中國興業控股有限公司

China Investments Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 132)

2013
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

Executive Directors	You Guang Wu *(Chairman)* Su Wenzhao *(Managing Director)* Huang Zhihe *(Deputy Managing Director)*
Independent Non-Executive Directors	Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Audit Committee	Chan Kwok Wai *(Chairman)* Chen Da Cheng Deng Hong Ping
Remuneration Committee	Chen Da Cheng *(Chairman)* Chan Kwok Wai Deng Hong Ping You Guang Wu Su Wenzhao
Nomination Committee	You Guang Wu *(Chairman)* Su Wenzhao Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Place of Business	Unit 601, Tsim Sha Tsui Centre 66 Mody Road Tsimshatsui Kowloon, Hong Kong
Registrars	Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton HM 11 Bermuda
Branch Registrars	Tricor Progressive Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

CORPORATE INFORMATION (Continued)

Principal Bankers	Bank of China Bank of Communications Wing Hang Bank Ltd.
Solicitors	Woo, Kwan, Lee & Lo
Auditor	HLM CPA Limited *Certified Public Accountants*
Secretary	Lo Tai On
Stock Code	132
Website	http://chinainvestments.quamir.com

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

Over the past year, the Group's business was under transformation. The Group's revenue decreased substantially as the disposal of the Group's main business, medium density fibreboard business, and related assets had been basically completed, while new acquisitions have not yet been concluded. For the year ended 31 December 2013, the Group recorded aggregate turnover of HK$32,059,000, representing a decrease of 52.7% as compared to that of the same period last year, and operating loss of HK$1,419,000.

Hotel Business

Due to external factors such as continued Renminbi appreciation and heavy-handed crackdowns on use of public funds for hospitality purposes, the hotel business in China was given a heavy blow, not only resulting in reduced tourist arrivals and business activities, but also imposing high pressure on room rates and catering consumption. Under such unfavourable conditions in the tourism industry, Guilin Plaza restructured its mix of targeted customers, focusing more on promotions for individual tourists in order to bring up the occupancy of the hotel. Meanwhile, Guilin Plaza adopted more prudent cost control measures, so as to reduce the operating costs of the hotel. For the year ended 31 December 2013, Guilin Plaza recorded turnover of HK$25,714,000, representing a decrease of 23.1% as compared to that of last year, and operating loss of HK$1,994,000, turning profit to loss.

Property Investment

The Group's annual property rental income for 2013 amounted to HK$2,329,000, an increase of 3.7% over that of last year. Property occupancy rate was 71.8%, representing an improvement of 2.2% over that of the same period last year.

To enhance the return on property investment, the Group reviewed its existing property portfolio, adjusted the regional structure of its properties, and focused on investing in high quality properties in the core regions of the Pearl River Delta and in Hong Kong. In December 2013, 佛山市南海康美投資有限公司 (*Foshan City Nanhai Canmanage Investments Holdings Limited), a wholly-owned subsidiary of the Company, and 佛山市南海承業投資開發管理有限公司 (*Foshan City Nanhai Chengye Investment Development and Management Co., Ltd.) entered into formal sale and purchase agreements for commodity housing in relation to the 98 office units situated at Block 1 of Guangdong-Hongkong Finance & Technology Park (粵港金融科技園), 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province, the People's Republic of China. The Group expects gradual increase in rental income as the property becomes available upon delivery by the end of July this year.

* *For identification purpose only*

CHAIRMAN'S STATEMENT (Continued)

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2013, the Group had total assets of HK$715,412,000 (31 December 2012: HK$727,366,000). The Group had no bank loans and other long-term debts (31 December 2012: Nil). Net assets amounted to HK$592,058,000 (31 December 2012: HK$587,780,000). Gearing ratio (being bank loans and long-term debts divided by total assets) was 0% (31 December 2012: 0%). Net assets per share amounted to HK49.82 cents (31 December 2012: HK49.46 cents).

The Group's net current assets amounted to HK$452,287,000 (31 December 2012: HK$464,200,000). Current ratio (being current assets divided by current liabilities) was approximately 4.67 times (31 December 2012: 4.33 times), while bank balances and cash amounted to HK$378,888,000 (31 December 2012: HK$375,422,000). There will be sufficient funds to meet the capital requirements for the Group's operations and new projects or business development in the future.

PLEDGE OF ASSETS

The Group had no mortgage borrowings during the period (2012: No mortgage borrowings).

FOREIGN EXCHANGE EXPOSURE

The Group's main operating income and costs are denominated in Renminbi. For the Group's operation, the impacts of foreign exchange fluctuation on income and costs can be mutually offset. Meanwhile, the Group also has currency assets and liabilities denominated in Renminbi, which can be mutually offset. However, as the Group is based in Hong Kong, it has a large amount of business loans granted to wholly-owned subsidiaries in Mainland China, Renminbi appreciation and depreciation will bring exchange gain or loss. It is expected that a 5% appreciation or depreciation in the exchange rate of Renminbi to HK dollar will lead to an increase or decrease of approximately HK$17,602,000 in the profit for this year. In the past few years, Renminbi had been in a rising trend and gradually stabilised towards the second half of 2008. The Board believes that Renminbi would remain stable and sound in the long run and would not bring material adverse foreign exchange exposure to the Group. Accordingly, it is currently unnecessary for the Group to hedge against any foreign exchange risk.

CHAIRMAN'S STATEMENT (Continued)

EVENTS AFTER THE REPORTING PERIOD

On 17 January 2014, CIH Finance Investments Holdings Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement and articles of association with 廣東省粵科金融集團有限公司 (Guangdong Technology Financial Group Co., Ltd.), 廣東群興玩具股份有限公司 (Guangdong Qunxing Toys Joint-Stock Co., Ltd.) and 中南恒展集團有限公司 (Centenio Group Co., Ltd.) for the establishment of 廣東粵科融資租賃有限公司 (Guangdong Financial Leasing Co., Ltd.) (the "JV Company") as a platform for engaging in finance leasing business in Guangdong. The initial registered capital of the JV Company is RMB620,000,000, with the Group contributing RMB155,000,000, representing 25% of the total registered capital. The project had been approved at the special general meeting of the Company convened on 27 February 2014. The Group expects that the JV Company will complete all relevant approval procedures and commence finance leasing business by the middle of this year.

OUTLOOK

The Group will continue to carry out its plan on business transformation and upgrading at a stable pace, and gradually optimize its existing assets structure, so as to enhance the return on assets. Meanwhile, the Group will continue to identify investment projects with good prospects and high potentials for creating additional value, so as to fulfill the Group's objective of transforming into an enterprise with comprehensive development in a range of businesses including commercial real estate, modern service industries and emerging industries. The Group believes that its profitability will gradually be boosted upon the successive completion of the transactions and preparation in relation to the new investment projects, achieving the goals of continued growth in the Group's business and creating returns for shareholders.

CORPORATE GOVERNANCE REPORT

China Investments Holdings Limited (the "Company") puts great emphasis on corporate governance and is committed to maintaining the high standard of corporate governance which is reviewed and strengthened on a continued basis. The board of directors (the "Board") of the Company maintains and enhances the policies and practices of the Company in a timely, transparent, effective and responsible manner, so as to maintain good, solid and reasonable corporate governance. The Board believes that the Company and shareholders as a whole can derive maximum benefits from good corporate governance.

The Company has adopted all the provisions under the Code on 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 ("Listing Rules") as its own code on corporate governance.

For the year ended 31 December 2013, the Company has complied with all code provisions under the CG Code.

GOVERNANCE STRUCTURE

The Company's corporate governance structure includes the Board and three committees under the Board, namely audit committee, remuneration committee and nomination committee. The Board stipulates the terms of reference of all committees in writing and specifies clearly the power and responsibilities of the committees.

THE COMPOSITION OF THE BOARD

The Board currently comprises six directors, including three executive directors who have extensive experience in the Company's business, and three independent non-executive directors who possess appropriate professional qualifications.

Executive Directors
Mr. You Guang Wu *(Chairman)*
Mr. Su Wenzhao *(Managing Director)*
Mr. Huang Zhihe *(Deputy Managing Director)* (appointed on 5 August 2013)
Mr. Wu Yongqing *(Deputy Managing Director)* (resigned on 13 March 2014)

Independent Non-Executive Directors
Mr. Chan Kwok Wai
Mr. Chen Da Cheng
Mr. Deng Hong Ping

Note: On 5 August 2013, Mr. Huang Zhihe was appointed as an executive director and deputy managing director of the Company and on 13 March 2014, Mr. Wu Yongqing resigned as an executive director and deputy managing director of the Company.

Every director has sufficient time and attention to deal with the affairs of the Group. Each director discloses to the Company for the number and nature of offices held in public companies or organizations and other significant commitments every year. The Board considers the composition of executive and non-executive directors is rational and appropriate and provides adequate checks and balances to safeguard the interests of shareholders and the Group.

CORPORATE GOVERNANCE REPORT (Continued)

The independent non-executive directors provide the Group with diversified knowledge and expertise. Their suggestions, opinions and participation in the meetings of the Board and each committee bring independent opinions, suggestions and judgments on issues relating to the Group's strategy, development, operations, performance, risk control and conflicts of interest, to ensure that the interests of all shareholders are taken into account.

In accordance with the bye-laws of the Company, subject to the manner of retirement by rotation of directors as from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any director may be appointed or engaged, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement at least once every three years.

Individual information and responsibilities of all directors are contained in this annual report on pages 18 to 20.

There are no business, financial, family and other relevant interests among directors.

THE OPERATION OF THE BOARD

The Board is principally responsible for establishing the development direction of the Group, formulating targets and business development plans, approving major agreements and matters, monitoring the performance of senior management and is responsible for corporate governance with a view to increasing shareholders' value. Led by the managing director, the management is responsible for implementing the strategies and plans developed by the Board. The Board authorizes the management to manage the day-to-day business operations of the Group. Each committee under the Board has its own specified terms of reference which clearly define their powers and responsibilities.

The Company has developed a schedule of matters reserved to the Board for its decision and has separately identified those functions reserved to the Board. The Board will review those arrangements on a regular basis to ensure that the arrangements meet the needs of the Company.

The Board also performs the obligations regarding corporate governance, including:

1. develop and review the Company's policies and practices on corporate governance;

2. review and monitor the training and continuous professional development of directors and senior management;

3. review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT (Continued)

4. develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and

5. review the Company's compliance with Appendix 14 (Corporate Governance Code and Corporate Governance Report) of the Listing Rules.

The Board convenes at least four regular meetings each year (approximately once each quarter) and will convene meetings when necessary. When a regular board meeting is convened, the Board papers will be sent to directors for review before the meeting pursuant to the Listing Rules and the code provisions so that directors can keep abreast of the information to perform their duties and responsibilities.

