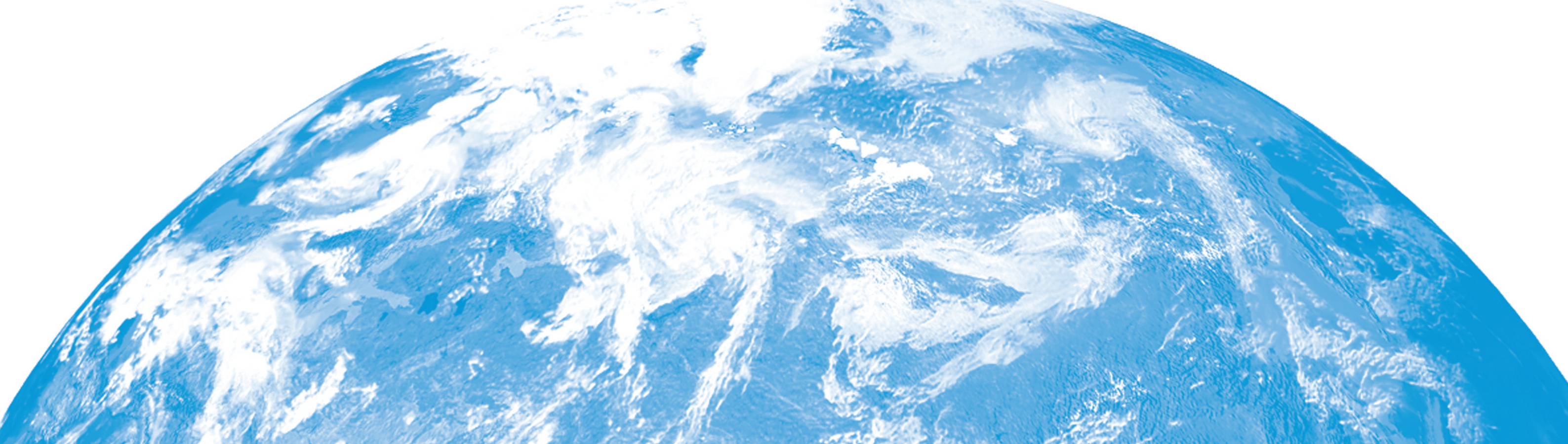
Great China Properties Holdings Limited
大中華地產控股有限公司

(formerly known as Waytung Global Group Limited)
(Incorporated in Hong Kong with Limited Liability)
Stock Code: 00021

MISSION FOR VISION

2012
ANNUAL REPORT

CONTENTS



CORPORATE INFORMATION

DIRECTORS

Executive Director

Ms. Huang Wenxi *(Chief Executive Officer)*

Non-executive Director

Mr. Huang Shih Tsai *(Chairman)*

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Huang Shih Tsai
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

NOMINATION COMMITTEE

Mr. Huang Shih Tsai *(Chairman)*
Mr. Cheng Hong Kei
Mr. Lum Pak Sum

COMPANY SECRETARY

Ms. Ng Ling Ling

AUDITOR

HLB Hodgson Impey Cheng Limited

SHARE REGISTRAR

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

LEGAL COUNSEL

Reed Smith Richards Butler

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Suite 6308, 63/F.
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

WEBSITE

www.greatchinaproperties.com

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTOR

Ms. Huang Wenxi, aged 28, has been an Executive Director since 29 June 2007, is also the Chief Executive Officer of the Company. Ms. Huang holds a Bachelor's degree in Business Administration from the University of Wisconsin-Madison and a Master of Science Degree in Global Finance from New York University. She is also a director of Waytung Global Fund Limited and an executive director of Great China International Group (China) Company Limited. She was the deputy general manager in the Sheraton Hotel in Futian, Shenzhen, the PRC from 2005 to 2008. She has experience in setting up and operating one of the first 5-star international hotels in the Central Business District in Shenzhen, the PRC. Ms. Huang is the daughter of Mr. Huang Shih Tsai, the Non-executive Director and Chairman of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Huang Shih Tsai, aged 61, has been the Non-executive Director since 29 June 2007. He is the Chairman of the Group and the Nomination Committee of the Company and is also a member of the Remuneration Committee of the Company. Mr. Huang is the founder and chairman of the board of Great China International Investment (Groups) Limited ("Great China Groups"), which is currently involved in various businesses in property development, financial consultancy, trust management, trading, department stores, ports and logistics. The businesses of Great China Groups cover major cities nationwide. Mr. Huang is also a director of Waytung Global Fund Limited.

Mr. Huang was honoured as the pioneer for urbanisation of rural areas when he introduced the concept of "Property Acquisition for Resident Right" first in Longzhu Garden project. He developed the concept of "Removing boarder between Shenzhen and Hong Kong" in Hui Zhan Ge project and developed properties along the boarder. He was recognised as the pioneer in "Sales of Properties to non-residents" and hotel style service apartment. Through Great China International Exchange Square, he was known as the pioneer to develop the Central Business District in Shenzhen. Mr. Huang has made significant contributions to the reform and opening-up of Shenzhen.

Mr. Huang was the only Outstanding Chinese Entrepreneur as the representative to participate the 60th Anniversary of United Nation. He is the executive vice-president of the United World Chinese Association (世界華人協會), the executive vice-president of the China Enterprise Directors Association (Shenzhen) (中國企業家協會（深圳）), the vice-president of Guangdong Provincial Association of Culture (廣東省文化學會), the vice-president of Federation of Shenzhen Industries (深圳工業總會), the managing director of Global Foundation of Distinguished Chinese Limited (世界傑出華人基金會), and the president of Yan Huang Chinese Straits Entrepreneurs Association (炎黃海峽兩岸三地企業家交流協會).

Mr. Huang is the father of Ms. Huang Wenxi.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 58, has been an Independent Non-executive Director since 8 June 2006 and is the Chairman of the Audit Committee and Remuneration Committee of the Company, as well as a member of the Nomination Committee of the Company. Mr. Cheng studied accountancy in Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing), the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is a co-founding director of Cheng & Cheng Limited and had worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. He has over 30 years of experience in accounting and taxation. Mr. Cheng is also an Independent Non-executive Director of South China Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Leung Kwan, Hermann, aged 51, has been an Independent Non-executive Director since 8 June 2006 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Leung holds a Bachelor's degree in Social Sciences from the University of Hong Kong. He is a solicitor of the Hong Kong Special Administrative Region and is a partner of D.S. Cheung & Co., Solicitors. He is also a China-Appointed Attesting Officer. Mr. Leung has about 17 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyancing.

Mr. Lum Pak Sum, aged 51, has been an Independent Non-executive Director since 21 August 2007 and is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Lum holds a Master's degree in Business Administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 20 years of experience in financial field, the money market and capital market. Currently, Mr. Lum is also an Independent Non-executive Director of Asia Resources Holdings Limited, Bestway International Holdings Limited, Karce International Holdings Company Limited and Radford Capital Investment Limited; all of which are listed companies in Hong Kong, and an independent director of Asia Green Agriculture Corporation, which is a company trading on the Over-the-Counter Bulletin Board in the United States of America. Mr Lum was an independent non-executive director of Energy International Investments Holdings Limited, the shares of which are listed on the Stock Exchange, until 1 July 2011.

COMPANY SECRETARY

Ms. Ng Ling Ling, aged 40, was appointed as the company secretary of the Company since 1 June 2010. Ms. Ng holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association Chartered Certified Accountants. Ms. Ng has many years of experience in auditing, accounting, financial reporting and company secretarial matters in companies listed on The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Great China Properties Holdings Limited (the "Company" or "Great China Properties") (formerly known as "Waytung Global Group Limited"), together with its subsidiaries (the "Group") for the year ended 31 December 2012.

FINANCIAL REVIEW HIGHLIGHTS

For the year ended 31 December 2012, the Group recorded a turnover of approximately HK$13,008,000 (2011: HK$15,671,000), representing a decrease of approximately 17% as compared to the previous year. Loss attributable to shareholders for the year was approximately HK$10,065,000 (2011: HK$23,191,000). The Board of Directors did not recommend the payment of any dividend (2011: Nil).

BUSINESS REVIEW

On 14 December 2012, the Group completed the acquisition of Guo Rong Limited at a total consideration of RMB230,000,000 (subject to downward adjustment, if any). The main asset of the acquisition was 東方新天地大廈 (Great China Eastern New World Square*) in Huizhou City, Guangdong Province. After the completion, the Group will sell the residential portion of the property and lease out the commercial portion of the property so as to generate a continuous and stable cash flow for the Group.

The lease term of Gold Coast Resort has been extended for two years commencing from 1 April 2012, thereby securing the stream of recurring income. The Group anticipates that the Haifeng government will actively promote the tourism industry of Haifeng, where the Gold Coast Resort is located, and build up a prominent image for Haifeng. It is expected that as more resort projects are completed, more tourists will be visiting Haifeng, which will in turn benefit the Gold Coast Resort.

Moreover, the Group completed the acquisition of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) on 25 January 2013, which brings opportunities for the Group in property investment and business development in China.

MARKET REVIEW

In 2012, the property market showed signs of recovery from the tightened control over the last three years. In order to meet the reasonable demand for owner-occupied housing, local governments had adjusted the public accumulation fund scheme and increased the loans for first-time home buyers, creating a favorable credit environment which benefits the property market development. On the other hand, the central government has strictly implemented differentiated housing credit policies and imposed home-purchase restrictions to curb speculative investment demands and ensured effective implementation of such policies through observation and guidance. In addition, the central government pressed ahead with the regulation and reform of the land market, so as to increase land supply, with particular attention being paid to the land supply for indemnificatory housing and corresponding financial support, in order to increase the efficient supply on the market. The government has launched various regulatory measures to stimulate reasonable housing demand, and to ensure the healthy development of the real estate market, while stemming speculative activities in the market to restore the residential use of properties rather than as an investment.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

In 2013, notwithstanding the five major housing policies rolled out by the central government, i.e. the introduction of accountability system for stabilizing housing prices, the resolute measures in curbing speculative property investments, the increasing supply of commodity housing and land, the acceleration of planning and construction of low-income housing, and strengthening market regulation, yet uncertainties still remain in the market in short run. However, the moderate recovery of the macro economy, increasing urbanization and growing per capita wealth of Chinese citizens will drive up the rigid demand, which will continue to support the property market.

To accurately reflect the principal activities and future direction of development of the Group in its name and positioning, the Group officially changed its name into "Great China Properties Holdings Limited" in early March 2013. Looking forward, the Group will focus on the property development and investment, commercial property investment and management, as well as the tourism real estate businesses. Leveraging on its brand new image, the Group will seize every business opportunity within the growing China real estate market.

The Great China Eastern New World Square, our residential and commercial property project in Huizhou City, is expected to commence sales in the second quarter of 2013. Meanwhile, the Group will endeavor to pursue the Gold Coast Resort project as well as the Tanghai project, with a view to developing both projects as world-class resort attractions.

In addition to the existing projects, the Group is also committed to seeking other investment opportunities cautiously by capitalizing on the new opportunities arising from the industry adjustments. On the basis of maintaining a sound financial position, the Group will acquire high quality investment projects with good potential at low cost, in order to enhance its investment return. Looking forward, the Group will gradually adjust the proportion between investment properties and development properties in terms of income, to shift from our present reliance on resorts rental as the sole income source to an increasing profile of management fee and rental income from properties in hand. As always, the Group will continue to optimize its cost control system, recruit and nurture talents, build quality brand names, and enhance its overall economy of scale and economic efficiency.

APPRECIATION

I would like to express my sincere appreciation to all Directors and staff members for their contribution to the development of Great China Properties over the year. I would also like to thank our shareholders and investors for their support and trust. Following the change of company name, Great China Properties will adhere to its vision of "Build a Better Chinese Community in Greater China: Set in Asia to Build in the World for a Better Home", with a view to establishing itself as China's leading developer of commercial and residential real estates as well as tourism properties, creating sustainable investment returns for our shareholders and investors with outstanding performance.

Mr. Huang Shih Tsai
Chairman

Hong Kong, 28 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2012, the Group recorded a turnover of approximately HK$13,008,000, representing a decrease of approximately 17% as compared to the turnover of approximately HK$15,671,000 for last year. The decrease in turnover was mainly resulted from the reduction of monthly rental income derived from its property development and investment business from RMB1,083,333 to RMB800,000 under an extended tenancy agreement commenced since 1 April 2012.