All members of the Board have actively participated in the Company's Board meetings to discuss the overall strategy and business of the Group. The Board convened 11 meetings in 2013. The attendance of directors is as follows:

Name of Directors		Attendance	Attendance Rate
Executive Directors			
Mr. You Guang Wu *(Chairman)*		11/11	100%
Mr. Su Wenzhao *(Managing Director)*		11/11	100%
Mr. Wu Yongqing *(Deputy Managing Director)*	(resigned on 13 March 2014)	11/11	100%
Mr. Huang Zhihe *(Deputy Managing Director)*	(appointed on 5 August 2013)	3/3	100%
Independent Non-Executive Directors			
Mr. Chan Kwok Wai		11/11	100%
Mr. Chen Da Cheng		11/11	100%
Mr. Deng Hong Ping		11/11	100%

The remuneration of directors is determined with reference to their functions and responsibilities in the Company, the performance of the Company and current market conditions. Any director is not allowed to participate in determining his own remuneration. The remuneration received by directors from the Group during the year is set out in notes 13a and 13b of the financial statements.

The Board has set up an independent professional consulting procedure and upon reasonable request, the directors are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

CORPORATE GOVERNANCE REPORT (Continued)

ROLES AND DUTIES OF CHAIRMAN AND MANAGING DIRECTOR

The chairman and the managing director have different roles. The chairman is responsible for the operation of the Board and the managing director is responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

In 2013, the chairman and the managing director of the Company were Mr. You Guang Wu and Mr. Su Wenzhao respectively and the deputy managing directors of the Company were Mr. Wu Yongqing and Mr. Huang Zhihe.

The chairman of the Board is principally responsible for leading the Board and ensures the Board acts in the best interests of the Company. The chairman shall ensure the Board operates effectively and performs its proper duties and discusses all important and proper matters in a timely manner. The chairman is responsible for convening board meetings, consulting, determining and approving the agenda of each board meeting, and ensuring that directors are provided sufficient information on current matters in a timely manner. The chairman is also responsible for ensuring that the Company formulates good corporate governance practice and procedure.

The managing director is principally responsible for the daily operation and management of the Group's overall operations and implementing the Board's operating strategy and policy and delegating tasks to all departments for implementation so as to realize the Board's objectives and decisions. In addition, he is also responsible for coordinating close cooperation among all departments, uniting efforts of staff and encouraging the initiative of staff so as to ensure smooth and effective operation of the Company's operations and systems.

TRAININGS OF DIRECTORS

All newly appointed directors are provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations. The Company Secretary and representative of auditor update directors on the latest development and changes regarding the Listing Rules, accounting standards and other relevant regulatory requirements from time to time.

In addition, the directors are provided with monthly updates on the Company's performance and position to enable the Board as a whole and each director to discharge their duties.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. According to the records provided by the directors, all directors have participated in continuous professional development for the year ended 31 December 2013.

During the year under review, all directors of the Company participated in continuous professional development to update their knowledge and skills by reading material relevant to the directors' duties and responsibilities and by attending the training program organised by the Hong Kong Institute of Directors. In addition, Mr. Chan Kwok Wai had also attended talks and seminars in relation to the Listing Rule knowledge etc. organised by law firms and other organizations.

CORPORATE GOVERNANCE REPORT (Continued)

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the member of the senior management by brand for the year ended 31 December 2013 is set out below:

Number of Personnel	Remuneration (HK$)
1	$500,001 to $1,000,000

Further particulars regarding directors' remuneration as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 13a and 13b to the financial statements.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") set out in Appendix 10 to the Listing Rules of The Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by directors. On specific enquiries made, all directors have confirmed that, in respect of the year ended 31 December 2013, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors with extensive experience in accounting or legal aspects. The audit committee is mainly responsible for reviewing the financial statements and annual reports and accounts of the Company, providing advice to the Board, and making recommendations on the appointment and remuneration of the auditor of the Company and any matters related to the termination of appointment. Mr. Chan Kwok Wai is the chairman of the audit committee and is responsible for reporting the meeting results and recommendations of the audit committee to the Board after each meeting.

In 2013, the audit committee convened two meetings. Members and their attendance are as follows:

Name of Members	Attendance	Attendance Rate
Chan Kwok Wai *(Chairman of audit committee)*	2/2	100%
Chen Da Cheng	2/2	100%
Deng Hong Ping	2/2	100%

Tasks undertaken by the audit committee during the year included reviewing the 2012 audited financial statements and the annual results announcement, reviewing the interim report and the interim results announcement for the six months ended 30 June 2013, considering the accounting standards adopted, overseeing the financial control, internal control and risk management system, reviewing the management letter about audit work of the auditor submitted to the management and the response of the management, the basis of opinion made by the auditor in their report.

CORPORATE GOVERNANCE REPORT (Continued)

REMUNERATION COMMITTEE

The remuneration committee comprises three independent non-executive directors and two executive directors. The remuneration committee is principally responsible for reviewing and approving remuneration plans for directors and senior management, determining the remuneration package of executive directors and senior management, including benefits, pension interests and the payment of compensation. Mr. Chen Da Cheng is the chairman of the remuneration committee and is responsible for reporting the meeting results and recommendations of the remuneration committee to the Board after each meeting.

In 2013, the remuneration committee convened four meetings. Members and their attendance are as follows:

Name of Members	Attendance	Attendance Rate
Chen Da Cheng *(Chairman of the remuneration committee)*	4/4	100%
Chan Kwok Wai	4/4	100%
Deng Hong Ping	4/4	100%
You Guang Wu	4/4	100%
Su Wenzhao	4/4	100%

Tasks undertaken by the remuneration committee during the year included reviewing the emoluments and incentive scheme of the Group, determining the emoluments of the executive directors and senior management and considering the incentive payment for the year ended 2012 and making recommendations to the Board. The remuneration committee also ensures that no director or senior management member determines his own remuneration.

The remuneration policy of the Group is to determine the remuneration based on the responsibilities, qualifications and working performance of staff (including directors). In addition, the Group has adopted the share option scheme for a term of 10 years on 26 April 2013. Currently, the Group has not granted any share options.

NOMINATION COMMITTEE

The nomination committee consists of three independent non-executive directors and two executive directors. The nomination committee is responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and assess the independence of independent non-executive directors under the requirements set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT (Continued)

In 2013, the nomination committee convened two meeting. Members and their attendance are as follows:

Name of Members	Attendance	Attendance Rate
You Guang Wu *(Chairman of the nomination committee)*	2/2	100%
Su Wenzhao	2/2	100%
Chan Kwok Wai	2/2	100%
Chen Da Cheng	2/2	100%
Deng Hong Ping	2/2	100%

The work carried out by the nomination committee during the year included reviewing the Board structure of the Group, assessing the independence of independent non-executive directors and making recommendations to the Board.

During the year, the nomination committee reviewed the appointment of new executive director and deputy managing director of the Company. On 5 August 2013, Mr. Huang Zhihe, was appointed as an executive director and the deputy managing director of the Company. On 13 March 2014, Mr. Wu Yongqing resigned as an executive director of the Company.

All independent non-executive directors of the Company have complied with the requirements of the Listing Rules and have presented annual confirmations of independence issued pursuant to Rule 3.13 of the Listing Rules to the Company. The nomination committee has assessed their independence and confirms that all independent non-executive directors are independent parties as defined in the Listing Rules. The term of office of Mr. Chan Kwok Wai and Mr. Chen Da Cheng is for two years until 21 September 2014. The term of office of Mr. Deng Hong Ping is for two years until 5 April 2016. They are subject to the retirement and re-election requirements of the bye-laws of the Company.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to maintaining competitive advantage, the Company sees increasing diversity at the Board level as an essential element. Therefore, the company adopted the board diversity policy on 14 August 2013. The policy set out that the nomination committee of the Company reviews and assesses the composition of the Board, makes recommendations to the Board on appointment of new directors of the Company, oversees the conduct of the annual review of the effectiveness of the Board in order to achieve the objective of the board diversity policy. In addition, mechanism including supervising, reporting and policy reviewing etc. ascertains the board diversity policy implement effectively.

The nomination committee has reviewed the diversity of the Board of the Company and consider that there is no immediate need for setting up the measurable objectives. The nomination committee will review the board diversity policy from time to time to ensure that the policy will implement effectively.

CORPORATE GOVERNANCE REPORT (Continued)

INTERNAL CONTROL

The Board is responsible for maintaining a stable and effective internal control system for the Group. The system includes a management structure with authority to protect its assets from misappropriation, and ensures keeping appropriate accounting records so as to provide reliable financial information for internal use or for dissemination, as well as ensuring compliance with the laws and regulations. The system aims at providing reasonable (but not absolute) guarantees for the prevention of material untrue statements or losses, as well as management on the interruption of the Group's management system and risks existing in the course of arriving at the Group's objectives.

The management of the Group has reviewed whether the Group's internal control and risk management system for the year ended 31 December 2013 were effective. The review has also considered the sufficiency and adequacy of human resources, qualification, experience of staff of the accounting and financial reporting functions and their training programmes and budget. The results of the review and its recommendations had been submitted for consideration by the audit committee and the Board. The audit committee and the Board have discussed the relevant results of review, and agreed that internal control procedures and risk management systems have been implemented in the various major operation sectors.

COMPANY SECRETARY

The Company Secretary is Mr. Lo Tai On, who is engaged and appointed by the Company from an external secretarial services provider. The primary contact persons with the Company Secretary of the Company are Mr. You Guang Wu, the Chairman, and Ms. Chong Ching Mui. During the year, the Company Secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no change in the Company's constitutional documents.

ACCOUNTABILITY AND AUDIT

Directors acknowledge their responsibility in preparing financial statements of the Group.

The financial department of the Company is managed by a qualified accountant. With the assistance of the financial department, the Board will ensure the preparation of the financial statements of the Group complies with relevant regulations and applicable accounting standards.

For the year ended 31 December 2013, the audit fee was approximately HK$700,000 and the non-audit services fee was HK$103,600.

The statement of reporting responsibility issued by HLM CPA Limited, the auditor of the Company, in respect of the financial statements of the Group is set out in the independent auditor's report on pages 25 to 26.

CORPORATE GOVERNANCE REPORT (Continued)

COMMUNICATION WITH SHAREHOLDERS

The Company understands the importance of good communication with shareholders and investors, and recognizes the value of providing current and relevant information to shareholders and investors. The Board has established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communication, with the objective of ensuring that both shareholders and investors can obtain the complete, identical and current information of the Company in a timely manner.

The Company has maintained communication with shareholders through the annual general meeting or other general meetings and encourages them to participate in general meetings. Registered shareholders receive notices of general meetings by post. The notice of general meeting contains the agenda, the proposed resolutions and the voting form. Any registered shareholder is entitled to attend the annual general meeting and special general meetings provided that their shares must be registered in the register of members. Shareholders who are unable to attend the general meeting can fill in the proxy form attached with the notice of general meeting and return the same to the Company so as to appoint their representatives or the chairman of the meeting as their proxies.

At the annual general meeting held on 26 April 2013 and at the special general meetings held on 22 February 2013 and 5 November 2013, all directors were present to answer questions raised by shareholders and separate resolution in respect of each separate issue was proposed for shareholders to vote thereon. The Company appointed branch share registrar of the Company to act as scrutineers and to ensure votes cast are properly counted and recorded, and announced the results of the poll on the websites of the Stock Exchange and the Company in accordance with the bye-laws of the Company and the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for special general meetings requisitioned by the shareholders

Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company ("**Requisitionists**") shall have the right to require a special general meeting to be called and propose any matter to be considered at the general meeting of the Company. The Requisitionists may deposit the written requisition for special general meeting (which shall specify the full name of the Requisitionists, the business and proposal to be considered at the general meeting of the Company, and shall be signed by the Requisitionists) to the principal place of business of the Company for the attention of the Board. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting in specified days as provided by the bye-laws of the Company and the Listing Rules, the Requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

CORPORATE GOVERNANCE REPORT (Continued)

Procedures for shareholders to propose a person for election as a director

In accordance with Bye-law 88 of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless not less than seven (7) days before the date appointed for the general meeting there shall have been lodged at the Office or at the head office notice in writing signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected provided that the period for lodgment of the aforesaid notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. For further information, please refer to the"Procedures for Shareholders to Propose a Person for Election as a Director" published on the Company's website at http://chinainvestments.quamir.com.

Procedures for shareholders to put forward proposals at general meetings

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

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

For any enquiry to the Board, shareholders may put forward a written enquiry to the Company setting out details of contact (including name, address, telephone number and email address etc.) by the following means:

Address: Unit 601, Tsim Sha Tsui Centre, 66 Mody Road, Tsimshatsui, Kowloon, Hong Kong
Fax No.: 852-23013878
Email: general@cihl.com.hk

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries are set out in note 34 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 27.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at the year ended date. Revaluation deficit amounting to HK$538,000 in current year (2012: a surplus of HK$159,000). Details of such revaluation are set out in note 17 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements during the year of the Group's property, plant and equipment are set out in notes 18 to the financial statements.

Particulars regarding the Group's major properties are set out on pages 95 to 96.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the financial statements.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT (Continued)

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on pages 30 and 31 respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2013, the Company had no reserves available for cash distribution and/or distribution in specie, except that under the laws of Bermuda, the Company's share premium account, in the amount of approximately HK$484,159,000, may be distributed in the form of fully paid bonus shares.

DIRECTORS

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

Executive Directors
Mr. You Guang Wu *(Chairman)*
Mr. Su Wenzhao *(Managing Director)*
Mr. Huang Zhihe *(Deputy Managing Director)* (appointed on 5 August 2013)
Mr. Wu Yongqing *(Deputy Managing Director)* (resigned on 13 March 2014)

Independent Non-Executive Directors
Mr. Chan Kwok Wai
Mr. Chen Da Cheng
Mr. Deng Hong Ping

In accordance with the provisions of the Company's Bye-laws, Mr. You Guang Wu, Mr. Huang Zhihe and Mr. Deng Hong Ping shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each independent non-executive director is two years.

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

You Guang Wu, aged 49, is the chairman of the Company. Mr. You joined the Company as independent non-executive director of the Company in September 2004 and was redesignated as an executive director and was appointed vice chairman of the board of the Company on 6 April 2006. On 26 February 2009, Mr. You was appointed as the chairman of the board of the Company. Mr. You is the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. You is a senior accountant in the PRC. Mr. You holds a master degree in economics, and is now a doctorate candidate in finance of Zhongnan University of Economics and Law. He has accumulated extensive experience in investment, financing and financial management.

Su Wenzhao, aged 58, was appointed as an executive director of the Company on 20 January 2009 and the managing director of the Company on 26 February 2009. Mr. Su is a member of the nomination committee and the remuneration committee of the Company. Mr. Su graduated from Sun Yat-sen University, with a diploma in philosophy, and has extensive management experience of more than 25 years.

Wu Yongqing, aged 51, was appointed as an executive director of the Company on 22 July 2010 and the deputy managing director of the Company on 13 January 2012. He holds a diploma in corporate management and has more than 20 years of extensive management experience. He resigned as an executive director and deputy managing director on 13 March 2014.

Huang Zhihe, aged 45, was appointed as an executive director and the deputy managing director of the Company on 5 August 2013. Mr. Huang holds a bachelor degree in industrial management and engineering and a master of business administration from South China University of Technology. He has extensive experience of investment and development in real estate and management in hotel industry.

Independent Non-Executive Directors

Chan Kwok Wai, aged 55, was appointed as an independent non-executive director of the Company in September 2004 and is the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company. Mr. Chan holds a bachelor degree in Accounting and Commerce, and is an associate member of the CPA Australia and a member of Hong Kong Securities Institute. He has over 30 years of experience in the finance and accounting industry. Mr. Chan is also currently independent non-executive director of 4 listed public companies in Hong Kong, namely Chinese Estates Holdings Limited, Tern Properties Company Limited, National Electronics Holdings Limited and Far East Consortium International Limited.

Chen Da Cheng, aged 49, was appointed as an independent non-executive director of the Company in September 2004 and is the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Chen graduated from the Sun Yat-sen University and is a practicing solicitor in the PRC. He has over 26 years of experience in legal services.

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Independent Non-Executive Directors

Deng Hong Ping, aged 40, was appointed as an independent non-executive director of the Company on 6 April 2006 and is a member of the audit committee, the nomination committee and the remuneration committee of the Company. Mr. Deng holds a Bachelor Degree in marine engineering of the Ocean University of China in Guangdong and graduated in master of economics and legal studies of Huazhong University of Science and Technology. Mr. Deng is a practicing lawyer in the PRC and he has accumulated extensive experience in legal sectors, particularly in enterprises mergers and acquisition and debt reorganization.

Financial Controller

Ng Chun Hing, aged 49, was appointed as the qualified accountant of the Company in July 2004 and was appointed as the financial controller of the Company on 1 March 2011. Mr. Ng graduated from Curtin University of Technology with a Bachelor of Commerce degree majoring in accounting and subsequently obtained a Master of Professional Accounting from The Hong Kong Polytechnic University. He is a Fellow Member of the Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant Member of the CPA Australia. He has over 20 years of experience in the accounting and financing field.

Note: The Group's businesses are under the direct responsibility of the above executive directors who are regarded as members of the senior management of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2013, none of the Directors, or their associates, had any interests in any securities of the Company or any of its associated corporation.

DIRECTORS' REPORT (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, the persons who were interested in 5% or more in the shares and underlying shares of the Company are as follows:

Names	Number of shares	*Notes*	Capacity	Approximate percentage of total issued share capital as at 31 December 2013
佛山市南海聯達投資（控股）有限公司 (Foshan Nanhai Lian Da Investment (Holding) Co., Ltd.*)	345,360,845	*1*	Corporate interest	29.06%
廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	345,360,845	*1*	Corporate interest	29.06%
Leung Siu Fai	151,610,779	*2*	Corporate interest	12.76%
Mighty Management Limited	151,610,779	*2*	Beneficial owner	12.76%
Nam Keng Van Investment Company Limited	121,864,487	*3*	Beneficial owner	10.26%
Cui Guo Jian	121,864,487	*3*	Corporate interest	10.26%
Pu Jian Qing	121,864,487	*3*	Corporate interest	10.26%

DIRECTORS' REPORT (Continued)

Notes:

1. These 345,360,845 shares were held by Prize Rich Inc which was wholly-owned by 佛山市南海聯達投資（控股）有限公司 (Foshan Nanhai Lian Da Investment (Holding) Co., Ltd.*), which was in term wholly-owned by 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*).

2. These 151,610,779 shares were held by Mighty Management Limited which was wholly-owned by Mr. Leung Siu Fai.

3. These 121,864,487 shares were held by Nam Keng Van Investment Company Limited which was wholly-owned by Mr. Cui Guo Jian and Mr. Pu Jian Qing equally.

Save as disclosed above, no other parties were recorded in the register as having an interest in 5% or more of the issued share capital of the Company.

* *For identification purpose only*.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 20 May 2003 (the "Old Scheme"). During the year, no options was granted, exercised, lapsed or cancelled under the Scheme. The Old Scheme was terminated by shareholders at the annual general meeting of the Company held on 26 April 2013. At 31 December 2013 and 2012, there were no options outstanding under the Scheme.

A new share option scheme was adopted by shareholders of the Company at the said annual general meeting held on 26 April 2013 (the "New Scheme"). The New Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the New Scheme.

The purpose of the Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants for their contribution or future contribution to the Group and to strengthen the many long-term relationships that the participants may have with the Group.

For detail of terms of the New Scheme, please refer note 28 of the financial statements.

DIRECTORS' REPORT (Continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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, there is sufficient public float of not less than 25% of the Company's issued shares as required under the listing rules of The Hong Kong Stock Exchange Limited.

CHARITABLE DONATIONS

During the year, no charitable donations were made within the Group (2012: HK$12,300).

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest supplier accounted for 4.74% of the Group's purchases and the five largest suppliers accounted for 17.65% of the Group's total purchases. The largest customer accounted for 2.45% of the Group's turnover and the five largest customers accounted for 8.17% of the Group's total turnover.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has an interest in the Group's five largest suppliers and customers.

DIRECTORS' REPORT (Continued)

EMPLOYEES

The total number of employees of the Group is approximately 212 (31 December 2012: 257). The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides education allowances to the employees.

PRE-EMPTIVE RIGHTS

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

AUDITOR

On 16 January 2013, HLM & Co. resigned as the auditor due to change of entity status from partnership to limited company. At the special general meeting of the Company held on 22 February 2013, HLM CPA Limited was appointed as auditor. The consolidated financial statements for the year ended 31 December 2013 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming annual general meeting.