Loss attributable to the shareholders was approximately HK$10,065,000 for the year ended 31 December 2012, representing a decrease of approximately 56.6% as compared to a loss attributable to the shareholders of approximately HK$23,191,000 for last year. The decrease in the loss was mainly attributed to an impairment loss on goodwill of approximately HK$14,118,000 recognised in last year.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

The Company, through its indirect wholly-owned PRC subsidiary, owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort").

After the expiry of the tenancy agreement dated 10 October 2008 and two supplemental tenancy agreements dated 29 December 2008 and 9 March 2009 with an independent third party, the Group has entered into an agreement dated 29 March 2012 to extend the leasing period of Gold Coast Resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental income of RMB800,000.

On 16 August 2012, 海豐金麗灣度假村有限公司 (Haifeng Jinliwan Resort Company Limited*) ("Gold Coast PRC") received confirmation that it was successful in a bid in the open tender of the land use right to the two pieces of land situated at 中國廣東省汕尾市海豐縣鮜門鎮百安村委 (Baian Village, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC*) with an aggregate area of approximately 97,069 square meters (the "Land", consisting of two sites, site "A" with an area of approximately 55,130 square meters and site "B" with an area of approximately 41,939 square meters) held by 海豐縣土地交易所 (Haifeng County Land Exchange*) (the "Land Exchange") between 27 July 2012 and 15 August 2012, to acquire the land use right of the Land at an aggregate consideration of RMB54.359 million (equivalent to approximately HK$68,269,000).

Following the successful bidding for the land use right of the Land, Gold Coast PRC entered into two confirmation letters with the Land Exchange on 16 August 2012 to confirm the successful bid for the Land and the related payment terms for the transfer of land use right of the Land.

Gold Coast PRC has entered into two land use right transfer contracts (the "Land Use Right Transfer Contracts") with 海豐縣國土資源局 (Haifeng County Land Resources Bureau*) on 16 August 2012 which require Gold Coast PRC to ensure that the development of the Land is in accordance with the relevant PRC rules and regulations and that such development commences within 2 years from the date of the Land Use Right Transfer Contracts. In the event that development on the Land has not commenced after a period of 2 years from the date of the Land Use Right Transfer Contracts, the land use right of the Land will be revoked.

Gold Coast PRC has also entered into two state-owned construction land use right grant contracts with Haifeng County Land Resources Bureau on 27 August 2012 which confirmed that the land use right of the Land has been granted for a term of 40 years for commercial use and 70 years for residential use.

* *For identification purposes only*

The Group intends to expand the development of the Gold Coast Resort on the Land which is near to the Gold Coast Resort.

The Gold Coast PRC has completed the construction of water supply pipes connecting 鯀門鎮 (Houmen Town*) and 梅隴鎮平安洞 (Meilong Town Pinandong*) in March 2010 with a total cost of approximately HK$6,837,000 to address water supply and shortage problems in the 鯀門鎮 (Houmen Town*) area where the Gold Coast Resort is located. Extension of the operation of the water supply pipes to supply water to the local villages near the Gold Coast Resort will be considered when business opportunity arises.

Gold Coast PRC had entered into a construction contract dated 16 June 2010 and two supplemental agreements dated 10 December 2010 and 13 January 2011, respectively, with an independent third party, 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited*) (the "Constructor"), for the construction and renovation of the Gold Coast Resort at a contract price of RMB55,000,000 (equivalent to approximately HK$69,075,000). As at the date of this report, the Gold Coast PRC paid approximately RMB30,976,000 (equivalent to approximately HK$38,903,000) to the Constructor as a prepayment of the contract sum. As the design for the construction and renovation of the Gold Coast Resort is still under modification, the commencement date of the renovation works is still not yet fixed.

The Tanghai County Project

The Group entered into a sale and purchase agreement dated 27 September 2010 (the "Tanghai Acquisition Agreement") with independent third parties in relation to the acquisition of 99.99% equity interest of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) ("Tanghai Zhongtai Xinhe") (the "Tanghai Acquisition"), further details of the Tanghai Acquisition are set out in the Company's circular dated 25 November 2010.

The Tanghai Acquisition was approved by the shareholders at the extraordinary general meeting of the Company held on 13 December 2010. All conditions precedent to the Tanghai Acquisition Agreement have been satisfied and completion of the Tanghai Acquisition took place on 25 January 2013. Following the completion, Tanghai Zhongtai Xinhe has become an indirect subsidiary of the Company and the financial results of Tanghai Zhongtai Xinhe will be consolidated into the financial statements of the Group.

The Group has paid a total sum of approximately RMB92,500,000 (equivalent to approximately HK$116,171,000) as consideration of the Tanghai Acquisition. The vendors of Tanghai Zhougtai Xinhe are subject to pay the PRC individual income tax derived from the transfer of the equity interest of Tanghai Zhongtai Xinhe. As at the date of completion of the Tanghai Acquisition, such PRC individual income tax had not been settled. It was agreed by the vendors that they will not require the Company to pay the remaining portion of the consideration of RMB11,989,550 (equivalent to approximately HK$15,058,000) until the outstanding PRC individual income tax is settled by them.

The Group has appointed several external firms to conduct reconnaissance and began designing work. As at the date of this report, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

The Daya Bay Project

On 8 June 2012, Asiatic Talent Limited ("Asiatic"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Mr. Huang Shih Tsai ("Mr. Huang"), the Non-executive Director and the Chairman of the Company, pursuant to which Asiatic has conditionally agreed to acquire and Mr. Huang has conditionally agreed to sell the entire issued share capital of Guo Rong Limited ("Guo Rong") at a consideration of RMB230,000,000 (subject to downward adjustments, if any) (equivalent to approximately HK$282,900,000 and subject to corresponding downward adjustments, if any) (the "Daya Bay Acquisition").

* *For identification purposes only*

The core assets under the Daya Bay Acquisition was 東方新天地大廈 (Great China Eastern New World Square*) (the "Property"), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC.

The Daya Bay Acquisition constituted a very substantial acquisition and a connected transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, the Daya Bay Acquisition was subject to the reporting, announcement and the independent shareholders' approval requirements set out in the Listing Rules. The Daya Bay Acquisition was approved by independent shareholders at the extraordinary general meeting held by the Company on 20 August 2012. All conditions precedent under the Sale and Purchase Agreement have been satisfied and completion of the Daya Bay Acquisition took place on 14 December 2012. Following the completion, Guo Rong has become an indirect subsidiary of the Company and the financial results of Guo Rong and its subsidiaries were consolidated into the financial statements of the Group.

The Company had paid a sum of HK$5,000,000 in cash as refundable deposit to Mr. Huang upon the signing of the Sale and Purchase Agreement. A total of 403,203,504 consideration shares were issued at the issue price of HK$0.20 per share (fair value of which at the date of issue was HK$0.28 per share) as partial consideration (being a sum of HK$80,640,701) to Mr. Huang upon completion of the Daya Bay Acquisition.

Pursuant to the Sale and Purchase Agreement, the consideration is subject to downward adjustment, details of which are set out in the Company's circular dated 25 July 2012. The downward adjustment resulted in an amount of approximately HK$6,276,000 which Mr. Huang would repay (without interest) in cash to Asiatic within 30 days of receipt of the adjustment notice issued by Asiatic.

Revenues which are expected to be derived from the Property include (i) leasing of the commercial portion; (ii) leasing of basement car park area; and (iii) selling of the residential portion. The selling of the residential portion of the Property is expected to commence in the second quarter of 2013.

Change of Company Name

On 14 January 2013, the Board proposed to change the English name of the Company from "Waytung Global Group Limited" to "Great China Properties Holdings Limited" and the Chinese name of the Company from "滙通天下集團有限公司" to "大中華地產控股有限公司" (the "Change of Company Name"). The Board considered that the Change of Company Name can more accurately reflect the principal activities of the Group and provide the Company with a new corporate image and identity. The Change of Company Name was approved by the shareholders at the extraordinary general meeting held by the Company on 7 February 2013. The Certificate of Change of Name was issued by the Registrar of Companies in Hong Kong on 5 March 2013 confirming that the Change of Company Name has become effective.

Upon the effective of the Change of Company Name, the logo of the Company as been changed accordingly. The website of the Company has been changed to www.greatchinaproperties.com with effect from 6 March 2013. The stock short names for trading in the shares of the Company on the Stock Exchange has been changed from "WAYTUNG GLOBAL" to "GREAT CHI PPT" in English and from "滙通天下" to "大中華地產控股" in Chinese, both with effect from 12 March 2013. The stock code of the Company on the Stock Exchange remains unchanged as "21". Details are set out in the announcement of the Company dated 7 March 2013.

* *For identification purposes only*

Amendments to Memorandum and Articles of Association of the Company ("M&A")

The M&A has been amended upon the capital reduction and the increase in authorised share capital of the Company became effective. The M&A has been amended again upon the Change of Company Name became effective.

Details of the amendments to the M&A are set out in the circulars of the Company dated 25 July 2012 and 16 January 2013 respectively.

Continuing Connected Transaction — Property Leasing Agreement

On 31 January 2013, 滙通天下控股（中國）有限公司 (Waytung Global Holding (China) Limited*) ("Waytung China"), a wholly-owned subsidiary of the Company, entered into a property leasing agreement with 大中華國際集團（中國）有限公司 (Great China International Group (China) Limited*) ("GCI") in relation to the leasing of an office from GCI for a term of two years commencing from 1 February 2013. Waytung China shall pay a monthly rental of RMB180,000 and a monthly management fee, air-conditioning and maintenance fees of RMB36,480. The rent free period commenced from 1 February 2013 for 3 months to 30 April 2013. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, a substantial shareholder, the Chairman and the Non-executive director of the Company. Ms. Huang Wenxi, a substantial shareholder, the Chief Executive Officer and the Executive Director of the Company, is the authorised representative and the chairman of the board of GCI. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

Grant of Share Options

The Company adopted a share option scheme on 23 May 2011 (the "New Scheme"), under which the eligible participants may be invited to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated in the New Scheme. The maximum number of shares which may be granted under the New Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the New Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed.

As at 31 December 2012, no option has been granted under the New Scheme.

On 23 January 2013, the Company granted share options to certain eligible participants under the New Scheme to subscribe for a total of 10,000,000 shares of HK$0.01 each in the capital of the Company at the subscription price of HK$0.44. All the share options granted will vest on 23 January 2015. Among the total of 10,000,000 share options, 5,000,000 share options were granted to the directors of the Company. Please refer to the announcement of the Company dated 23 January 2013 for more details.

BUSINESS OUTLOOK

Despite the near-term uncertainties clouding the development of the PRC property market, the Group believes positives such as the mild recovery of the macro economy, sustained urbanization and increase in wealth in the PRC remain intact, and will underpin the future development of the property market.

In line with its business and future strategic focus on mid- to high-end commercial and tourism property development and investment, the Group officially changed its name to "Great China Properties Holdings Limited", and will strive to seek to capture opportunities in the PRC property market by leveraging on its new corporate image.

Looking into 2013, while opening its Great China Eastern New World Square in Huizhou City of Guangdong Province for sale in the second quarter of this year, the Group will continue to develop the Gold Coast Resort and Tanghai Project into world-class tourist destinations. Riding on its solid foundation of existing projects, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as to gradually diversify its income source. The Group will stay focused on building its quality brand name and optimizing cost control, so as to enhance its overall economy of scale and economic efficiency and become a leading commercial property developer in the PRC.

* *For identification purposes only*

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2012, bank balances and cash of the Group amounted to approximately HK$22,955,000 (31 December 2011: HK$85,000,000). The Group's total current assets as at 31 December 2012 amounted to approximately HK$253,663,000, which comprised completed properties held for sale, trade receivables, other receivables, held for trading investments, bank balances and cash. The Group's total current liabilities as at 31 December 2012 amounted to approximately HK$207,023,000, which comprised trade payables, receipts in advance, other payables, deposit received, accrued charges, amounts due to related companies and amount due to a director.

Subject to the sanction of an Order of the High Court dated 5 December 2012, (i) the issued share capital of the Company was reduced from HK$463,826,880 divided into 1,159,567,200 shares of HK$0.40 each to HK$11,595,672 divided into 1,159,567,200 shares of HK$0.01 each by cancelling HK$0.39 of the paid up capital on each issued share; and (ii) the authorised but unissued share capital of the Company was reduced from HK$536,173,120 divided into 1,340,432,800 shares of HK$0.40 each to HK$13,404,328 divided into 1,340,432,800 shares of HK$0.01 each by reducing HK$0.39 of the nominal value of each authorised but unissued share (the "Capital Reduction").