On behalf of the Board
China Investments Holdings Limited

You Guang Wu
Chairman

Hong Kong, 13 March 2014

INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF CHINA INVESTMENTS HOLDINGS LIMITED
中國興業控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Investments Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 93, which comprise the consolidated and Company statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITY (Continued)

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, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 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 disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants
Ng Fai Fiona
Practicing Certificate Number P4986
Hong Kong

13 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Continuing operations			
Turnover	6	**29,616**	35,738
Cost of sales and services		**(15,421)**	(15,026)
Gross profit		**14,195**	20,712
Other operating income	8	**22,827**	6,686
Selling and distribution costs		**(982)**	(690)
Administrative expenses		**(31,291)**	(28,690)
(Decrease)/increase in fair value of investment properties		**(538)**	159
Impairment loss on properties held for sale		**(1,962)**	(3,889)
Profit/(loss) before taxation		**2,249**	(5,712)
Income tax expenses	9	**(2,260)**	(624)
Loss for the year from continuing operations	12	**(11)**	(6,336)
Discontinued operations			
(Loss)/profit from discontinued operations and compensation		**(5,360)**	69,918
Gain on writing back of unclaimed liabilities and accounts payable legally time barred and lapsed, net of income tax		**3,952**	41,947
Net (loss)/profit for the year from discontinued operations	10	**(1,408)**	111,865
(Loss)/profit for the year and attributable to owners of the Company		**(1,419)**	105,529
Other comprehensive income, net of income tax			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of hotel properties		**597**	2,973
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**5,100**	2,253
Other comprehensive income for the year, net of income tax		**5,697**	5,226
Total comprehensive income for the year and attributable to owners of the Company		**4,278**	110,755
(Loss)/earnings per share	16		
From continuing and discontinued operations			
Basic		**(HK0.12 cents)**	HK 8.88 cents
Diluted		**(HK0.12 cents)**	HK 8.88 cents
From continuing operations			
Basic		**HK0 cent**	(HK 0.53 cents)
Diluted		**HK0 cent**	(HK 0.53 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Investment properties	17	**11,422**	11,960
Property, plant and equipment	18	**128,349**	111,620
		139,771	123,580
Current assets			
Properties held for sale	21	**57,578**	59,540
Inventories	22	**1,590**	1,592
Trade and other receivables	23	**137,584**	153,614
Financial assets at fair value through profit or loss	24	**1**	1
Bank balances and cash	25	**378,888**	375,422
		575,641	590,169
Assets classified as held for sale	11	**–**	13,617
		575,641	603,786
Current liabilities			
Trade and other payables	26	**104,683**	116,653
Tax payable		**18,671**	22,933
		123,354	139,586
Net current assets		**452,287**	464,200
Total assets less current liabilities		**592,058**	587,780
Capital and reserves			
Share capital	27	**118,833**	118,833
Reserves		**473,225**	468,947
Equity attributable to owners of the Company		**592,058**	587,780

The consolidated financial statements on pages 27 to 93 were approved and authorised for issue by the Board of Directors on 13 March 2014 and are signed on its behalf by:

YOU GUANG WU	**SU WENZHAO**
Director	*Director*

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current asset			
Investment in subsidiaries	*20*	**23,607**	23,607
Current assets			
Amounts due from subsidiaries		**216,542**	342,352
Deposits and other receivables		**581**	731
Bank balances and cash	*25*	**122,602**	160
		339,725	343,243
Current liability			
Other payables		**79,185**	79,177
Net current assets		**260,540**	264,066
Total assets less current liability		**284,147**	287,673
Capital and reserves			
Share capital	*27*	**118,833**	118,833
Reserves		**165,314**	168,840
Equity attributable to owners of the Company		**284,147**	287,673

The financial statements on pages 27 to 93 were approved and authorised for issue by the Board of Directors on 13 March 2014 and are signed on its behalf by:

YOU GUANG WU
Director

SU WENZHAO
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Statutory reserve *(note)* HK$'000	Hotel properties revaluation reserve* HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
THE GROUP							
At 1 January 2012	118,833	484,159	31,753	38,555	(54,348)	(141,927)	477,025
Profit for the year	–	–	–	–	–	105,529	105,529
Other comprehensive income for the year							
– Surplus on revaluation of hotel properties	–	–	–	2,973	–	–	2,973
– Release of revaluation reserve of hotel properties	–	–	–	(1,224)	–	1,224	–
– Exchange differences arising on translation of foreign operations	–	–	–	–	2,253	–	2,253
Other comprehensive income for the year	–	–	–	1,749	2,253	1,224	5,226
Total comprehensive income for the year	–	–	–	1,749	2,253	106,753	110,755
At 31 December 2012	**118,833**	**484,159**	**31,753**	**40,304**	**(52,095)**	**(35,174)**	**587,780**
At 31 December 2012 and 1 January 2013	**118,833**	**484,159**	**31,753**	**40,304**	**(52,095)**	**(35,174)**	**587,780**
Loss for the year	–	–	–	–	–	(1,419)	(1,419)
Other comprehensive income for the year							
– Surplus on revaluation of hotel properties	–	–	–	597	–	–	597
– Release of revaluation reserve of hotel properties	–	–	–	(1,321)	–	1,321	–
– Exchange differences arising on translation of foreign operations	–	–	–	–	5,100	–	5,100
Other comprehensive income for the year	–	–	–	(724)	5,100	1,321	5,697
Total comprehensive income for the year	–	–	–	(724)	5,100	(98)	4,278
At 31 December 2013	**118,833**	**484,159**	**31,753**	**39,580**	**(46,995)**	**(35,272)**	**592,058**

* *Items that will not be reclassified to profit or loss*

Note: Statutory reserve represents general reserve and enterprise expansion fund which are set up by subsidiaries established and operated in the People's Republic of China ("PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of Directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2013

	Attributable to owners of the Company			
	Share capital	**Share premium**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
THE COMPANY				
At 1 January 2012	118,833	484,159	(312,389)	290,603
Loss for the year	–	–	(2,930)	(2,930)
At 31 December 2012 and 1 January 2013	**118,833**	**484,159**	**(315,319)**	**287,673**
Loss for the year	–	–	(3,526)	(3,526)
At 31 December 2013	**118,833**	**484,159**	**(318,845)**	**284,147**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
(Loss)/profit for the year	**(1,419)**	105,529
Adjustments for:		
Interest income	**(12,472)**	(1,161)
Income tax expenses	**9,224**	20,919
Decrease/(increase) in fair value of investment properties	**538**	(159)
Impairment loss on properties held for sale	**1,962**	3,889
Impairment loss on property, plant and equipment	**–**	11,426
Impairment loss on inventories	**–**	3,765
Gain on written back of unclaimed liabilities and accounts payable legally time barred and lapsed	**(3,952)**	(41,947)
Provision for loss in litigation written back	**(288)**	(3,599)
Net exchange gain	**(8,948)**	(2,538)
Depreciation of property, plant & equipment	**8,593**	7,610
Net (gain)/loss on disposal of fibreboard business assets	**(4,364)**	1,204
Net compensation from cessation of fibreboard business	**–**	(122,346)
Share of impairment loss of an associate	**–**	2,698
Loss on disposal of property, plant and equipment	**28**	16
Operating cash flow before movements in working capital	**(11,098)**	(14,694)
Decrease in inventories	**2,673**	31,150
(Increase)/decrease in trade and other receivables	**(3,493)**	17,539
Increase in trade and other payables	**(7,926)**	(11,908)
Cash (used in)/generated from operations	**(19,844)**	22,087
Tax paid	**(14,303)**	(2,046)
Net cash (used in)/generated from operating activities	**(34,147)**	20,041

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2013

	2013	2012
	HK$'000	HK$'000
Investing activities		
Purchase of property, plant and equipment	**(24,258)**	(1,709)
Deposit paid for purchase of property	**(130,657)**	–
Compensation income received	**149,315**	220,700
Placement of time deposit with maturity over three months	**(128,041)**	–
Net proceeds from disposal of fibreboard business assets	**11,261**	10,465
Interest received	**16,215**	1,161
Net proceeds from disposal of property, plant and equipment	**–**	18
Net cash (used in)/generated from investing activities	**(106,165)**	230,635
Net (decrease)/increase in cash and cash equivalents	**(140,312)**	250,676
Cash and cash equivalents at 1 January	**375,422**	117,009
Effect of foreign exchange rates changes	**15,737**	7,737
Cash and cash equivalents at 31 December	**250,847**	375,422
Analysis of the balances of cash and cash equivalents, being:		
Bank balances and cash	**378,888**	375,422
Less: time deposit with maturity over three months	**(128,041)**	–
	250,847	375,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the main board of 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 "Corporate Information" section of the annual report.

During the year, the principal activities of the Group are property development and investment, hotel operation and investment holding. The principal activities of the Company and its subsidiaries (the "Group") are described in note 34.

In prior years, the Group was also engaged in manufacturing and trading of fibreboards. These operations were discontinued in December 2011. Details are set out in note 10.

Functional and presentation currency

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

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

In the current year, the Group has adopted the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning on 1 January 2013.

HKFRS 1 (Amendments)	Government Loans
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009-2011 cycle
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

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

HKFRS 13: Fair Value Measurement

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

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

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

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

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

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

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

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The adoption of the new or revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial Instruments[5]
HKFRS 7 and HKFRS 9 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 7, HKFRS 9 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27(Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKAS 19 (Amendments)	Employee Benefit[2]
HKAS 32 (Amendments)	Presentation-offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non- Financial Assets[1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and measurement-Novation of Derivatives and Continuation of Hedge Accounting of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 July 2014, with limited expection
5 No mandatory effective date yet determined but is available for adoption

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost generally based on the fair value of the consideration given in exchange for assets.

Fair Value

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All intra-group transactions, balances, income and expenses have been eliminated on consolidation.

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in an associate (Continued)

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

i. *Hotel Properties*

Hotel properties are stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent impairment losses. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of hotel properties are recognised in other comprehensive income and are accumulated in the properties revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of hotel properties arising on revaluations or impairment testing is recognised in other comprehensive income to the extent of the revaluation surplus in the properties revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

ii. *Property, plant and equipment (other than Hotel properties)*

Property, plant and equipment (other than hotel properties) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than hotel properties) over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Furniture, equipment and leasehold improvements	10% to 30%
Plant and machinery	10% to 30%
Motor vehicles	15% to 30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

iii. Construction in progress

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when it is completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Non-current assets held for sale

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current asset (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition. All regular purchases or sales of financial assets at fair value through profit or loss are recognised and derecognised on a trade date basis. Regular 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 market place. At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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 and other receivables, prepayments and deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

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

For the financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest 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 financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other 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 past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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 asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, when the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's statement of financial position (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the consideration required to settle the obligation at the end of each reporting period, and are discounted to present value where the effect is material.

Impairment loss of tangible and intangible assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised as an expense immediately.

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

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Revenue recognition

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

(i) Hotel operations

Revenue arising from hotel operations is recognised when the relevant services are rendered.

(ii) Sales of goods

Sales of goods other than properties are recognised when goods are delivered and title has passed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(iii) Rental income

Rental income arising from properties let under operating leases is recognised on a straight-line basis over the periods of the respective leases.

(iv) Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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 tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

Government grants

A government grant is recognised only when there is reasonable assurance that (a) the enterprise will comply with any conditions attached to the grant and (b) the grant has been approved and will be received. Government grants shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. They shall not be credited directly to shareholders' interests. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognised as income in the period in which it is receivable. Grants related to income are presented as a credit in the consolidation statement of profit or loss and other comprehensive income, under a general heading "Other income".

Retirement benefits scheme

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated statement of profit or loss and other comprehensive income 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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a liability and the aggregate benefit is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 re-translated.

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 Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the re-translation 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 equity, in which cases, the exchange differences are also recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of 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 addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), 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 on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

Related parties

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

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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 the Group;

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

(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).

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts or bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

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, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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.

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed that Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. Moreover, the fair value of the Group's investment properties is lower than acquisition cost. As a result, the Group has not recognized any deferred taxes on change in fair value of investment properties as the Group is not subject to any incomes taxes on disposal of its investment properties.

Deferred taxation on hotel properties

No deferred tax has been provided in respect of the valuation surplus relating to the Hotel Properties for the year as the carrying amount does not exceed the total investment cost and the director considered that there is no taxable flow of economic benefits to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

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

Key sources of 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.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of property, plant and equipment

Machinery and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of fair value of the machinery and equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise. As at 31 December 2013 the Group reported no impairment loss for machinery, equipment and motor vehicles.

Impairment of hotel properties

Hotel properties are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of the hotel properties. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

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

Fair value of Group's properties

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The qualified external valuers establish the appropriate valuation techniques and inputs to the model. The financial controller reports the qualified external valuers' findings to the board of Directors of the Company every year to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 5, 17 and 18 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

In making the estimate of fair value, the Group considers information from current prices in an active market for similar properties in the same location and condition and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Group's properties were revalued as at 31 December 2013 based on the appraised market value by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The carrying amount of investment properties and Hotel properties at 31 December 2013 was HK$11,422,000 and HK$112,000,000 respectively (2012: HK$11,960,000 and HK$92,200,000).

Net realizable value of properties held for sale

Management reviews the recoverable amount of properties held for sale at the end of each reporting period. The recoverable amount is the estimated selling price of the properties less costs to sell. Management makes estimates in determining the recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

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

Impairment of inventories

The management of the Group reviews an aging analysis at the end of each reporting period, and identifies obsolete and slow-moving inventory items that are no longer suitable for use in production. The management estimates the net realisable value for the inventory based primarily on the latest invoice prices and current market conditions. The Group carries out a review of the inventories on a product-by-product basis at the end of each reporting periods and provide impairment on obsolete items.

Allowance for doubtful debts of trade and other receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivable. Allowances are made on trade and other receivable whenever there is any objective evidence that the balances may not be collectible. In determining whether an allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the management investigate the relevant debts and report on the recoverability. Specific allowance is only made for those trade and other receivables that are unlikely to be collected. Where the expectation on the recoverability of trade and other receivables is different from the original estimate, such difference will impact the carrying amounts of debtors and doubtful debt expenses in the periods in which such estimate has been changed.

The carrying amount of trade and other receivables from continued operations at 31 December 2013 is HK$137,584,000 (2012: HK$153,614,000). Details of the recoverable amount calculation are disclosed in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

5. FINANCIAL RISK MANAGEMENT

Foreign exchange exposure

The Group mainly earned revenue and incurred cost in Renminbi ("RMB") and Hong Kong Dollar. The effect of exchange rate fluctuation on earned revenue and incurred cost would be able to offset each other in the business operation of the Group. In past several years, the exchange rates of Renminbi to Hong Kong Dollars kept on increasing till the second half of 2008 when it became stable. The Directors expect that Renminbi's exchange rate will remain stable and will not cause material adverse foreign exchange risk on the Group. Therefore, the Group currently does not have any specific foreign exchange risk hedging need for this matter.

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

	The Group At 31 December		The Company At 31 December	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Assets				
Denominated in Renminbi	**510,611**	488,271	**122,447**	–
Denominated in US dollars	**123**	5,046	**3**	–
	510,734	493,317	**122,450**	–
Liabilities				
Denominated in Renminbi	**44,575**	56,533	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

5. FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange exposure (Continued)

The following shows the sensitivity analysis of a 5% increase/decrease in RMB against Hong Kong dollars. The sensitivity analysis includes only RMB dollars denominated monetary items and adjusts their translation at the year end for a 5% change in RMB dollars rates. If there is a 5% increase/decrease in RMB against the Hong Kong dollars, the effect in the loss for the year is as follows:

	The Group		**The Company**	
	At 31 December		**At 31 December**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Decrease/increase in loss for the year	**17,602**	14,375	**6,122**	–

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Interest rate risk

The Group does not have any significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables/liabilities which are subject to floating interest rate.

Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the board of Directors. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

5. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk management (Continued)

As at 31 December 2013, the Group's net current assets amounted to HK$452,287,000 (2012: HK$464,200,000), current ratio (being current assets divided by current liabilities) was approximately 4.67 times (2012: 4.33 times), while total current assets amounted to HK$575,641,000 (2012: HK$603,786,000), which is expected to be sufficient to meet the capital requirement of the Group's operations and development in the near future.

The following tables detail the Group's remaining contractual maturity for its financial liabilities at the end of the reporting period:

	2013					
	Weighted average interest rate %	**On demand HK$'000**	**Within 1 year HK$'000**	**1-3 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
Trade and other payables	**–**	**104,683**	**–**	**–**	**104,683**	**104,683**
Tax payables	**–**	**18,671**	**–**	**–**	**18,671**	**18,671**
	–	**123,354**	**–**	**–**	**123,354**	**123,354**

	2012					
	Weighted average interest rate %	On demand HK$'000	Within 1 year HK$'000	1-3 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Trade and other payables	–	116,653	–	–	116,653	116,653
Tax payables	–	22,933	–	–	22,933	22,933
	–	139,586	–	–	139,586	139,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

5. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Details of the Group's credit policies are included in note 23.

Fair value

i) Financial instruments carried at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	31/12/2013	31/12/2012		
Held-for trading non-derivative financial assets	Listed equity securities In Hong Kong HK$1,243	Listed equity securities In Hong Kong HK$1,109	Level 1	Quoted closing prices in an active market

Except as described above, at 31 December 2013, the Company did not have any financial instruments carried at fair value.

At 31 December 2013, there were no transfers between financial instruments in Level 1 and Level 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

5. FINANCIAL RISK MANAGEMENT (Continued)

Fair value (Continued)

i) *Fair values of financial instruments carried at other than fair value*

At 31 December 2013 and 2012, the Group has no financial instruments carried at cost or amortised cost.

ii) *The fair values of financial assets and financial liabilities are determined as follows:*

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

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

6. TURNOVER

Turnover represents the gross amounts received and receivable for revenue arising on hotel operations, and goods sold by the Group to outside customers, less return and allowances and gross rental income during the year.

7. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions – hotel operations and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel operations	–	hotel ownership and management
Property investment	–	holding investment properties and properties held for sale

Fibreboards operation was discontinued in 2011. The segment information reported on this note does not include any amounts for this discontinued operation, which are described in more detail in note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

7. SEGMENT INFORMATION (Continued)

Segment information about these continuing operations is presented below:

	Segment Revenue		Segment result	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hotel operations	**25,714**	33,420	**(1,994)**	1,599
Property investment	**2,329**	2,245	**1,968**	1,907
Other operating segment	**1,573**	73	**(775)**	–
Total for continuing operations	**29,616**	35,738	**(801)**	3,506
Interest income			**12,472**	549
(Decrease)/increase in fair value of investment properties			**(538)**	159
Impairment loss on properties held for sale			**(1,962)**	(3,889)
Net central administration cost			**(6,922)**	(6,037)
Profit/(loss) before taxation			**2,249**	(5,712)
Income tax expense			**(2,260)**	(624)
Loss for the year (continuing operations)			**(11)**	(6,336)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: nil).

Segment result represents the (loss)/profit generated by each segment without allocation of investment income, central administration costs and Directors' salaries, other gains and losses, finance costs and change in fair value of investment properties. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	2013	2012
Segment Assets	**HK$'000**	HK$'000
Hotel operations	**129,199**	110,095
Property investment	**197,332**	75,636
Other operating segment	**2,908**	–
Total segment assets	**329,439**	185,731
Assets relating to Fibreboards (now discontinued operations)	**–**	13,617
Bank balances and cash	**378,888**	375,422
Unallocated assets	**7,085**	152,596
Consolidated assets	**715,412**	727,366
Segment Liabilities		
Hotel operations	**4,122**	7,334
Property investment	**405**	807
Other operating segment	**882**	–
Total segment liabilities	**5,409**	8,141
Convertible notes	**78,908**	78,908
Unallocated liabilities	**39,037**	52,537
Consolidated liabilities	**123,354**	139,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

7. SEGMENT INFORMATION (Continued)

Other segment information

2013	**Hotel operations HK$'000**	**Property investment HK$'000**	**Other operating segment HK$'000**	**Total HK$'000**
Continuing operations				
Depreciation	**7,823**	**–**	**600**	**8,423**
Additions to non-current assets	**24,082**	**–**	**–**	**24,082**
Interest income	**1,575**	**–**	**–**	**1,575**
Impairment loss on properties held for sale	**–**	**1,962**	**–**	**1,962**
Loss on disposal of property, plant and equipment	**28**	**–**	**–**	**28**

2012	Hotel operations HK$'000	Property investment HK$'000	Other operating segment HK$'000	Total HK$'000
Continuing operations				
Depreciation	7,200	–	–	7,200
Additions to non-current assets	1,697	–	–	1,697
Interest income	85	–	–	85
Impairment loss on properties held for sale	–	3,889	–	3,889
Income tax expenses	622	–	–	622
Loss on disposal of property, plant and equipment	16	–	–	16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

7. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's hotel operation is located in the People's Republic of China, other than Hong Kong (the "PRC").

Property investment is located in both PRC and Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market		**Non-current assets***	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**28,903**	35,015	**128,425**	111,924
Hong Kong	**713**	723	**11,000**	11,500
	29,616	35,738	**139,425**	123,424

* *Non-current assets exclude those relating to the Fibreboard operations*

Information about major customers

For the year ended 31 December 2013 and 31 December 2012, no single external customers accounted for 10% or more of the Group's total revenue from continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

8. OTHER OPERATING INCOME

Other operating income included the following items:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Continuing operations		
Interest income	**12,472**	549
Net exchange gain	**8,948**	2,538
Provision for loss in litigation written back	**288**	3,599

9. INCOME TAX EXPENSE

	2013	2012
	HK$'000	HK$'000
Continuing operations		
Tax charges comprise:		
Current tax – Provision for PRC enterprises income tax	**2,260**	685
Over-Provision for PRC enterprises income tax	**–**	(61)
	2,260	624

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2013 (2012: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

9. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit/(loss) per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	HK$'000
Profit/(loss) before taxation from continuing operations	**2,249**	(5,712)
Tax at the rates applicable to profits in the countries concerned	**1,132**	(719)
Tax effect of non deductible expenses	**4,178**	3,957
Tax effect of non taxable revenue	**(3,176)**	(2,553)
Over-provided in previous year	**–**	(61)
Tax effect of tax loss not recognized	**126**	–
Tax effect for the year (relating to continuing operations)	**2,260**	624

No deferred tax has been provided in respect of the valuation surplus relating to the Hotel Properties for the year as the carrying amount does not exceed the total investment cost and the director considered that there is no taxable flow of economic benefits to the Group.