Upon completion of the Capital Reduction, the authorised share capital of the Company was increased from HK$25,000,000 divided into 2,500,000,000 shares to HK$200,000,000 divided into 20,000,000,000 shares by the creation of an additional 17,500,000,000 new shares at a nominal value of HK$0.01 each on 10 December 2012.

On 14 December 2012, 403,203,504 ordinary shares were issued at an issue price of HK$0.20 per share (fair value at the date of issue: HK$0.28 per share) as partial consideration for the acquisition of subsidiaries.

CAPITAL COMMITMENT

As at 31 December 2012, the Group had a total capital commitment of approximately HK$86,721,000, contracted for but not provided for in the financial statements, which comprised (i) approximately HK$23,000 in respect of the acquisition of plant and equipment, (ii) approximately HK$62,221,000 in respect of the construction and development of investment properties, and (iii) approximately HK$24,477,000 in respect of the acquisition of a subsidiary.

CHARGES ON ASSETS

As at 31 December 2012, the Group had not charged any of its assets.

EMPLOYEES

As at 31 December 2012, the Group employed 49 employees (excluding directors) (31 December 2011: 22 employees) and the related staff costs amounted to approximately HK$4,380,000 (31 December 2011: approximately HK$5,543,000). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Great China Properties Holdings Limited (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period for the year ended 31 December 2012.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

THE BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions includes developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board currently comprises one Executive Director, namely Ms. Huang Wenxi; one Non-executive Director, namely Mr. Huang Shih Tsai; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. The Company is currently seeking right candidates for executive director so as to achieve a balance composition of executive, non-executive and independent non-executive director of the Board which can effectively exercise independent judgement.

Each director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the directors of the Company are set out on page 3 to 4 of this annual report. The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Candidates to be nominated as directors are experienced, high calibre individuals. Under the Articles of Association of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting after his appointment and shall then be subject to re-election by the shareholders. Apart from this, every director, including the non-executive director, is subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2012, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of 5 board meetings. The attendance of each director is set out on page 16.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 August 2007, Ms. Huang Wenxi was designated as the Chief Executive Officer of the Company whereas Mr. Huang Shih Tsai was appointed as the Chairman of the Company on 29 June 2007. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. From 23 August 2007 onwards, the role of the Chairman and the Chief Executive Officer are segregated, with a clear division of responsibilities. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTOR

The term of office of the non-executive director of the Company is for a period from the date of appointment up to the next annual general meeting and is subject to retirement by rotation and re-election at the Company's annual general meetings at least once every three years.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these board committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 December 2012 are set out below:

Remuneration Committee

The Remuneration Committee currently comprises one Non-executive Director, namely Mr. Huang Shih Tsai; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Remuneration Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. It reviews and determines the policy for the remuneration of directors and senior management of the Company.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Company's directors;

(iv) determining remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the financial year ended 31 December 2012, two remuneration committee meetings were held to review and approve the appointment and remuneration of the directors of the Company and discretionary bonus of the senior management of the Company. The attendance of each committee member is set out on page 16.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the financial year ended 31 December 2012, four audit committee meetings were held to review the financial results and the accounting principles and practices adopted by the Group for the year; the issues in relation to the change of external auditors of the Company; and also the reviewed report on reviewing the financial system and internal control procedures of the Group issued by an independent professional firm.

NOMINATION COMMITTEE

The Nomination Committee was established on 6 March 2012 and comprises one Non-executive Director, namely Mr. Huang Shih Tsai (chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Cheng Hong Kei and Mr. Lum Pak Sum. The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive directors having regard to relevant guidelines or requirements of the Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive directors on an annual basis having regard to relevant guidelines or requirements of the Listing Rules in place from time to time.

1 meeting was held by the Nomination Committee during the year ended 31 December 2012 to make recommendation to the board on the re-appointment of directors.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Committees during the year ended 31 December 2012:

	General Meeting	Board Meeting	Meeting of Audit Committee	Meeting of Remuneration Committee	Meeting of Nomination Committee
Executive Director					
Huang Wenxi	2/2	5/5	N/A	N/A	N/A
Non-executive Director					
Huang Shih Tsai	2/2	5/5	N/A	2/2	1/1
Independent Non-executive Directors					
Cheng Hong Kei	2/2	5/5	4/4	2/2	1/1
Leung Kwan, Hermann	2/2	5/5	3/4	2/2	N/A
Lum Pak Sum	2/2	5/5	4/4	2/2	1/1

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

TRAINING AND SUPPORT FOR DIRECTORS

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide finance for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged suitable trainings for Directors in the form of seminar and provision of training materials. A summary of training received by Directors during the year ended 31 December 2012 according to the records provided by the Directors is as follows:

Name of Directors	Training on corporate governance, insider information and other relevant topics
Executive Director	
Ms. Huang Wenxi	✓
Non-executive Director	
Mr. Huang Shih Tsai	✓
Independent non-executive Directors	
Mr. Cheng Hong Kei	✓
Mr. Leung Kwan, Hermann	✓
Mr. Lum Pak Sum	✓

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditor's Report attached to the Company's financial statements for the year ended 31 December 2012.

The Board has conducted a review of the effectiveness of the Group's internal control system with an aim to safeguard the shareholders' investment and the Company's assets in compliance with the provision of the CG Code. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 December 2012 are as follows:

Services rendered	HK$'000
Audit related services	530
Non-audit related services	794

The non-audit related services mainly consist of reviewing services and the preparation of the accountants' report on unaudited pro forma financial information for very substantial acquisition and connected transaction, capital reduction and major transaction circulars.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2012 were audited by HLB Hodgson Impey Cheng Limited, who were appointed as the Company's auditors under the name of HLB Hodgson Impey Cheng on 20 January 2012 to fill the casual vacancy arising from the resignation of Lo & Lo CPA Limited on 18 January 2012.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited which has been appointed as the auditors of the Company by the shareholders at the annual general meeting held on 29 May 2012.

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by LO & LO CPA Limited who were appointed as the Company's auditors on 15 November 2010 to fill the casual vacancy arising from the resignation of SHINEWING (HK) CPA Limited on 5 November 2010.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

A resolution will be submitted to the forthcoming annual general meeting of the Company to reappoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

INTERNAL CONTROL

On 10 January 2013, the Company has appointed an independent professional firm to conduct a review on the operations of the Group during the year ended 31 December 2012 on the human resource, the sale and the contract management cycles. The review report issued by the independent professional firm has been discussed and reviewed by the Audit Committee. The review report did not reveal significant deficiencies in operations of the Group on the human resource, the sale and the contract management cycles.

The Board, through the Audit Committee, has reviews the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions.

COMPANY SECRETARY

Ms. Ng Ling Ling, the secretary of the Company whose biography details are set out in the section headed "Directors and Senior Management Profiles" in this annual report, confirmed that she had attained no less than 15 hours of relevant professional training during the year ended 31 December 2012.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and to put forward proposals at Shareholders' meeting

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board of the Company by mail at Suite 6308, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on the date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Suite 6308, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

INVESTOR RELATIONS

Constitutional Documents

The share capital of the Company has been reduced by cancelling HK$0.39 of the paid up capital on each issued then existing shares from HK$0.40 to HK$0.01 and reducing HK$0.39 of the nominal value of each authorised but unissued then existing shares from HK$0.40 to HK$0.01 "Capital Reduction". The Capital Reduction has become effective on 10 December 2012. Upon the effective of the Capital Reduction, the authorised share capital of the Company has been increased to HK$200,000,000 divided into 20,000,000,000 shares of HK$0.01 by the creation of an additional 17,500,000,000 shares of a nominal value of HK$0.01 each ("Increase in Authorised Share Capital). The Increase in Authorised Share Capital has become effective on 10 December 2012.

In view of the changes that resulted from the completion of the Capital Reduction and the Increase in Authorised Share Capital, the Memorandum and Articles of Association of the Company ("M&A") has been amended accordingly. Please refer to the circular of the Company dated 25 July 2012 for details of the amendment to the M&A. The latest M&A has also been published on the website of the Stock Exchange and the Company.

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.greatchinaproperties.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committee will attend the annual general meeting to answer questions.

DIRECTORS' REPORT

The Board is pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 44 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2012 are set out in the Consolidated Statement of Comprehensive Income on page 28 of this annual report.

DIVIDENDS

The Board did not recommend the payment of dividend during the year.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 91 of this annual report.

FIXED ASSETS

Details of movements during the year in property, plant and equipment and investment properties of the Group are set out in notes 15 and 16 respectively to the financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 32 to the financial statements.

RESERVES

Details of movement in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 31.

DIRECTORS

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

Executive Directors

Huang Wenxi

Non-executive Directors

Huang Shih Tsai

Independent Non-executive Directors

Cheng Hong Kei
Leung Kwan, Hermann
Lum Pak Sum

In accordance with clause 103(A) of the Company's Articles of Association, Mr. Huang Shih Tsai, Mr. Cheng Hong Kei and Mr. Lum Pak Sum will retire by rotation and will offer themselves for re-election at the forthcoming annual general meeting.

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each Independent Non-executive Director is for a period from the date of appointment up to the next annual general meeting and subjected to rotation pursuant to the Company's Articles of Association.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2012, the interests and short positions of the directors, chief executive and their respective associates in the shares, underlying shares and convertible notes of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Directors	Type of interests	Total number of shares held	Approximate percentage holding of shares %
Ms. Huang Wenxi	Corporate & Beneficial *(Note 1)*	635,801,409(L)	40.68
Mr. Huang Shih Tsai	Beneficial *(Note 2)*	453,203,504(L)	29.00

(L) Long Position

Notes:

1. The interest disclosed represents the 353,667,996 shares held by Ms. Huang Wenxi and 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang Wenxi.

2. The interest disclosed represents (i) the 416,203,504 shares held by Mr. Huang Shih Tsai ("Mr. Huang") and (ii) interests in 37,000,000 underlying shares pursuant to an option deed dated 31 August 2009 ("Option Deed") entered into between Mr. Huang and CCB International Asset Management Limited.

All the interests stated above represented long positions in the shares of the Company as at 31 December 2012, there were no short positions recorded in the register required to be kept under Section 336 of the SFO.

Save as disclosed, none of the directors, chief executive and their respective associates had any interests or short positions in any shares, underlying shares and convertible notes of the Company and its associated corporations as at 31 December 2012.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or its subsidiaries or jointly controlled entity, a party to any arrangements that enabled any director of the Company to acquire benefits by means of the acquisition of shares in the Company or of any other body corporate.

None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest of the directors which had been disclosed in the foregoing paragraph on "Directors' and Chief Executive's Interests in Securities", the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of Shareholders	Type of interests	Total number of shares held	Approximate percentage holding of total issued shares %
Brilliant China Group Limited	Corporate *(Note)*	282,133,413 (L)	18.05

Note: Brilliant China Group Limited is 100% owned by Ms. Huang Wenxi, an executive director of the Company. By virtue of the SFO, Ms. Huang Wenxi is deemed to have interest in the 282,133,413 shares of the Company held by Brilliant China Group Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2012.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of its independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has also assessed the independence of the independent non-executive directors and was satisfied that they were independent. Thus, the Company considers all of the independent non-executive directors are independent.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in note 42 to the financial statements.

COMPETITION AND CONFLICTS OF INTEREST

During the year up to the date hereof, save as disclosed in note 42, none of the directors or the controlling shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined under the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

DIRECTORS' REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012. Details of the Corporate Governance Report of the Company are set out in pages 12 to 19.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 May 2011 (the "New Scheme").

The purpose of the New Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole. The board of directors of the Company may, at its sole discretion, invite directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group to take up options to subscribe for shares in the Company. The participants need to remit HK$1 as consideration for the grant of an option.

The New Scheme is adopted for a period of 10 years commencing on 23 May 2011. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised.

The maximum number of shares which may be granted under the New Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the New Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the board of directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

No option was granted under the New Scheme during the period under review or outstanding as at 31 December 2012.