Pursuant to the PRC Corporate Income Tax Law dependent upon the nationality and domicile of the foreign investors, a 5% to 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in PRC. The requirement has become effective from 1 January 2008 and applies to earnings after 31 December 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

9. INCOME TAX EXPENSE (Continued)

At 31 December 2013, the unrecognised deferred tax liabilities were approximately HK$149,000 (2012: approximately HK$743,000), relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the Directors consider that the timing for reversed of the related temporary differences can be controlled and such temporary differences will not be reversal in the foreseeable future. The total undistributed profits of theses PRC subsidiaries as at 31 December 2013 amounted to approximately HK$15,000 (2012: approximately HK$74,000).

With regard to the Group's investment properties, as none of them is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

10. DISCONTINUED OPERATIONS

On 20 December 2011, the Foshan City Nanhai District Environment, Transport and City Management Authority「佛山市南海區環境運輸和城市管理局」("Foshan Environmental Authority") issued a notice to Foshan City Nanhai Kang Sheng Timber Company Limited ("Kang Sheng") and Forshan City Nanhai Jia Shun Timber Company Limited ("Jia Shun"), the wholly-owned subsidiaries of the Company and the Joint Venture Company, the Company's 42%-owned associate which carried out all of the Group's fibreboards operations, requiring them to cease their operations at the landed property (including land use rights and the buildings and structures thereon) situated at Foshan City which was leased to Kang Sheng and Jia Shun ("the property") before 31 December 2011, in order to reduce the emission of pollutants and improve the environment in the region.

The Company signed Compensation Memorandum with the Foshan City Nanhai District People's Government「佛山市南海區人民政府」("Foshan Nanhai Government"). Pursuant to the Compensation Memorandum, Foshan Nanhai Government resumed the property situated at Foshan City that was leased to Kang Sheng and Jia Shun and a lump sum payment was made to the Group as compensation for the cessation of fibreboard business. Details of this transaction and terms of compensations have been set out in the Company's announcement dated at 20 December 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

10. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operation included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below.

	2013	2012
	HK$'000	HK$'000
(Loss)/profit for the year from discontinued operations		
Turnover	**2,443**	31,985
Cost of sales	**(1,995)**	(33,343)
Gross profit/(loss)	**448**	(1,358)
Other operating income	**118**	662
Selling and distribution costs	**–**	(91)
Administrative expenses	**(3,326)**	(12,253)
Share of impairment loss of an associate	**–**	(2,698)
Impairment loss on inventories	**–**	(3,765)
Impairment loss on properties, plant and equipment	**–**	(11,426)
Net compensation from cessation of fibreboard business	**–**	122,346
Net profit/(loss) on disposal of fibreboard business assets	**4,364**	(1,204)
Profit before taxation from discontinued operation	**1,604**	90,213
Attributable income tax expense	**(6,964)**	(20,295)
(Loss)/profit from discontinued operations and compensation	**(5,360)**	69,918
Gain on writing back of unclaimed liabilities and accounts payable which are legally time barred and lapsed, net of income tax (Note)	**3,952**	41,947
Net (loss)/profit for the year from discontinued operations (attributable to owners of the Company)	**(1,408)**	111,865

Note: The unclaimed liabilities and payables were generated from fibreboard business. The Company announced the cessation of fibreboard business on 20 December 2011. Up to the reporting date, no recourse of the unclaimed liabilities and payables was received by the Group. According to the legal opinion, the unclaimed liabilities and payables had been legally time barred and lapsed. Thus, the Directors decided to write back the unclaimed liabilities and payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

10. DISCONTINUED OPERATIONS (Continued)

(Loss)/profit for the year from discontinued operations include the following:

	2013	2012
	HK$'000	HK$'000
Depreciation and amortization	**–**	–
Auditor's remuneration	**–**	–

Cash flows from discontinued operations

	2013	2012
	HK$'000	HK$'000
Net cash (outflows)/inflows from operating activities	**(1,317)**	11,824
Net cash inflows from investing activities	**10,386**	186,334
Net cash inflows	**9,069**	198,158

11. ASSETS CLASSIFIED AS HELD FOR SALES

	2013	2012
	HK$'000	HK$'000
Assets related to fibreboard business classified as held for sales *(Note 1)*	**–**	13,617

Note:

1) All assets classified as held for sale were disposed of during the year. The gain on disposal was recognised in the consolidated statement of profit or loss and other comprehensive income.

The major classes of assets and liabilities of the fibreboard business at the end of the reporting period are as follows:

	2013	2012
	HK$'000	HK$'000
Properties, plant & equipment	–	10,656
Inventories	–	2,961
Assets classified as held for sale	–	13, 617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

12. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Continuing operations		
Loss for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**8,593**	7,610
Auditor's remuneration	**700**	700
Staff costs (including Directors' remuneration and retirement benefit scheme contribution)	**15,069**	15,707
Loss on disposal of property, plant and equipment	**28**	16
Gross rental income from investment properties	**(2,329)**	(2,245)
Less:		
Direct operating expenses from investment properties which generated rental income during the year	**22**	18
Direct operating expenses from investment properties which did not generate rental income during the year	**229**	297
	(2,078)	(1,930)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

a. Directors' emoluments

The emoluments paid or payable to each of the seven (2012: six) Directors were as follows:

2013	**Fees HK$'000**	**Salaries and other benefits HK$'000**	**Performance-based or discretionary bonus HK$'000**	**Retirement benefits scheme contributions HK$'000**	**Total HK$'000**
Mr. You Guang Wu	**–**	**1,244**	**136**	**41**	**1,421**
Mr. Su Wenzhao	**–**	**1,080**	**120**	**36**	**1,236**
Mr. Wu Yongqing	**108**	**295**	**–**	**–**	**403**
Mr. Huang Zhihe	**44**	**120**	**–**	**–**	**164**
Mr. Chan Kwok Wai	**89**	**–**	**–**	**–**	**89**
Mr. Chen Da Cheng	**89**	**–**	**–**	**–**	**89**
Mr. Deng Hong Ping	**89**	**–**	**–**	**–**	**89**

2012	Fees HK$'000	Salaries and other benefits HK$'000	Performance-based or discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Mr. You Guang Wu	–	1,244	136	41	1,421
Mr. Su Wenzhao	–	1,080	120	36	1,236
Mr. Wu Yongqing	108	283	–	16	407
Mr. Chan Kwok Wai	86	–	–	–	86
Mr. Chen Da Cheng	86	–	–	–	86
Mr. Deng Hong Ping	86	–	–	–	86

No Directors had waived any emoluments for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

b. Employees' emoluments

During the year, the five highest paid individuals included two Directors (2012: two Directors), details of whose emoluments are set out above. The emoluments of the other three individuals (2012: three individuals) were as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Salaries and other benefits	**1,475**	1,451
Retirement benefits scheme contributions	**48**	46
	1,523	1,497

The aggregate emoluments of each of these three (2012: three) highest paid individuals are less than HK$1,000,000.

14. RETIREMENT BENEFIT SCHEME

The Group contributes to a defined contribution retirement scheme which is available to Hong Kong permanent employees. This retirement scheme is administered by independent trustees with their assets held separately from those of the Group. Contributions under the staff retirement scheme for each year are based on a percentage of the eligible employees' salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred. The total contribution to the scheme amounted to HK$106,980 (2012: HK$110,152) for the year and has been charged to the consolidated statement of profit or loss and other comprehensive income. Forfeited employer contributions in respect of former employees from the staff retirement scheme before vesting period may be used by the Group to reduce its ongoing employer contributions. There is no forfeited contribution utilised during the year.

At the end of the reporting period, there is no balance of forfeited contributions available to reduce the contribution payable in the future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

14. RETIREMENT BENEFIT SCHEME (Continued)

Since the introduction of the Mandatory Provident Fund ("MPF") Scheme in Hong Kong, the Group has also participated in an approved MPF Scheme with Bank Consortium Trust Company Limited effective 1 December 2001 to provide an MPF Scheme to all employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited at 5% of HK$25,000 for each eligible employee) as calculated under the MPF legislation. During the year under review, the total amount contributed by the Group to the MPF Scheme and charged to the consolidated statement of profit or loss and other comprehensive income amounted to HK$62,859 (2012: HK$59,302).

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

15. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2013 and 2012.

16. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK$1,419,000 (2012: profit of HK$105,529,000) and on the number of 1,188,329,142 ordinary shares (2012: 1,188,329,142 ordinary shares) in issue during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

16. (LOSS)/EARNINGS PER SHARE (Continued)

From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2013 HK$'000	2012 HK$'000
(Loss)/profit for the year attributable to owners of the Company	**(1,419)**	105,529
Less:		
(Loss)/profit for the year from discontinued operations	**(1,408)**	111,865
Loss for the purpose of basic/diluted loss per share from continuing operations	**(11)**	(6,336)

The denominators used are the same as those detailed above for both basis and diluted loss per share.

From discontinued operations

Basic/diluted (loss)/earnings per share for the discontinued operation is HK$0.12 cents loss per share (2012: HK$9.41 cents earnings per share), based on the loss for the year from the discontinued operations of HK$1,408,000 (2012: Profit of HK$111,865,000) and the denominators detailed above for the both basic and diluted loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

17. INVESTMENT PROPERTIES

	In the PRC held under medium-term leases	In Hong Kong held under medium-term leases	Total
	HK$'000	HK$'000	HK$'000
FAIR VALUE OF INVESTMENT PROPERTIES			
At 1 January 2012	571	11,230	11,801
(Decrease)/increase in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(111)	270	159
At 31 December 2012 and 1 January 2013	**460**	**11,500**	**11,960**
Decrease in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(38)	(500)	(538)
At 31 December 2013	**422**	**11,000**	**11,422**

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

Investment properties were revalued at their open market value at 31 December 2013 by Associated Surveyors & Auctioneers Ltd., an independent firm of professional valuers, on an open market value basis. This valuation gave rise to a revaluation deficit of HK$538,000 (2012: surplus of HK$ 159,000), which has been charged to the consolidated statement of profit or loss and other comprehensive income.

Associated Surveyors & Auctioneers Ltd is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

17. INVESTMENT PROPERTY (Continued)

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the investment properties, the highest and best use of properties is their current use.

The following table gives information about how the respective fair values of the investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 2) based on the degree to which the inputs to the fair value measurements are observable.