On 23 January 2013, the Company granted share options to certain eligible participants under the New Scheme to subscribe for a total of 10,000,000 shares of HK$0.01 each in the capital of the Company at the subscription price of HK$0.44. Details of the movement of the Company's share options granted under the New Scheme as at the date of this report are as follow:

	Capacity	Date of grant	Subscription price HK$	Exercise period	Number of Share Options granted	Outstanding as at the date of this report
Directors						
Ms. Huang Wenxi	Executive Director and Chief Executive Officer	23/1/2013	0.44	23/1/2015 to 22/1/2023	1,000,000	1,000,000
Mr. Huang Shih Tsai	Non-executive Director and Chairman	23/1/2013	0.44	23/1/2015 to 22/1/2023	1,000,000	1,000,000
Mr. Cheng Hong Kei	Independent Non-executive Director	23/1/2013	0.44	23/1/2015 to 22/1/2023	1,000,000	1,000,000
Mr. Leung Kwan, Hermann	Independent Non-executive Director	23/1/2013	0.44	23/1/2015 to 22/1/2023	1,000,000	1,000,000
Mr. Lum Pak Sum	Independent Non-executive Director	23/1/2013	0.44	23/1/2015 to 22/1/2023	1,000,000	1,000,000
Sub-total					**5,000,000**	**5,000,000**
Employees		23/1/2013	0.44	23/1/2015 to 22/1/2023	5,000,000	5,000,000
Total						**10,000,000**

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives.

The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' emoluments for the year ended 31 December 2012 is set out in note 11 to the financial statements.

As at 31 December 2012, the Group employed 49 employees (excluding directors) (31 December 2011: 22 employees) and the related staff costs amounted to approximately HK$4,380,000 (31 December 2011: approximately HK$5,543,000). Staff remuneration packages, which are reviewed annually, include salary/wage and the other benefits, such as medical insurance coverage, provident fund and share options.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2012 is set out in note 37 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In 2012, the Group's turnover was the rental income contributed from one major customer which accounted for 99% (2011: one) of its turnover.

The Group has none major suppliers as defined under the Listing Rules.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's major customer.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Group's final result for the year ended 31 December 2012 have been reviewed by the Audit Committee.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2012 were audited by HLB Hodgson Impey Cheng Limited, who were appointed as the Company's auditors under the name of HLB Hodgson Impey Cheng on 20 January 2012 to fill the casual vacancy arising from the resignation of Lo & Lo CPA Limited on 18 January 2012.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited which has been appointed as the auditors of the Company by the shareholders at the annual general meeting held on 29 May 2012.

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by LO & LO CPA Limited who were appointed as the Company's auditors on 15 November 2010 to fill the casual vacancy arising from the resignation of SHINEWING (HK) CPA Limited on 5 November 2010.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

A resolution will be submitted to the forthcoming annual general meeting of the Company to reappoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 28 March 2013

INDEPENDENT AUDITOR'S REPORT

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF GREAT CHINA PROPERTIES HOLDINGS LIMITED
(FORMERLY KNOWN AS WAYTUNG GLOBAL GROUP LIMITED)
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Great China Properties Holdings Limited (formerly known as Waytung Global Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 90, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the 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 141 of the Hong Kong Companies Ordinance, 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 as to 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 judgment, 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 the 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 of the Company, 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 the affairs of the Company and of the Group as at 31 December 2012, and of the Group's loss 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 Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

Yu Chi Fat
Practising Certificate number: P05467

Hong Kong, 28 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	7	**13,008**	15,671
Change in fair value of held for trading investments		**108**	(173)
Change in fair value of investment properties		**(4,598)**	(1,715)
Impairment loss recognised on goodwill		**–**	(14,118)
Net loss on disposal of held for trading investments		**(3)**	–
Gain from bargain purchase on business combination		**803**	–
Other operating income		**45**	94
Selling and distribution expenses		**(136)**	–
Administrative and operating expenses		**(19,309)**	(21,791)
Loss before taxation	9	**(10,082)**	(22,032)
Taxation	10	**17**	(1,160)
Loss for the year		**(10,065)**	(23,192)
Attributable to:			
Owners of the Company		**(10,065)**	(23,191)
Non-controlling interests		**–**	(1)
		(10,065)	(23,192)
			(Restated)
Loss per share — basic and diluted	14	**(0.85) HK cents**	(2.34) HK cents
Loss for the year		**(10,065)**	(23,192)
Other comprehensive income:			
Exchange differences arising on translation of foreign subsidiaries		**3,215**	9,858
Total comprehensive loss for the year		**(6,850)**	(13,334)
Attributable to:			
Owners of the Company		**(6,850)**	(13,333)
Non-controlling interests		**–**	(1)
		(6,850)	(13,334)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	15	**3,305**	3,369
Investment properties	16	**231,822**	104,280
Goodwill	17	**–**	–
Properties under development	18	**73,826**	–
Prepayment for acquisition of plant and equipment		**662**	656
Prepayment for investment properties under development	19	**38,903**	38,612
Prepayment for acquisition of a subsidiary	20	**108,641**	82,898
Prepaid lease payment	21	**84**	198
		457,243	230,013
Current assets			
Completed properties held for sale	22	**195,544**	–
Trade receivables	23	**2,009**	–
Other receivables	24	**32,387**	5,209
Held for trading investments	25	**768**	668
Bank balances and cash	26	**22,955**	85,000
		253,663	90,877
Current liabilities			
Trade payables	27	**31,908**	–
Other payables, deposit received and accrued charges	28	**57,973**	20,867
Amounts due to related companies	30	**65,905**	–
Amount due to a director	31	**51,237**	–
Tax liabilities		**–**	50
		207,023	20,917
Net current assets		**46,640**	69,960
Total assets less current liabilities		**503,883**	299,973
Capital and reserves			
Share capital	32	**15,628**	463,827
Share premium and reserves		**375,457**	(178,781)
Total equity attributable to owners of the Company		**391,085**	285,046
Non-controlling interests		**(1)**	(1)
		391,084	285,045
Non-current liabilities			
Amounts due to related companies	30	**56,515**	–
Deferred tax liabilities	33	**56,284**	14,928
		112,799	14,928
		503,883	299,973

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2013 and are signed on its behalf by:

Huang Shih Tsai
Director

Huang Wenxi
Director

The accompanying notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	15	**5**	34
Interests in subsidiaries	34	**450,690**	231,588
		450,695	231,622
Current assets			
Other receivables	24	**273**	234
Held for trading investments	25	**768**	668
Bank balances and cash	26	**6,156**	59,762
		7,197	60,664
Current liabilities			
Other payables, deposit received and accrued charges	28	**1,728**	2,086
Amount due to a subsidiary	29	**9,586**	9,605
Amount due to a director	31	**57,513**	–
		68,827	11,691
Net current (liabilities) assets		**(61,630)**	48,973
Total assets less current liabilities		**389,065**	280,595
Capital and reserves			
Share capital	32	**15,628**	463,827
Share premium and reserves	35	**373,437**	(183,232)
		389,065	280,595

The financial statements were approved and authorised for issue by the board of directors on 28 March 2013 and are signed on its behalf by:

Huang Shih Tsai
Director

Huang Wenxi
Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Capital reduction reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2011	309,218	37,978	–	5,749	(206,964)	145,981	–	145,981
Exchange difference arising on translation of foreign subsidiaries	–	–	–	9,858	–	9,858	–	9,858
Loss for the year	–	–	–	–	(23,191)	(23,191)	(1)	(23,192)
Total comprehensive loss for the year	–	–	–	9,858	(23,191)	(13,333)	(1)	(13,334)
Rights shares issued	154,609	–	–	–	–	154,609	–	154,609
Cost attributable to issue of rights shares	–	(2,211)	–	–	–	(2,211)	–	(2,211)
At 31 December 2011 and 1 January 2012	463,827	35,767	–	15,607	(230,155)	285,046	(1)	285,045
Exchange difference arising on translation of foreign subsidiaries	–	–	–	3,215	–	3,215	–	3,215
Loss for the year	–	–	–	–	(10,065)	(10,065)	–	(10,065)
Total comprehensive loss for the year	–	–	–	3,215	(10,065)	(6,850)	–	(6,850)
Capital reduction *(note 32(ii)(b), 35(i),(ii) and (iii))*	(452,231)	(35,767)	265,505	–	222,493	–	–	–
Issue of shares in respect of acquisition of subsidiaries	4,032	108,865	–	–	–	112,897	–	112,897
Cost attributable to issue of shares in respect of acquisition of subsidiaries	–	(8)	–	–	–	(8)	–	(8)
At 31 December 2012	15,628	108,857	265,505	18,822	(17,727)	391,085	(1)	391,084

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(10,082)**	(22,032)
Adjustments for:		
Interest income	**(16)**	(10)
Change in fair value of held for trading investments	**(108)**	173
Depreciation of property, plant and equipment	**1,117**	1,417
Change in fair value of investment properties	**4,598**	1,715
Impairment loss recognised on goodwill	**–**	14,118
Net loss on disposal of held for trading investments	**3**	–
Gain from bargain purchase on business combination	**(803)**	–
Loss on disposal of property, plant and equipment	**–**	6
Operating cash flows before movements in working capital	**(5,291)**	(4,613)
Decrease in held for trading investments	**5**	–
Decrease in trade receivables	**15**	–
Increase in other receivables, deposit paid and prepayments	**(16,032)**	(2,965)
Decrease in trade payables	**(468)**	–
Increase in amounts due to related companies	**439**	–
Increase in other payables, deposit received and accrued charges	**515**	1,513
Cash used in operations	**(20,817)**	(6,065)
Interest received	**16**	10
Taxation	**(1,626)**	(4,558)
NET CASH USED IN OPERATING ACTIVITIES	**(22,427)**	(10,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	**–**	26
Purchase of property, plant and equipment	**(903)**	(274)
Purchase of properties under development	**(73,050)**	–
Prepayment for acquisition of plant and equipment	**–**	(110)
Payment for investment properties under development	**(780)**	(7,106)
Prepayment for investment properties under development	**–**	(10,566)
Prepayment for acquisition of a subsidiary	**(24,434)**	(69,056)
Acquisition of subsidiaries, net of cash acquired of	**2,025**	–
NET CASH USED IN INVESTING ACTIVITIES	**(97,142)**	(87,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of rights shares	**–**	154,609
Rights shares issue expenses	**–**	(2,211)
Share issue expenses	**(8)**	–
Advance from a director	**80,379**	37,023
Repayment to a director	**(22,902)**	(38,115)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**57,469**	151,306
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**(62,100)**	53,607
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**85,000**	28,573
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**55**	2,820
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Bank balances and cash	**22,955**	85,000

1. GENERAL

Great China Properties Holdings Limited (formerly known as Waytung Global Group Limited) (the "Company") is a public limited company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporation Information" section of the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property development and investment, investment holding and security investment.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group financial year beginning on 1 January 2012. A summary of new and revised HKFRSs adopted by the Group is set out as follows.

HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates For First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets

The adoption of the new and revised HKFRSs has not had any material impact on the amounts reported in the financial statements of the Group and the Company for the current or prior accounting periods.

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying assets

HKAS 12 (Amendment) 'Deferred tax — Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. This amendment did not have a material impact on the Group's financial statements.

HKFRS 1 (Amendments) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

HKFRS 1 (Amendments) introduce a new deemed cost exemption for entities that have been subject to severe hyperinflation, whereby these entities can elect fair value as the deemed cost for assets and liabilities affected by severe hyperinflation in their first HKFRS financial statements. The amendments also remove the legacy fixed dates in HKFRS 1 relating to derecognition and day one gain or loss transactions. As the Group is not a first time adopter of HKFRSs, the amendments have no financial impact on the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

HKFRS 7 (Amendments) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfer of financial assets. Disclosure is required by class if asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted. This amendment did not have a material impact on the Group's financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised in 2011)	Employee Benefits[2]
HKAS 27 (Revised in 2011)	Separate Financial Statements[2]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities, Separate Financial Statements: Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The directors of the Company have commenced their assessment of the impact of the above new and revised standards, amendments and interpretations, but it is not yet in a position to state whether these new and revised standards, amendments and interpretation, would have a material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 clarify the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position at the beginning of the preceding period are not required to be presented.

HKAS 19 Employee Benefits

The amendment to HKAS 19 includes the range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HKAS 32 (Amendments) and HKFRS 7 (Amendments) Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement. The Group expects to adopt the amendments from 1 January 2013. The application of the amendments is unlikely to have any material financial impact on the Group.

HKFRSs (Amendments) Annual Improvements to HKFRSs 2009–2011 Cycle except for the amendments to HKAS 1

The Annual Improvement to HKFRSs 2009-2011 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual period beginning on or after 1 January 2013. Amendments to HKFRSs include:

HKAS 16 (Amendments) Property, Plant and Equipment

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRSs (Amendments) Annual Improvements to HKFRSs 2009–2011 Cycle except for the amendments to HKAS 1 (Continued)

HKAS 32 (Amendments) Financial Instruments: Presentation

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirement of HKFRS 9 are described below:

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

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

HKFRS 9 is effective for annual period beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group's financial assets and financial liabilities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation — Special Purpose Entities" will be withdraw upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 "Jointly Controlled Entities — Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint venture depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance in HKFRS 10 on the application of these five HKFRSs for the first time.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9, rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised) and HKAS 28 (revised), together with the subsequent amendments to these standards issued in July and December 2012, from 1 January 2013.

The Directors do not anticipate that the amendments will have a significant effect on the Group's consolidated financial statement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad, it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC)-Int 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a noncurrent asset (stripping activity asset) when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK(IFRIC)-Int 20 is effective for annual period beginning on or after 1 January 2013. Specific transitional provision are provided to entities that apply HK(IFRIC)-Int 12 for the first time. The application of this new standard will have no effect to the Group's financial statements as the Group does not engage in such activities.

The directors of the Company has commenced their assessment of the impact of the above new and revised standards, amendments and interpretations, but it is not yet in a position to state whether these new and revised standards, amendments and interpretations would have a material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and certain financial instrument that are measured at fair values, as explained in the accounting policies below.

The principal accounting policies are set out below.

Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

For segment information, certain comparative figures of prior years have been re-presented to conform with the current year's presentation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain from bargain purchase on business combination.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provision, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Interests in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses.

Revenue recognition

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

Sales of properties are recognised when the risks and rewards of properties are transferred to the purchasers, which is when the completion of sales contracts with customers; completion of construction of relevant properties; registration of sales contracts with local authority completed and the properties have been delivered to the purchasers. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as receipts in advance from customers and grouped under current liabilities.

Rental income under operating leases of investment properties is recognised on a straight-line basis over the lease term.

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

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Furniture and fixtures	20%
Computer equipment	33.33%
Motor vehicles	20%–30%
Machinery	10%
Leasehold improvement	20%

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. These include land held for undetermined future use and property that is being constructed or developed for future use as investment property. Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

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

Properties under development

Properties under development represent the right to develop properties on lands and are carried at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Impairment of tangible assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income in the consolidated financial statements and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

On the disposal of a foreign operation (i.e. 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 jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Retirement benefits scheme

Payments to defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme in Hong Kong and the state-managed retirement benefit scheme in the PRC, are recognised as an expense when employees have rendered services entitling them to the contributions.

The full-time employees of the Group in the PRC are covered by state-managed retirement benefit scheme under which the employees are entitled to a monthly pension based on certain formulas. (The relevant government agencies are responsible for the pension liability to these retired employees.) The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'loans and receivables', 'held-to-maturity investments' and 'available-for-sale financial assets'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial assets is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporated any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less any impairment.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group or the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see accounting policy on impairment losses on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are neither designated as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale ("AFS") financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of the each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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 losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities, including trade payables, other payables, deposit received and accrued charges, amount due to a director and amounts due to related companies are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group and the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group and the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group or the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Present obligation is disclosed as a contingent liability where it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliably. Possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future event(s) is also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related party transactions

A party is considered to be related to the Group if:

A person, or a close member of that person's family, is related to the Group if that person:

i. has control or joint control over the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group or the Group's parent.

An entity is related to the Group if any of the following conditions applies:

i. the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

iii. both entities are joint ventures of the same third party.

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi. the entity is controlled or jointly controlled by a person identified in (a).

vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in these consolidated financial statements, are identified from the financial information provided regularly to the Group senior executive management for the purposes of allocating resources to and assessing the performance by locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of trade receivables of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowance may be required.

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

Estimated fair value of investment properties

The investment properties were stated at fair value at the end of the reporting period based on a valuation carried out by an independent qualified valuer, as mentioned in note 16, and adopted by the directors of the Company. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In assessing the valuation, information from current prices in an active market for similar properties are considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

Estimates for net realisable value of completed properties held for sale

The Group assesses the carrying amounts of completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for completed properties held for sale at 31 December 2012.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit(s) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. As at 31 December 2011, the goodwill was fully impaired. Details of the impairment loss calculation are disclosed in note 17.

Income tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit 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 income tax and deferred tax provisions in the year in which such determination is made.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on the asset's value-in-use. These assessments require the use of estimates.

The value-in-use primarily use cash flow projections based on financial budgets approved by management and estimated terminal values at the end of the period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and operating margin, effective tax rate, growth rates and selection of discount rates, to reflect the risks involved and the earnings multiple that can be realised for the estimated terminal value.

Management prepared the financial budgets reflecting actual and/or prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (representing borrowings less cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves). The gearing ratio of the Group, based on total borrowings (including all interest bearing loan such as bank loan) to the equity (including all capital and reserves) of the Group was 0% as at 31 December 2012 (31 December 2011: 0%). The Group and the Company are not subject to any externally imposed capital requirement.

The directors of the Company review the capital structure on a semi-annual basis and consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the new share issues and issue of new debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

THE GROUP

	2012 HK$'000	2011 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Held for trading investments	768	668
Loans and receivables (including bank balances and cash)	56,175	89,604
	56,943	90,272
Financial liabilities		
Amortised cost	232,746	20,867

THE COMPANY

	2012 HK$'000	2011 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Held for trading investments	768	668
Loans and receivables (including bank balances and cash)	331,160	59,763
	331,928	60,431
Financial liabilities		
Amortised cost	11,314	11,691

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade receivables, other receivables, held for trading investments, bank balances and cash, trade payables, other payables, deposit received and accrued charges, amount due to a subsidiary, amounts due to related companies and amount due to a director. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is mainly arising from financial assets and liabilities held by entities in the Group that are denominated in currencies other than their respective functional currencies.

THE GROUP

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**22**	4,647	**–**	–

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against USD. The sensitivity rate of 5% is used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Hong Kong dollars strengthen 5% against USD. For a 5% weakening of the Hong Kong dollars against USD, there would be an equal and opposite impact on the profit or equity, and the balances below would be negative.

	Impact of USD	
	2012	2011
	HK$'000	HK$'000
Sensitivity rate	**5%**	5%
Effect on loss after taxation and accumulated losses	**1**	174

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

THE COMPANY

The Company has no exposure to significant risk resulting from change in foreign currency rates.

Interest rate risk

The Group's and the Company's exposure to interest rate risk is minimal as the Group and the Company do not have any short/long-term interest bearing financial liabilities.

Other price risk

The Group and the Company are exposed to equity price risk through investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's and the Company's equity price risk is mainly concentrated on equity securities listed on the Stock Exchange. In addition, the Group and the Company has appointed a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's and the Company's exposure to equity price risk is minimal as the Group and the Company do not have significant investments in listed equity securities.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period at a sensitivity rate of 5%.

If equity prices had been 5% higher/lower, loss after taxation for the year ended 31 December 2012 would decrease/increase by approximately HK$33,000 (2011: decrease/increase by approximately HK$28,000). This is mainly due to the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2012, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position/statements of financial position.

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

In respect of cash and bank balances, the Group and the Company limits their exposure to credit risk by transacting with approved and reputable banks with high credit ratings. Bankruptcy or insolvency of these banks may cause the Group's and the Company's rights with respect to these assets held to be delayed or limited. The Group and the Company monitors the credit ratings of these banks on an ongoing basis, and considers that the Group's and the Company's exposure to credit risk at 31 December 2012 and 2011 were minimal.

The Group and the Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flow.

The maturity of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

THE GROUP

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

		At 31 December 2012				
	Weighted average effective interest rate	Within 1 year HK$'000	Within 2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payable	–	31,908	–	–	31,908	31,908
Other payables, deposit received and accrued charges	–	27,181	–	–	27,181	27,181
Amounts due to related companies	–	65,905	56,515	–	122,420	122,420
Amount due to a director	–	51,237	–	–	51,237	51,237
Total	–	176,231	56,515	–	232,746	232,746

		At 31 December 2011				
	Weighted average effective interest rate	Within 1 year HK$'000	Within 2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Other payables, deposit received and accrued charges	–	20,867	–	–	20,867	20,867

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

THE COMPANY

The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

		At 31 December 2012				
	Weighted average effective interest rate	Within 1 year HK$'000	Within 2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Other payables, deposit received and accrued charges	–	1,728	–	–	1,728	1,728
Amount due to a subsidiary	–	9,586	–	–	9,586	9,586
Amount due to a director	–	57,513	–	–	57,513	57,513
Total	–	68,827	–	–	68,827	68,827

		At 31 December 2011				
	Weighted average effective interest rate	Within 1 year HK$'000	Within 2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Other payables, deposit received and accrued charges	–	2,086	–	–	2,086	2,086
Amount due to a subsidiary	–	9,605	–	–	9,605	9,605
Total	–	11,691	–	–	11,691	11,691

6. FINANCIAL INSTRUMENTS (Continued)

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The carrying amounts of financial assets and financial liabilities reported in the Group's consolidated statement of financial position and the Company's statement of financial position approximate their fair values due to their immediate or short-term maturities.

Fair value measurements recognised in the consolidated statement of financial position/statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 based on the degree to which the fair value is observable. There were no financial instruments that were measured subsequent to initial recognition at fair value grouped into Level 2 and 3 and there were no transfers between Levels 1 and 2 in both years.

Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THE GROUP AND THE COMPANY

	HK$'000
As at 31 December 2012	
Financial assets	
Held for trading investments — listed equity securities	**768**
As at 31 December 2011	
Financial assets	
Held for trading investments — listed equity securities	668

7. TURNOVER

	2012 HK$'000	2011 HK$'000
Rental income	13,008	15,671

8. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to segments and assessing their performance focuses on the nature of business.

The accounting policies of the reportable segment are the same as the Group's accounting policies. Segment performance is evaluated based on reportable segment profit/(loss). The segment profit/(loss) is measured consistently with the Group's profit/(loss) except that bank interest income, change in fair value of held for trading investments, net loss on disposal of held for trading investments, central administration costs including directors' salaries under the heading of unallocated corporate expenses and other operating income are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For management purposes, the Group's reportable segment is as follows:

Property development and investment:
Development of properties for sale or investment in properties to generate rental income.

Segment revenue and results

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

For the year ended 31 December 2012:

	Property development and investment HK$'000
Segment revenue	13,008
Segment loss	(981)
Unallocated other operating income	153
Unallocated expenses	(9,254)
Loss before taxation	(10,082)

8. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2011:

	Property development and investment HK$'000
Segment revenue	15,671
Segment loss	(13,482)
Unallocated other operating income	25
Unallocated expenses	(8,575)
Loss before taxation	(22,032)

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	2012 HK$'000	2011 HK$'000
Property development and investment	**684,636**	233,942
Total segment assets	**684,636**	233,942
Unallocated assets	**26,270**	86,948
Consolidated assets	**710,906**	320,890

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities

	2012 HK$'000	2011 HK$'000
Property development and investment	260,349	17,814
Total segment liabilities	260,349	17,814
Unallocated liabilities	59,473	18,031
Consolidated liabilities	319,822	35,845

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated assets including bank balances and cash and other corporate assets; and
- all liabilities are allocated to reportable segments other than unallocated liabilities including income tax liabilities, deferred tax liabilities and certain head office and other corporate liabilities.

Other segment information

For the year ended 31 December 2012:

	Property development and investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	229,833	853	230,686
Depreciation of property, plant and equipment	866	251	1,117
Gain from bargain purchase on business combination	803	–	803
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss			
Interest income	–	16	16
Taxation	(17)	–	(17)

8. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2011:

	Property development and investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	86,907	205	87,112
Depreciation of property, plant and equipment	1,168	249	1,417
Impairment loss recognised on goodwill	14,118	–	14,118
Loss on disposal of property, plant and equipment	5	1	6
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:			
Interest income	–	10	10
Taxation	1,160	–	1,160

Geographical information

The Group operates in two principal geographical areas — The People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical of the assets.