Property	Fair Value Hierarchy	Valuation Technique(s) and Key Input(s)	Significant Observable Inputs
Commercial property in Shantou Special Economic Zone, Guangdong Province	Level 2	Direct comparison method The key inputs were: (1) saleable floor area of the property; and (2) unit rate (i.e. $ per square). Saleable floor areas of the property was based on developer's sale brochures.	Unit rate was based on direct market comparables and after taking into account of factors such as location, time of transaction, floor level, size, layout, orientation, view, age of building, building quality, etc. Unit rate adopted as at the date of valuation was: $135/ft^2
Commercial property unit located in Hong Kong	Level 2	Direct comparison method The key inputs were: (1) saleable floor area of the property; and (2) unit rate (i.e. $ per square feet). Saleable floor area of the property was based on developer's sale brochures, our scaling off of registered floor plans or information obtained from Rating and Valuation Department of Hong Hong.	Unit rate was based on direct market comparables and after taking into account of factors such as location, time of transaction, floor level, size, layout, orientation, view, age of building, building quality, etc. Unit rate adopted as at the date of valuation was: $3,210/ft^2

There were no transfers into or out of Level 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT

2013

	Hotel properties in the PRC held under medium-term leases HK$'000	Construction in progress HK$'000	Furniture equipment and leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost and Valuation						
THE GROUP						
At 1 January 2013	92,200	–	32,067	17,321	3,426	145,014
Addition	22,528	1,303	391	36	–	24,258
Transfer	–	(302)	224	78	–	–
Disposal and write off	–	–	(1,373)	(644)	–	(2,017)
Exchange differences	–	–	865	505	52	1,422
Deficit on revaluation	(2,728)	–	–	–	–	(2,728)
At 31 December 2013	112,000	1,001	32,174	17,296	3,478	165,949
Comprising:						
At cost	–	1,001	32,174	17,296	3,478	53,949
At valuation – 2013	112,000	–	–	–	–	112,000
	112,000	1,001	32,174	17,296	3,478	165,949
DEPRECIATION						
At 1 January 2013	–	–	18,248	12,769	2,377	33,394
Provided for the year	3,325	–	4,121	860	287	8,593
Eliminated on disposal and write off	–	–	(1,345)	(644)	–	(1,989)
Eliminated on revaluation	(3,325)	–	–	–	–	(3,325)
Exchange differences	–	–	523	386	18	927
At 31 December 2013	–	–	21,547	13,371	2,682	37,600
NET BOOK VALUES						
At 31 December 2013	112,000	1,001	10,627	3,925	796	128,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

2012

	Hotel properties in the PRC held under medium-term leases HK$'000	Construction in progress HK$'000	Furniture equipment and leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost and Valuation						
THE GROUP						
At 1 January 2012	92,200	228	30,425	16,022	2,487	141,362
Addition	–	1,023	619	67	–	1,709
Transfer	–	(1,253)	1,042	211	–	–
Disposal and write off	–	–	(304)	(783)	–	(1,087)
Transferred from held for sale	–	–	193	1,645	932	2,770
Exchange differences	–	2	92	159	7	260
At 31 December 2012	92,200	–	32,067	17,321	3,426	145,014
Comprising:						
At cost	–	–	32,067	17,321	3,426	52,814
At valuation – 2012	92,200	–	–	–	–	92,200
	92,200	–	32,067	17,321	3,426	145,014
DEPRECIATION						
At 1 January 2012	–	–	14,805	12,695	2,193	29,693
Provided for the year	2,973	–	3,753	704	180	7,610
Eliminated on disposal and write off	–	–	(291)	(762)	–	(1,053)
Eliminated on revaluation	(2,973)	–	–	–	–	(2,973)
Exchange differences	–	–	(19)	132	4	117
At 31 December 2012	–	–	18,248	12,769	2,377	33,394
NET BOOK VALUES						
At 31 December 2012	92,200	–	13,819	4,552	1,049	111,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's buildings

The Group's hotel properties situated in the PRC were valued on 31 December 2013 and 31 December 2012 by Associated Surveyors & Auctioneers Ltd., a firm of independent valuers not related to the Group.

The fair value of the buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the buildings under review. There has been no change to the valuation approach during the year.

The Group's hotel properties were classified under Level 2 in the fair value hierarchy. There were no transfers into or out of Level 2 during the year.

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

If hotel properties had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation of HK$71,682,000 (2012: HK$51,902,000).

19. INVESTMENT IN AN ASSOCIATE

	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	10,108
Share of loss of an associate	**–**	(10,105)
Share of exchange reserve	**–**	(3)
Share of net assets	**–**	–
Reclassified as held for sale	**–**	–
	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

19. INVESTMENT IN AN ASSOCIATE (Continued)

Details of the Group's associate as at 31 December 2013 are set out as follows:

Name of associate	Place of registration/ operation	Paid up registered capital RMB	Proportion ownership interest held by the Company 2013	2012	Principal Activities
Foshan Nanhai Kangyao Board Co., Ltd.	People's Republic of China	20,000,000	42%	42%	Production, processing and sales of overlaid wooden board products

Summarised financial information in respect of the Group's associate is set out below:

	2013 HK$'000	2012 HK$'000
Total assets	–	2,641
Total liabilities	–	(2,862)
Net assets/(liabilities)	–	(221)
Group's share of net assets of an associate	–	–

	2013 HK$'000	2012 HK$'000
Total revenue	–	240
Total loss for the year	–	(6,815)
Group's share of impairment loss of an associate*	–	(2,698)
Group's share of exchange difference arising from the foreign operation associate	–	(75)

* Already reallocated from non-current assets held for sale as at 31 December 2011. Share of loss of an associate had been recognised in the profit for the year from discontinuing operations in the consolidation statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

20. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2013	2012
	HK$'000	HK$'000
Unlisted investments, at cost	**1,096,607**	1,096,607
Less: Impairment loss	**(1,073,000)**	(1,073,000)
	23,607	23,607

Particulars of the Company's principal subsidiaries as at 31 December 2013 are set out in note 34.

21. PROPERTIES HELD FOR SALE

THE GROUP

Properties held for sale are stated at net realisable value. They are held under medium-term lease in PRC.

22. INVENTORIES

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
At Cost		
Food, beverages and hotel supplies	**1,574**	1,592
Raw material	**16**	–
	1,590	1,592

The Directors considered the provision for inventory obsolescence of the inventory of continuing operation is not required. (2012: Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

23. TRADE AND OTHER RECEIVABLES

THE GROUP

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 90 days to its customers.

The following is an aging analysis of the Group's trade receivables at the end of the reporting period:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
0-60 days	**1,266**	1,151
61-90 days	**148**	446
91-120 days	**123**	69
over 120 days	**88**	386
Trade receivables	**1,625**	2,052
Other receivables	**135,959**	151,562
	137,584	153,614

Other receivables included the following items:

	2013	2012
	HK$'000	HK$'000
Deposit for the acquisition of property *(Note b)*	**130,657**	–
Interest receivable	**3,743**	25
Compensation receivable from cessation of the fibreboard business *(Note a)*	**–**	149,315
Utility deposit, prepayment and other receivables	**1,559**	2,222
	135,959	151,562

Notes a:

The compensation receivable of HK$149,315,000 in relation to discontinued operations stated in note 23 has been received in the current year.

Notes b:

Deposit for the acquisition of a property which comprises 98 office units situated at Block 1 of Guangdong-Hongkong Finance and Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan city, Guangdong province, the PRC, by way of pre-sale prior to the completion of the construction of the property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

23. TRADE AND OTHER RECEIVABLES (Continued)

The Group does not hold any collateral or other credit enhancements over these balances.

Of the trade receivables balance at the end of the year, HK$125,000 (2012: HK$ 365,000) was due from the Group's largest customer. There are five (2012: eight) other customers who represent more than 5% of the total balance of trade receivables amounting to HK$ 570,000 (2012: HK$1,228,000).

At as 31 December 2013, trade receivables over 90 days amount to HK$211,000 (2012: HK$ 455,000) were past due but not impaired as the balance were related to debtors with sound repayment history and no recent history of default.

The carrying amounts of the trade and other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default. The Directors considerd that the carrying amount of trade and other receivables approximates to their respective fair value.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$'000	HK$'000
THE GROUP		
Listed shares in Hong Kong	**1**	1
Market value of listed shares	**1**	1
Carrying amount analysed for reporting purposes as:		
Current	**1**	1
Non-current	**–**	–
Total	**1**	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

25. BANK BALANCE AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of six month or less.

Bank balances are interest bearing at respective saving deposits rate in Hong Kong and the PRC, and the effective interest rates of the Group's bank balances ranged from 0.01% to 1.5% in Hong Kong and ranged from 1% to 3.05% in the PRC. (2012: 0.98% to 1.7% in Hong Kong and 0.03% to 1.21% in the PRC) per annum.

The carrying amounts of bank balances and cash are denominated in the following currencies:

	The Group		**The Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong Dollars	**5,253**	29,041	**152**	159
Renminbi	**373,512**	341,335	**122,447**	–
United States Dollars	**123**	5,046	**3**	1
	378,888	375,422	**122,602**	160

26. TRADE AND OTHER PAYABLES

THE GROUP

The following is an aging analysis of the Group's trade payables at the end of the reporting period:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
0-60 days	**1,247**	1,341
61-90 days	**133**	180
91-120 days	**121**	83
over 120 days	**196**	4,137
Trade payables	**1,697**	5,741
Other payables	**102,986**	110,912
	104,683	116,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

26. TRADE AND OTHER PAYABLES (Continued)

Other payables included the following items:

	The Group	
	2013	2012
	HK$'000	HK$'000
Other tax payable	**10,111**	17,449
Payable on convertible notes interest payable *(Note 1)*	**78,908**	78,908
Others *(Note 2)*	**13,967**	14,555
	102,986	110,912

Notes:

1. On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the"Notes") which were due on 9 May 2007 (the"Maturity Date"), bearing interest at 1% per annum and in units of HK$1,000,000 each. As at 31 December 2013 and 2012, the balance of HK$75,000,000 notes were due but not converted. Such principal monies together with all interest accrued thereon up to maturity, amounting to HK$3,908,000, were reclassified as other payables and become repayable on demand.

2. Others include accrued staff salaries and welfare, deposit received from hotel customers and other temporary receipt.

The Directors considered that the carrying amount of trade and other payables approximates to their fair value.

27. SHARE CAPITAL

	Number of shares		Nominal value	
	2013	2012	**2013**	2012
			HK$'000	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At beginning and end of the year	**3,000,000,000**	3,000,000,000	**300,000**	300,000
Issued and fully paid:				
At beginning and end of the year	**1,188,329,142**	1,188,329,142	**118,833**	118,833

The shares issued rank pari passu in all respects with the existing shares of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

28. SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 20 May 2003 (the "Old Scheme") and the Old Scheme was for a term of 10 years from the date of adoption. The Old Scheme was terminated by shareholders of the Company at the annual general meeting held on 26 April 2013. There was no outstanding option under the Old Scheme as at 31 December 2012 and 2013.

A new share option scheme was adopted by shareholders of the Company at the said annual general meeting held on 26 April 2013 (the "New Scheme").

The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remuneration, compensating and/or providing benefits to the participants for their contribution or future contribution to the Group and to strengthen the many long-term relationships that the participants may have with the Group. Eligible participants means any person falling within any of the following classes (a) any employee; (b) any business associate of the Company or any subsidiary; (c) any other group or classes of participants which the board, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group. The New Scheme became effective on 26 April 2013 and, will remain in force for 10 years.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10 per cent of the total number of shares in issues as at the date of adoption of the New Scheme (i.e. 118,832,914 Shares of the Company) unless the Company obtain a fresh approval from the shareholders.

No option shall be granted to any participant such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such participant under the New Scheme and any other option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such grant shall exceed 1 per cent. of the total number of shares in issue.

Under the New Scheme, where the Board proposes to grant any option to a participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to him or her under the Scheme and any other option schemes of the Company in the 12-month period up to and including the date of such grant; (i) representing in aggregate more than 0.1 per cent. of the total number of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of $5,000,000, such proposed grant of options must be approved by the shareholders of the Company in general meeting with all connected persons of the Company abstaining from voting (except that any connected persons may vote against the relevant resolution at such general meeting provided that his intention to do so is stated in the circular to the shareholders of the Company). Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted when the duplicate letter comprising acceptance of the offer, duly signed by the grantee with the number of share in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of $1.00 by way of consideration for the grant thereof is received by the Company within 1 month from the offer date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

28. SHARE OPTION SCHEME (Continued)

The subscription price of share options granted under the New Scheme shall be a price solely determined by the Board and notified to a participant in the offer letter and shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the offer date; (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the offer date; and (c) the nominal value of a share on the offer date.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share options schemes of the Company shall not exceed 30 per cent. (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time.

No option has been granted under the New Scheme since its adoption.

29. CONTINGENT LIABILITIES

The Group had a maximum contingent consideration of HK$48,000,000 in respect of the acquisition of the entire issued share capital of Can Manage Trading Limited ("Can Manage"). This amount would become payable, among others, if the consolidated net profit of Can Manage and its subsidiary, Foshan City Nanhai Jia Shun Timber Company Limited ("Jia Shun"), achieved an amount of HK$70,000,000 for the year ended 31 December 2002 and HK$80,000,000 for the year ended 31 December 2003.

However, the operation of Jia Shun was suspended during the period from 17 August 2003 to 10 October 2003 due to a failure in the supply of electricity and steam from the power plant operated under the power supply agreement and a court order dated 19 August 2003 to freeze Jia Shun's assets in relation to an alleged claim from the Shenzhen Development Bank Foshan Branch. In addition, the production facilities were substantially different from those prior to the suspension. In view of all the above incidences, and as the consolidated net profit of Can Manage and Jia Shun for the year ended 31 December 2003 did not reach HK$80,000,000, the Directors consider that the Group is not liable to pay any contingent consideration.

However, as the vendor is not contactable up to the date of this report, the Directors decide to reflect this amount as a contingent liability until the liability becomes legal time-barred and could no longer be recoursed by the vendor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2013 HK$'000	2012 HK$'000
Minimum lease payments paid under operating leases during the year:		
Premises	**1,131**	2,526

At the end of each reporting period, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	**1,082**	5,672
In the second to fifth year inclusive	**49**	19,150
Over fifth year	**–**	13,308
	1,131	38,130 *(Note)*

Note: Terminated through negotiation the cessation of operation

The Group as lessor

The Group's property rental income earned during the year was approximately HK$2,329,000 (2012: HK$2,245,000). All of the properties held have committed tenants for more than one year.

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

	2013 HK$'000	2012 HK$'000
Within one year	**4,610**	4,081
In the second to fifth year inclusive	**14,629**	4,406
Over fifth year	**11,104**	1,895
	30,343	10,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

31. COMMITMENTS

	2013 HK$'000	2012 HK$'000
Commitments for the acquisition of the property, plant and equipment	90	–
Commitments for the acquisition of the investment properties	127,117	–

32. RELATED PARTY TRANSACTION

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2013 HK$'000	2012 HK$'000
Short-term employee benefits	3,971	3,777
Post-employment employee benefits	92	107
	4,063	3,884

The remuneration of Directors and key management personnel is determined or proposed by the remuneration committee having regard to the performance of individuals and market trends.

33. EVENT AFTER THE REPORTING PERIOD

On 17 January 2014, CIH Finance Investment Holdings Limited, a wholly-owned subsidiary of the Group, entered into the joint venture agreement with Guangdong Technoloy Finanical Group Co., Ltd. ("Guangdong Tech-Finance"), Guangdong Qunxing Toys Joint-Stock Co., Ltd. ("Guangdong Qunxing") and Centenio Group Co., Ltd. ("Centenio Group") for the establishment of a joint venture Company to engage in finance leasing business in Guangdong, the PRC. The initial registered capital of the Joint Venture Company will be RMB620,000,000 and it will be contributed as to 35% by Guangdong Tech-Finance, 25% by CIH Finance Investment Holdings Limited, 20% by Guangdong Qunxing and 20% by Centenio Group Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

34. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2013 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Percentage held %	Principal activity
Direct subsidiary				
China Investments Limited	Hong Kong	HK$1,000	100	Investment holding
Indirect subsidiaries				
Airlane Development Limited	Hong Kong	HK$2	100	Property trading
Barmax Development Limited	Hong Kong	HK$2	100	Property trading
Botex Development Limited	Hong Kong	HK$2	100	Property trading
Centon Development Limited	Hong Kong	HK$2	100	Property trading
Charland Investment Limited	Hong Kong	HK$2	100	Property trading
China Alliance Industries	Hong Kong	HK$2	100	Property trading
China Industrial Development Limited	Hong Kong	HK$2	100	Investment holding
Guilin Plaza (HK) Limited**	Hong Kong	HK$4	100	Financial Investment
Cyro Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100	Investment holding
Expert Target Development Limited	Hong Kong	HK$2	100	Property trading
Greenswood Property Limited	Hong Kong	HK$2	100	Property investment
Guilin Plaza Hotel *(Note)*	PRC	US$9,690,000	100	Hotel operations
Jofra Company Limited	Hong Kong	HK$1,000	100	Investment holding
Foshan City Nanhai Jia Shun Timber Company Limited* 佛山市南海佳順木業有限公司*(Note)*	PRC	HK$39,800,000	100	Manufacturing and trading of medium density fibreboards
Foshan City Nanhai Kang Sheng Timber Company Limited* 佛山市南海康盛木業有限公司*(Note)*	PRC	HK$81,000,000	100	Wood processing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

34. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation or registration/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Percentage held %	Principal activity
Foshan City Nanhai Canmanage Investments Holdings Limited* 佛山市南康美投資有限公司(*Note*)	PRC	RMB$30,000,000	100	Property investment
Langmax Investment Limited	Hong Kong	HK$2	100	Property trading
Lina Development Limited	Hong Kong	HK$2	100	Property trading
Metropolitan Development Limited	Hong Kong	HK$2	100	Property trading
Rich Asset Development Limited	Hong Kong	HK$2	100	Property trading
Rich Horn Development Limited	Hong Kong	HK$2	100	Property trading
Senicon Investment Limited	Hong Kong	HK$2	100	Property trading
Sabrina Limited	British Virgin Islands/ Hong Kong	US$1	100	Investment holding
Sino Sense Development Limited	Hong Kong	HK$2	100	Property trading
Trener Investment Limited	Hong Kong	HK$2	100	Property trading
Universal Talent Development Limited	Hong Kong	HK$2	100	Property trading

Note: wholly foreign owned enterprise.

*: For identification propose only

**: The name of the Company has been changed to "CIH Finance Investments Holdings Limited" on 6th January 2014.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013

35. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to confirm to the current year presentation.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2009*	2010*	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Continuing operations					
Turnover	413,730	489,873	36,560	35,738	**29,616**
(Loss)/profit for the year	(42,029)	20,872	1,850	(6,336)	**(11)**
Discontinued operation (loss)/profit for the year	–	–	(62,806)	111,865	**(1,408)**
(Loss)/profit for the year attributable to owners	(42,029)	20,872	(60,956)	105,529	**(1,419)**
(Loss)/earnings per share					
From continuing and discontinued operations					
Basic	(HK3.54 cents)	HK1.76 cents	(HK5.13 cents)	HK8.88 cents	**(HK0.12 cents)**
Diluted	(HK3.54 cents)	HK1.76 cents	(HK5.13 cents)	HK8.88 cents	**(HK0.12 cents)**

	Year ended 31 December				
	2009*	2010*	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	686,907	721,642	636,739	727,366	**715,412**
Total liabilities	(177,540)	(186,102)	(159,714)	(139,586)	**(123,354)**
Equity contributable to owners	509,367	535,540	477,025	587,780	**592,058**

* *The result for each of the year from 2009 – 2010 have not been re-presented for the discontinued operation.*

PARTICULARS OF MAJOR PROPERTIES

Particulars of major properties held by the Group as at 31 December 2013 are as follows:

Name/Location	Effective % held	Category of lease	Type	Total gross floor area on completion (s.m.)	Stage	Expected year of completion
Hotel properties						
Guilin Plaza, 20 Li Jiang Lu Guilin, Guangxi, The PRC.	100	Medium	Hotel	29,746	Existing	N/A
Investment properties						
Kai Yip Factory Building Portion A on G/F, No. 15-17 Sam Chuk Street San Po Kong Kowloon, Hong Kong.	100	Medium	Industrial	459	Existing	N/A
Room 702, 703 and 704 of Block D of Shantou Commercial Plaza at the junction of Jinsha Road East and Huashan Road Shantou Special Economic Zone, Guangdong Province, The PRC.	100	Medium	Residential	291	Existing	N/A

PARTICULARS OF MAJOR PROPERTIES (Continued)

Particulars of major properties held by the Group as at 31 December 2013 are as follows:

Name/Location	Effective % held	Category of lease	Type	Total gross floor area on completion (s.m.)	Stage	Expected year of completion
Properties held for sale						
Levels 5-7, 9, 12-14, 17-22 of Block A and all shopping spaces in the podium under Block B & C of Shantou Commercial Plaza at the junction of Jinsha Road East and Huashan Road, Shantou Special Economic Zone, Guangdong Province The PRC.	100	Medium	Commercial/ Residential	13,323	Existing	N/A
10th Floor of Building B, 6th, 8th, 11th, 15th, 17th and 25th Floors of Building A, International Commerce Building, Banzhang Lake, South Riverside, Huizhou City, Guangdong Province, The PRC.	100	Long	Commercial/ Office	4,289	Existing	N/A