	Revenue from external customers		Non-current assets	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
The PRC	**13,008**	15,671	**456,781**	229,153
Hong Kong	**–**	–	**462**	860
	13,008	15,671	**457,243**	230,013

Information about major customers

Revenue of approximately HK$12,890,000 (2011: HK$15,671,000), attributable to property development and investment segment, is derived from a single external customer.

Certain comparative figures have been represented to conform with the change of resources allocation in the current year.

9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	Note	2012 HK$'000	2011 HK$'000
Directors' remuneration	11	**1,192**	1,172
Other staff costs		**3,981**	5,157
Retirement benefit scheme contributions (excluding directors)		**399**	386
Total staff costs		**5,572**	6,715
Auditor's remuneration		**551**	457
Depreciation of property, plant and equipment	15	**1,117**	1,417
Impairment loss recognised on goodwill	17	**–**	14,118
Loss on disposal of property, plant and equipment		**–**	6
Gain from bargain purchase on business combination	38	**(803)**	–
Minimum lease rentals in respect of rented premises		**2,746**	2,274
Net foreign exchange (gain) loss		**(6)**	566
Dividend income from held for trading investments		**(23)**	(21)
Interest income		**(16)**	(10)
Gross rental income from investment properties		**(13,008)**	(15,671)
Direct operating expenses for investment properties that generated rental income during the year		**1,974**	2,267
		(11,034)	(13,404)

10. TAXATION

	Note	2012 HK$'000	2011 HK$'000
Current tax:			
Hong Kong Profits Tax			
— provision for the year		**1,144**	1,589
— over-provision in the prior year		**(12)**	–
		1,132	1,589
Deferred taxation	33	**(1,149)**	(429)
		(17)	1,160

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%).

10. TAXATION (Continued)

The tax for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2012 HK$'000	2011 HK$'000
Loss before taxation	**(10,082)**	(22,032)
Notional tax on loss before taxation	**(2,744)**	(6,053)
Tax effect of expenses not deductible for tax purpose	**1,491**	248
Tax effect of income not taxable for tax purpose	**(899)**	(255)
(Over)/under provision in prior year	**(12)**	56
Tax effect of tax losses not recognised	**2,147**	7,164
Taxation for the year	**(17)**	1,160

11. DIRECTORS' REMUNERATIONS

	2012 HK$'000	2011 HK$'000
Directors' fees:		
Executive director	**150**	150
Non-executive director	**150**	150
Independent non-executive directors	**450**	450
Other emoluments:		
Salaries and other benefits	**428**	410
Retirement benefit scheme contributions	**14**	12
Total emoluments	**1,192**	1,172

There was no arrangement under which directors waived or agreed to waive any emoluments in the year ended 31 December 2012 and the year ended 31 December 2011. No emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office in both years.

11. DIRECTORS' REMUNERATIONS (Continued)

The remuneration of each director of the Company for the year are set out as follows:

	2012 HK$'000	2011 HK$'000
Director's fees of executive director:		
Huang Wenxi	150	150
	150	150
Director's fees of non-executive director:		
Huang Shih Tsai	150	150
	150	150
Directors' fees of independent non-executive directors:		
Cheng Hong Kei	150	150
Leung Kwan, Hermann	150	150
Lum Pak Sum	150	150
	450	450
Salaries and other benefits of executive director:		
Huang Wenxi	428	410
	428	410
Retirement benefit scheme contributions of executive director:		
Huang Wenxi	14	12
	14	12
	1,192	1,172

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2011: one) was director of the Company, whose emoluments are set out in note 11.

The emoluments of the remaining four (2011: four) highest paid individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits	**1,822**	2,036
Retirement benefit scheme contributions	**87**	78
	1,909	2,114

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**–**	–

No emoluments were paid to the employees as inducement to join or upon joining the Group or as compensation for loss of office in both years.

13. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2012 HK$'000	2011 HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(10,065)	(23,191)

	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	1,179,397	992,678

Diluted loss per share is same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during both years.

For the year ended 31 December 2011, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share was restated to approximately 992,678,000 to reflect the effect of the rights issue on 18 July 2011. (The originally stated weighted average number of ordinary shares for the purpose of basic and diluted loss per share was approximately 949,892,000.)

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST						
At 1 January 2011	1,327	396	570	1,342	745	4,380
Additions	29	63	15	128	39	274
Transfer from prepayment for acquisition of plant and equipment	–	1,172	–	–	166	1,338
Exchange alignment	81	12	37	39	–	169
Disposals	(66)	(14)	(1)	(98)	–	(179)
At 31 December 2011 and 1 January 2012	1,371	1,629	621	1,411	950	5,982
Additions	200	8	–	695	–	903
Acquired on acquisition of subsidiaries	26	8	–	95	–	129
Exchange alignment	12	11	7	14	–	44
Disposals	(189)	(1)	–	–	–	(190)
At 31 December 2012	**1,420**	**1,655**	**628**	**2,215**	**950**	**6,868**
ACCUMULATED DEPRECIATION						
At 1 January 2011	519	131	129	405	61	1,245
Charge for the year	309	469	69	344	226	1,417
Exchange alignment	54	12	17	15	–	98
Eliminated on disposals	(35)	(14)	(1)	(97)	–	(147)
At 31 December 2011 and 1 January 2012	847	598	214	667	287	2,613
Charge for the year	224	290	71	342	190	1,117
Exchange alignment	8	7	5	3	–	23
Eliminated on disposals	(189)	(1)	–	–	–	(190)
At 31 December 2012	**890**	**894**	**290**	**1,012**	**477**	**3,563**
CARRYING AMOUNT						
At 31 December 2012	**530**	**761**	**338**	**1,203**	**473**	**3,305**
At 31 December 2011	524	1,031	407	744	663	3,369

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Total HK$'000
COST			
At 1 January 2011	116	61	177
Disposals	(3)	–	(3)
At 31 December 2011, 1 January 2012 and 31 December 2012	**113**	**61**	**174**
ACCUMULATED DEPRECIATION			
At 1 January 2011	66	43	109
Charge for the year	23	10	33
Eliminated on disposals	(2)	–	(2)
At 31 December 2011 and 1 January 2012	87	53	140
Charge for the year	22	7	29
At 31 December 2012	**109**	**60**	**169**
CARRYING AMOUNT			
At 31 December 2012	**4**	**1**	**5**
At 31 December 2011	26	8	34

16. INVESTMENT PROPERTIES

THE GROUP

	Note	Investment properties completed (at fair value) HK$'000	Investment properties under development (at cost) HK$'000	Total HK$'000
At 1 January 2011		86,348	7,422	93,770
Additions		–	7,106	7,106
Exchange alignment		4,741	378	5,119
Net decrease in fair value recognised in profit or loss		(1,715)	–	(1,715)
At 31 December 2011		89,374	14,906	104,280
At 1 January 2012		89,374	14,906	104,280
Additions		–	780	780
Exchange alignment		625	121	746
Acquired on acquisition of subsidiaries	*38*	130,614	–	130,614
Net decrease in fair value recognised in profit or loss		(4,598)	–	(4,598)
At 31 December 2012		**216,015**	**15,807**	**231,822**

(a) The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.

(b) The fair value of investment properties has been arrived at on the basis of a valuation carried out by American Appraisal China Limited, an independent qualified valuer not connected with the Group. American Appraisal China Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was determined by comparison based on prices realised on actual sales or market price information of comparable properties of similar size, character and location.

(c) The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

(d) Investment properties under development are carried at cost as the management of the Company considers the fair value of investment properties under development cannot be reliably determined due to some construction not even started yet at 31 December 2012.

17. GOODWILL

THE GROUP

	HK$'000
COST	
At 1 January 2011	13,434
Exchange alignment	684
At 31 December 2011 and 1 January 2012	14,118
Exchange alignment	107
At 31 December 2012	**14,225**
IMPAIRMENT	
At 31 December 2011 and 1 January 2012	(14,118)
Exchange alignment	(107)
At 31 December 2012	**(14,225)**
CARRYING AMOUNT	
At 31 December 2012	**–**
At 31 December 2011	–

For the year ended 31 December 2011

For the purposes of impairment testing, goodwill has been allocated to a cash generating unit (the "CGU"). The CGU including three subsidiaries, Mega Top Capital Resources Limited, Gold Coast Tourism Development Limited and 海豐金麗灣度假村有限公司 (Haifeng Jinliwan Resort Company Limited*), in property development and investment segment.

The recoverable amount of the CGU has been determined based on value in use calculation which uses cash flow projections based on financial budgets approved by the directors of the Company covering a 5-year period, and a discount rate of 5% per annum. The cash flows for the 5-year period are assumed constant with zero growth rate.

For the year ended 31 December 2011, the directors of the Company had assessed the recoverable amount of the CGU that total impairment losses in the amount of approximately HK$14,118,000 were recognised as the recoverable amount of the CGU are less than the carrying amount of the CGUs.

* *For identification purpose only*

18. PROPERTIES UNDER DEVELOPMENT

THE GROUP

	2012 HK$'000	2011 HK$'000
CARRYING AMOUNT		
At 31 December	73,826	–

The properties under development are located in the PRC, expected to be completed beyond a year and held under medium-term lease.

19. PREPAYMENT FOR INVESTMENT PROPERTIES UNDER DEVELOPMENT

THE GROUP

A construction contract dated 16 June 2010 was entered into between 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited*) (the "Constructor") and a subsidiary of the Company for construction and renovation of Gold Coast Resort in the sum of RMB55 million (equivalent to approximately HK$69.07 million) of which initial payment of RMB22,500,000 (equivalent to approximately HK$28,258,000) was paid by the Group during 2010. During the year ended 31 December 2011, a further prepayment of approximately RMB8,476,000 (equivalent to approximately HK$10,645,000) was paid to the Constructor by the Group. Total prepayment for construction and development of Investment properties paid at 31 December 2012 amounted to approximately RMB30,976,000 (equivalent to approximately HK$38,903,000) (2011: HK$38,612,000).

20. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY

THE GROUP

The amount comprised a prepayment of RMB85,000,000 (equivalent to approximately HK$106,752,000) and other capital outlay of approximately HK$1,889,000 paid in relation to the acquisition of the entire equity interests of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) by a wholly-owned subsidiary of the Company (2011: HK$82,898,000), 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*), at a total consideration of RMB104,489,550 (equivalent to approximately HK$131,228,000) which was approved by shareholders of the Company at an extraordinary general meeting held on 13 December 2010 (the "Acquisition").

The Acquisition was completed on 25 January 2013. Details of the Acquisition are set out in the Company's circular and announcements dated 25 November 2010 and 25 January 2013 respectively.

* *For identification purpose only*

21. PREPAID LEASE PAYMENT

THE GROUP

	2012 HK$'000	2011 HK$'000
Operating lease payment prepaid in respect of land in the PRC	**197**	310
Analysed for reporting purposes as:		
Non-current assets	**84**	198
Current assets (included in other receivables)	**113**	112
	197	310

The Group's prepaid land lease payments represent payment for land use rights outside Hong Kong under medium term leases.

22. COMPLETED PROPERTIES HELD FOR SALE

THE GROUP

	Note	2012 HK$'000	2011 HK$'000
Completed properties held for sale, at cost	*38*	**195,544**	–

The completed properties held for sale are located in the PRC.

23. TRADE RECEIVABLES

THE GROUP

	2012 HK$'000	2011 HK$'000
Trade receivables (note below)	**2,009**	–

Trade receivables are derived from (i) sales of properties, consideration are paid in accordance with the terms of sale and purchase agreements and (ii) lease of properties, rental are paid in accordance with terms of rental agreement. There are basically no credit terms for the sales of properties and the leases of properties business.

23. TRADE RECEIVABLES (Continued)

THE GROUP

The aging analysis of trade receivables was as follows:

	2012 HK$'000	2011 HK$'000
0 – 30 days	9	–
31 – 60 days	9	–
61 – 90 days	9	–
Over 90 days	1,982	–
	2,009	–

The amount of trade receivables that are past due but not impaired is the same as above aging analysis of trade receivables.

Trade receivables that were past due but not impaired relate to a number of independent customers. The directors of the Company consider that no impairment allowance is necessary in respect of these balances as there was no indication and the balances are still considered fully recoverable. The Group does not hold any collateral over those balances.

Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The directors of the Company closely review the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by the directors of the Company on the collectability of overdue balances.

24. OTHER RECEIVABLES

THE GROUP

	2012 HK$'000	2011 HK$'000
Deposits paid (note (i))	15,201	485
Other receivables (note (ii))	16,010	4,119
Other prepayments	1,176	605
Allowance for bad and doubtful debts	–	–
	32,387	5,209
Movement in the allowance for bad and doubtful debts:		
At 1 January	–	7
Amounts recovered during the year	–	(7)
At 31 December	–	–

24. OTHER RECEIVABLES (Continued)
THE COMPANY

	2012 HK$'000	2011 HK$'000
Other receivables	**273**	234
Allowance for bad and doubtful debts	**–**	–
	273	234
Movement in the allowance for bad and doubtful debts:		
At 1 January	**–**	7
Amounts recovered during the year	**–**	(7)
At 31 December	**–**	–

Note:

(i) Deposits paid are mainly arisen from an amount paid for the Group's construction in an aggregate amounted to approximately HK$14,387,000.

(ii) Other receivables represent the amounts due from independent third parties which are non-interest bearing and unsecured.

(iii) Allowances for bad and doubtful debts of the Group and the Company are individually impaired as the independent third party is in the financial difficulties. The Group and the Company do not hold any collateral over these balances.

25. HELD FOR TRADING INVESTMENTS
THE GROUP AND THE COMPANY

	2012 HK$'000	2011 HK$'000
Equity securities listed in Hong Kong, at fair value	**768**	668

At the end of the reporting period, all financial assets at fair value through profit or loss are stated at fair value. Fair values of listed securities are determined with reference to quoted market bid prices.

26. BANK BALANCES AND CASH

THE GROUP

	2012 HK$'000	2011 HK$'000
Cash and cash equivalents	22,955	85,000

THE COMPANY

	2012 HK$'000	2011 HK$'000
Cash and cash equivalents	6,156	59,762

As at 31 December 2012, the Group had bank balances and cash amounted to approximately HK$6,603,000 (2011: HK$154,000) were denominated in RMB; these funds are subject to exchange controls and other restrictions for general use by the Company and its subsidiaries. The Group had bank balances and cash amounted to approximately HK$22,000 (2011: HK$4,647,000) were denominated in US dollars.

Bank balances carry interest at floating rates based on daily bank deposit rates and placed with creditworthy banks with no recent history of default by the Group and the Company. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company.

27. TRADE PAYABLES

THE GROUP

	2012 HK$'000	2011 HK$'000
Trade payables	31,908	–

The aging analysis of trade payables was as follows:

	2012 HK$'000	2011 HK$'000
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	31,908	–
	31,908	–

28. OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUED CHARGES

THE GROUP

	2012 HK$'000	2011 HK$'000
Deposit received	1,222	1,141
Receipts in advance (note (i))	30,792	–
Other payables and accrued charges (note (ii))	25,959	19,726
	57,973	20,867

Notes:

(i) Receipts in advance is arisen from sales of properties, the Group has completed acquisition of entire equity interest in Guo Rong Limited, details of which is set out in note 38.

(ii) Included in other payables and accrued charges, approximately of HK$1,015,000 in regards to a provision, details of which is set out in note 43.

THE COMPANY

	2012 HK$'000	2011 HK$'000
Other payables & accrued charges	1,728	2,086
	1,728	2,086

29. AMOUNT DUE TO A SUBSIDIARY

THE COMPANY

The amount is unsecured, non-interest bearing and repayable on demand.

30. AMOUNTS DUE TO RELATED COMPANIES

THE GROUP

As at 31 December 2012, a total amount of approximately HK$65,905,000 (2011: Nil) is unsecured, non-interest bearing and repayable on demands and a total amount of approximately HK$56,515,000 (2011: Nil) is unsecured, non-interest bearing and will be repayable after one year. Related companies represent companies in which Mr. Huang has share interests and/or directorships and over which Mr. Huang is able to exercise control.

31. AMOUNT DUE TO A DIRECTOR

THE GROUP AND THE COMPANY

The amount is unsecured, non-interest bearing and repayable on demand.

32. SHARE CAPITAL

THE GROUP AND THE COMPANY

	Number of shares		Share capital	
	2012	2011	**2012**	2011
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.01 each (2011: HK$0.4 each)				
Authorised				
At beginning of year	**2,500,000**	2,500,000	**1,000,000**	1,000,000
Capital reduction (note (ii)(a))	**–**	–	**(975,000)**	–
Capital increase (note (iii))	**17,500,000**	–	**175,000**	–
At end of year	**20,000,000**	2,500,000	**200,000**	1,000,000
Issued and fully paid				
At beginning of year	**1,159,567**	773,045	**463,827**	309,218
Rights shares issued (note (i))	**–**	386,522	**–**	154,609
Capital reduction (note (ii)(b))	**–**	–	**(452,231)**	–
Issue of shares in respect of acquisition of subsidiaries (note (iv))	**403,203**	–	**4,032**	–
At end of year	**1,562,770**	1,159,567	**15,628**	463,827

Notes:

(i) On 18 July 2011, 386,522,400 rights shares were issued, on the basis of one rights share for every two existing shares held on the record date, to the qualifying shareholders at a subscription price of HK$0.40 per rights share. The rights shares rank pari passu in all respects with the then existing shares of the Company. Details of which were set out in the prospectus of the Company dated 21 June 2011.

(ii) By virtue of the special resolution passed at the extraordinary general meeting of the Company held on 20 August 2012 with the sanction of an Order of the High Court dated 5 December 2012 (the "Capital Reduction"):

(a) under the Capital Reduction, the authorised share capital of the Company was reduced from HK$1,000,000,000 divided into 2,500,000,000 shares of HK$0.40 each to HK$25,000,000 divided into 2,500,000,000 shares of HK$0.01 each.

(b) under the Capital Reduction, the issued share capital of the Company was reduced from approximately HK$463,827,000 divided into 1,159,567,200 shares of HK$0.40 each to approximately HK$11,596,000 divided into 1,159,567,200 shares of HK$0.01 each.

(iii) Upon completion of the Capital Reduction, the authorised share capital of the Company was increased from HK$25,000,000 divided into 2,500,000,000 shares to HK$200,000,000 divided into 20,000,000,000 shares by the creation of an additional 17,500,000,000 new shares at a nominal value of HK$0.01 each on 10 December 2012.

(iv) On 14 December 2012, 403,203,504 consideration shares were issued and allotted and were recognised at fair value on completion of acquisition of the Guo Rong Group.

33. DEFERRED TAX LIABILITIES

THE GROUP

The following is the major deferred tax liabilities recognised and movements thereof during the current and prior years:

	Note	Revaluation of investment properties HK$ '000
At 1 January 2011		14,623
Credited to comprehensive income		(429)
Exchange alignment		734
At 31 December 2011 and 1 January 2012		14,928
Acquisition of subsidiaries		42,405
Credited to comprehensive income	*10*	(1,149)
Exchange alignment		100
At 31 December 2012		56,284

At the end of the reporting period, the Group has unused tax losses of approximately HK$33,759,000 (2011: HK$26,840,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. Out of these tax losses, the unrecognised tax loss of HK$24,325,000 (2011: HK$18,434,000) will expire within 5 years and the remaining balance of the unrecognised tax loss may be carried forward indefinitely.

34. INTERESTS IN SUBSIDIARIES

THE COMPANY

	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**68,446**	68,446
Amounts due from subsidiaries	**382,317**	163,195
	450,763	231,641
Impairment losses recognised	**(73)**	(53)
	450,690	231,588

The amounts due from subsidiaries are unsecured and non-interest bearing. In the opinion of the directors, demand for repayment for the amounts due from subsidiaries will not be made within the next twelve months from the end of the reporting period. Accordingly, the amounts are classified as non-current.

34. INTERESTS IN SUBSIDIARIES (Continued)

THE COMPANY

At 31 December 2012 and 2011, the management assessed the recoverable amounts of amounts due from subsidiaries after considering profitability, cash flow position, financial position, forecast business development and future prospects of the subsidiaries. Based on this assessment, the directors of the company consider that the carrying amounts of the amounts due from subsidiaries net of impairment losses recognized approximate to their recoverable amounts.

Details of the Company's subsidiaries at 31 December 2012 are set out in note 44.

35. SHARE PREMIUM AND RESERVES

THE GROUP

Movement of the group's share premium and reserves for the current and prior years are presented in the consolidated statement of change in equity on page 31 to the consolidated financial statements.

THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Capital reduction reserve HK$'000	Total HK$'000
At 1 January 2011	37,978	(215,968)	–	(177,990)
Loss for the year	–	(3,031)	–	(3,031)
Cost attributable to issue of rights shares	(2,211)	–	–	(2,211)
At 31 December 2011 and 1 January 2012	35,767	(218,999)	–	(183,232)
Capital reduction (note i, ii, and iii)	(35,767)	222,493	265,505	452,231
Issue of shares in respect of acquisition of subsidiaries	108,865	–	–	108,865
Loss for the year	–	(4,419)	–	(4,419)
Cost attributable to issue of shares in respect of acquisition of subsidiaries	(8)	–	–	(8)
At 31 December 2012	**108,857**	**(925)**	**265,505**	**373,437**

The Company has no reserve available for distribution for both years.

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

35. SHARE PREMIUM AND RESERVES (Continued)

THE COMPANY (Continued)

Notes:

In relation to the Capital Reduction as mentioned in note 32 (ii):

i. The share premium account of the Company was reduced to nil.

ii. The accumulated losses account of the Company was eliminated amounted to approximately HK$222,493,000.

iii. Any surplus credit arises out of the Capital Reduction after (i) and (ii) (approximately HK$265,505,000) is put into a capital reduction reserve account.

iv. The capital reduction reserve account of the Company represents the Capital Reduction, the capital reduction reserve shall not be distributable until and unless the creditors of the Company as at the date of the sanction of the reduction of capital are fully settled.

36. LOSS ATTRIBUTABLE TO EQUITY OWNERS OF COMPANY

The consolidated loss attributable to owners of the Company includes a loss of approximately HK$4,346,000 (2011: HK$2,978,000) which has been dealt in the financial statements of the Company.

THE COMPANY

	2012 HK$'000	2011 HK$'000
Amount of consolidated loss attributable to owners dealt with the Company's financial statements	**(4,346)**	(2,978)
Impairment loss on amount due from a subsidiary recognised during the year	**(73)**	(53)
Company's loss for the year	**(4,419)**	(3,031)

37. RETIREMENT BENEFIT SCHEME

THE GROUP AND THE COMPANY

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme ") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administrated by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contribution to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to 1 June 2012).

The Group's subsidiaries in the PRC participate in social insurance schemes operated by the relevant local government authorities in compliance with the applicable regulations of the PRC. The insurance premium is contributed by the Group on a specified proportion of the employee's salaries laid down under relevant PRC laws.

The total sum recognised as expenses in the consolidated statement of comprehensive income of approximately HK$413,000 (2011: HK$398,000) represents contributions paid and payable to these schemes by the Group at rates or amounts specified in the rules of the schemes.

38. BUSINESS COMBINATION

THE GROUP

On 14 December 2012, the Group completed the acquisition of the entire equity interest in Guo Rong Limited ("Guo Rong") and its wholly own subsidiaries (the "Guo Rong Group"). The consideration for such acquisition was to be satisfied by (i) paying HK$5,000,000 in cash; (ii) issuing and allotting 403,203,504 consideration shares; and (iii) issuing a promissory note with principal amount of HK$197,259,299 (before downward adjustment) no later than the first anniversary of completion of the acquisition. The acquisition had been accounted for using the acquisition method.

	HK$'000
Fair value of consideration transferred	111,621

The fair value of total consideration transferred is approximately HK$111,621,000 which includes (i) a sum of HK$5,000,000 in cash; (ii) the fair value of the 403,203,504 ordinary shares issued by the Company determined using the open market price of the Company's shares on 14 December 2012 at HK$0.28 per share (being a sum of approximately HK$112,897,000); and (iii) in respect of the acquisition of the entire equity interest in Guo Rong, the consideration for the acquisition of Guo Rong is subject to downward adjustment before issuing the promissory note, details of which are set out in the Company's circular dated 25 July 2012, the downward adjustment resulted in an amount of approximately HK$6,276,000 which the vendor would repay (without interest) in cash to the purchaser within 30 days of receipt of the adjustment notice issued by the purchaser, as such no promissory note was needed to be issued.

A gain from bargain purchase arising from the acquisition of the Guo Rong Group was recognised at approximately HK$803,000 which was mainly attributable to fair value gains on properties during the period between the dates of the sale and purchase agreement and completion. The amount which was recognised to the consolidated statement of comprehensive income was arising from the difference between (a) the fair value of the consideration transferred of approximately HK$111,621,000; and (b) the acquisition-date fair value of identifiable net assets acquired of approximately HK$112,424,000. Details of the acquisition were set out in the Company's announcements dated 14 June 2012, 14 December 2012 and circular dated 25 July 2012.

Acquisition-related costs amounting to approximately HK$3,639,000 have been excluded from the consideration transferred and have been recognised as expenses in the period they were incurred within the administrative and operating expenses in the consolidated statement of comprehensive income.

38. BUSINESS COMBINATION (Continued)

THE GROUP

Assets acquired and liabilities recognised at the completion date of acquisition are as follows:

	Fair value HK$'000
Property, plant and equipment	129
Investment properties	130,614
Completed properties held for sale	195,544
Trade receivables	2,025
Other receivables	10,501
Bank balances and cash	7,025
Trade payables	(32,382)
Other payables, deposit received and accrued charges	(37,086)
Amounts due to related companies	(121,541)
Deferred tax liabilities	(42,405)
	112,424

Gain from bargain purchase arising on acquisition of the Guo Rong Group

	HK$'000
Fair value of net assets acquired	112,424
Less: Consideration transferred	111,621
Gain from bargain purchase	803

At the completion date of acquisition and as at 31 December 2012 Guo Rong Group has contingent liabilities of approximately HK$991,000 and approximately HK$1,015,000 respectively, details of which is set out in note 43.

Since its acquisition, the Guo Rong Group contributed approximately HK$118,000 of revenue to the Group and approximately HK$260,000 of loss to the Group's result for the year ended 31 December 2012.

Had the acquisition taken place at the beginning of the year (i.e. 1 January 2012), the revenue and the profit of the total Group for the year ended 31 December 2012 would have been approximately HK$24,136,000 and HK$8,974,000 respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

39. NON-CASH TRANSACTIONS

THE GROUP

As disclosed in note 38, the Group acquired the entire equity interest in Guo Rong Group. Part of the consideration for such acquisition was satisfied by issuing and allotting 403,203,504 consideration shares at fair value. The Group did not receive cash in respect of the consideration shares transaction.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2012 HK$'000	2011 HK$'000
Within one year	**2,857**	2,617
In the second to fifth years inclusive	**1,254**	3,563
After five years	**7,027**	7,098
	11,138	13,278

Rentals payable represent operating lease payments for certain land, office properties and quarter. Leases are negotiated for terms of one year to fifty years and initial rentals are fixed for one year to five years with adjustments fixed for every one year to five years. The group does not have an option to purchase the leased asset at the expiry of the lease period.

The Group as lessor

Property rental income earned during the year was approximately HK$13,008,000 (2011: HK$15,671,000). The properties are expected to generate rental yields of 14.2% (2011: 17.5%) on an ongoing basis. Some of the properties held have committed tenants for more than five years.

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

	2012 HK$'000	2011 HK$'000
Within one year	**12,394**	4,051
In the second to fifth years inclusive	**4,082**	–
After five years	**540**	–
	17,016	4,051

41. CAPITAL COMMITMENTS

THE GROUP

	2012 HK$'000	2011 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the consolidated financial statements	**23**	23
Capital expenditure in respect of the construction and development of investment properties contracted for but not provided for in the consolidated financial statements	**62,221**	56,284
Capital expenditure in respect of the acquisition of a subsidiary contracted for but not provided for in the consolidated financial statements	**24,477**	49,224

42. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The details of the remuneration of directors and other members of key management during the two years ended 31 December 2012 and 2011 were disclosed in notes 11 and 12 respectively.

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Amount due to a director

During the year ended 31 December 2012, Mr. Huang Shih Tsai ("Mr. Huang"), the Chairman and a Non-executive Director of the Company, has provided interest-free and unsecured loans to Company in the totally amount of approximately HK$80,379,000 for funding the subsidiaries working capital requirements (2011: HK$37,023,000).

During the year ended 31 December 2012, the Company has settled loan amount of approximately HK$22,866,000 (2011: HK$38,090,000) to Mr. Huang based on his demand.

(c) Other transactions with related parties

(i) The Group has leased an office property from 大中華國際集團（中國）有限公司 (Great China International Group (China) Limited*) (the "GCI") with a monthly rental payment of RMB28,913 since 1 February 2010 for a fixed term of three years. GCI is indirectly wholly-owned by the Mr. Huang, a substantial shareholder, the Chairman and the Non-executive Director of the Company. Ms. Huang Wenxi, a substantial shareholder, the Chief Executive Officer and the Executive Director of the Company, is the authorised representative and the chairman of the board of GCI. The total rentals payable by the Group to GCI during the year ended 31 December 2012 amounted to approximately HK$431,000 (2011: HK$432,000).

* *For identification purpose only*

42. RELATED PARTY TRANSACTIONS (Continued)

(c) Other transactions with related parties (Continued)

(ii) The Group has leased a car park space from GCI with a monthly rental payment of RMB1,300 The total rentals paid by the Group to GCI during the year ended 31 December 2012 amounted to approximately HK$18,000 (2011: Nil).

(iii) As at 31 December 2012, the rental deposit paid of approximately HK$73,000 (2011: HK$72,000) to GCI and the rental prepayment of approximately of HK$2,000 (2011: Nil) to GCI, which are unsecured and non-interest bearing, are recorded in "other receivables" disclosed in note 24.

(iv) On 8 June 2012, the Mr. Huang (Vendor) and the Group (Purchaser) entered into the Sale and Purchase Agreement, pursuant to acquisition of 100% equity interest in Guo Rong Limited and its whole own subsidiaries. The acquisition were completed and announced on 14 December 2012. This acquisition constitutes a connected transaction for the Company under the Listing Rules. The detail of very substantive acquisition and connected transaction were set out in the Company's announcement dated 14 June 2012.

(d) Amounts due to related companies

Included in amounts due to related companies of approximately of HK$122,420,000 (2011: Nil) represents the balances with the companies in which Mr. Huang has share interests and/or directorships and is able to exercise control over these companies. Other than the foresaid, details of the outstanding balances with related companies are set out in the note 30.

43. CONTINGENT LIABILITY

A subsidiary of the Group, the Guo Rong Group (the "Subsidiary") has entered into sale and purchase agreements with certain buyers in respect of sale of properties. Pursuant to the terms of each agreement, the Subsidiary is liable to make a compensation payment to the buyers, upon default in the delivery of property to the buyers on a specific date, calculated in accordance with the terms stated in the agreement.

As at 31 December 2012, 23 buyers, who did not agree the compensation amount provided by the Subsidiary, had taken legal actions to demand a higher compensation, approximately HK$1,814,000 in aggregate, above the amount of approximately HK$1,015,000 which was calculated in accordance with the relevant sale and purchase agreements as the Subsidiary was not able to deliver the properties.

Up to the date of this report, the outcome of the claims is still uncertain. However, according to the legal opinion provided by 廣東晟典律師事務所 (SD & Partners*) to the Company, the amount of compensation, which was calculated in accordance with the terms of the sale and purchase agreements, should be approximately HK$1,015,000. Furthermore, the directors of the Company consider that the amount of the compensation is unlikely to be higher than that requested by those 23 buyers.

The directors of the Company consider it is premature and not practical to draw a conclusion of the outcome of the claims and of the ultimate liability, if any, which is not expected to have a material adverse impact on the Group's financial position. Therefore, only an amount of approximately HK$1,015,000 (2011: Nil) is provided for and included in other payables and accrued charges, no further provision was made after 31 December 2012.

The Group had no other significant contingent liabilities as at 31 December 2012.

* *For identification purposes only*

44. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2012 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ paid-in/registered capital	Proportion of nominal value of issued share capital/paid-in/ registered capital held by the Company Direct %	Indirect %	Principal activities
Mega Top Capital Resources Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Property investment
China Waytung Group Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Investment holding
Gold Coast Tourism Development Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100	Investment holding
海豐金麗灣度假村有限公司 *(Note (i))*	The PRC	US$9,549,929	–	100	Operation of resort business
Waytung Global Financial Holding Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	–	Inactive
Waytung Fund Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Inactive
China Waytung Securities Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Inactive
滙通天下控股(中國)有限公司 *(Note (i))*	The PRC	RMB 50,000,000	100	–	Investment holding
滙通天下控股(天津)有限公司 *(Note (ii))*	The PRC	RMB 2,000,000	–	99.9	Inactive
# Asiatic Talent Limited	British Virgin Islands ("BVI")	US$ 1	100	–	Investment holding
# Guo Rong Limited	BVI	US$ 1	–	100	Investment holding
# Great China Property Group Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Investment holding
# 大中華實業(惠州)有限公司 *(Note (i))*	The PRC	RMB 45,000,000	–	100	Property development, provision of management services to and operation of properties

\# New subsidiaries to the Group

44. PARTICULARS OF SUBSIDIARIES (Continued)

Notes:

(i) Registered under the laws of the PRC as wholly-owned foreign enterprise.

(ii) Registered under the laws of the PRC as domestic enterprise.

45. EVENTS AFTER THE REPORTING PERIOD

(a) On 16 January 2013, the Board proposed change the name of the Company from "Waytung Global Group Limited (滙通天下集團有限公司)" to "Great China Properties Holdings Limited (大中華地產控股有限公司)". The proposed change of the Company name was approved by the shareholders at the extraordinary general meeting held by the Company on 7 February 2013, which took effect on 5 March 2013.

(b) On 23 January 2013, the Company granted 10,000,000 shares under the New Scheme at the subscription price of HK$0.44. All the shares options granted will vest on 23 January 2015. Among the total of 10,000,000 share options, 5,000,000 share options were granted to the directors of the Company.

(c) On 27 September 2010, a wholly-owned subsidiary of the Company, 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*) ("Waytung China") entered into a sale and purchase agreement, pursuant to acquired 99.99% equity interest of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*). The acquisition were completed and announced on 25 January 2013. The detail of major transaction were set out in the Company's announcement dated 27 September 2010. The directors of the Company consider that the transaction is an "asset acquisition".

(d) On 31 January 2013, Waytung China entered into a property leasing agreement with 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited*) ("GCI") in relation to the leasing an office for a term of two years commencing from 1 February 2013 to 31 January 2015. Waytung China shall pay a monthly rental of RMB180,000 and a monthly management fees, air-conditioning and maintenance fees of RMB36,480. The rent free period commenced from 1 February 2013 for 3 months to 30 April 2013. GCI is indirectly wholly-owned by the Mr. Huang Shih Tsai, a substantial shareholder, the Chairman and the Non-executive Director of the Company. Ms. Huang Wenxi, a substantial shareholder, the Chief Executive Officer and the Executive Director of the Company, is the authorised representative and the chairman of the board of GCI. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2013.

* *For identification purpose only*

FIVE YEARS FINANCIAL SUMMARY

			Year ended 31 December		
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
TURNOVER	**13,008**	15,671	15,524	10,596	11,874
LOSS FOR THE YEAR	**(10,065)**	(23,192)	(5,182)	(2,763)	(13,026)

			As at 31 December		
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**710,906**	320,890	183,828	175,330	41,225
TOTAL LIABILITIES	**(319,822)**	(35,845)	(37,847)	(29,772)	(61,713)
NET ASSETS (LIABILITIES)	**391,084**	285,045	145,981	145,558	(20,488)

MAJOR PROPERTIES AS AT 31 DECEMBER 2012

INVESTMENT PROPERTY

Location	Intended Use	Category of lease term	Group's interest (%)
Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, The PRC.	Commercial use	Medium	100%
Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC.	Commercial use	Medium	100%

PROPERTIES HELD FOR SALE

Location	Intended Use	Category of lease term	Group's interest (%)
Residential units of Block 1 and Block 2, Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC.	Residential use	Medium	100%

PROPERTIES UNDER DEVELOPMENT

Location	Gross Floor Area (square meter)	Stage of Completion	Lease Expiry	Group Interest	Anticipated Completion
Two land parcels beside the Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, The PRC.	97,069	Developing Stage	2052 for commercial use 2082 for residential use	100%	2016