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DOWELL PROPERTY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code: 668

Annual Report 2013

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Dr. Zhu Wenhui
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Dr. Zhu Wenhui, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Dr. Zhu Wenhui

COMPANY SECRETARY

Ms. Wong Tsui Yue, Lucy

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang
Mr. Cho Chun Wai (alternative authorised representative)

REGISTERED OFFICE

Suites 1707-1709, 17/F, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
E-mail: enquiry@dowellproperty.com

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
China Construction Bank Corporation

SOLICITORS

Mason Ching & Associates
Chiu & Partners Solicitors

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.dowellproperty.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors ("Director"), I hereby present the annual report of Dowell Property Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2013.

MARKET AND BUSINESS REVIEW

In 2013, the Chinese economy managed a relatively stable growth amid the complicated and challenging international economic condition. Global economy recovered slowly and market participants were cautious. In 2013, China hit a GDP growth of 7.7%, which was the lowest in the past 14 years. The People's Republic of China ("PRC") government continued to implement more stringent control measures to prevent overheating in the price of real estates.

During the year under review, the Group upheld prudent and stable operating strategies and achieved improvements through the investments property operation. 東東摩 (Dong Dong Mall*) ("Dong Dong Mall"), which was acquired in 2012, is a shopping arcade with a total gross floor area of 18,043.45 square meters situated in Chongqing, the only municipality in Western China. Capitalizing the Company's ample experience in property management, our experienced management team and excellent brand image, Dong Dong Mall has recorded almost 100% occupancy rate and has contributed a revenue of approximately HK$25.8 million during the year under review.

OUTLOOK

The real estate industry in China remained challenging. However, the commercial property is facing new opportunities for development. In 2013, the Third Plenary Session of the 18th Central Committee of the Communist Party of China called for new urbanization strategies to guarantee equal access to housing, social security and education for the new city dwellers. We believe that the development of New-type of Urbanization in the Midwest of China, the steady increase of income and consumption level of Chinese residents and the demand for investment properties will open up a brighter prospect and more extensive horizon for the development of the commercial property.

Looking ahead in 2014, the Group is committed to making joint effort with its management and staff, keeping in line with the market changes, enhancing the development of existing projects and seeking opportunities of investment such as cooperation and acquisition. With the help of strategic planning, the Group aims to enhance the profitability of its property business and looks forward to new business possibilities that will gradually bring larger revenue contributions to the Group and help to generate satisfactory returns for shareholders.

While restaurant operation continued to generate stable revenue, as the Group has strategically shifted its focus to the investment property business, the revenue proportion of restaurant operation is expected to further decrease in the long run.

* For identification purpose only

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support.

Lo Siu Yu
Chairman

Hong Kong, 26 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The results of the Group are summarized as follows:

	For the year ended 31 December 2013 HK$'000	1 April 2012 to 31 December 2012 HK$'000
Continuing operations		
Revenue	**56,841**	59,559
Cost of sales	**(10,665)**	(12,410)
Staff costs	**(21,338)**	(21,560)
Operating lease rentals	**(8,227)**	(9,697)
Utilities expenses	**(2,554)**	(3,065)
Depreciation and impairment of property, plant and equipment	**(2,028)**	(5,351)
Repair and maintenance expenses	**(581)**	(400)
Other operating expenses	**(16,420)**	(17,267)
Fair value gain on investment property	**4,522**	28,313
Fair value gain on financial assets at fair value through profit or loss	**400**	3,066
Other gains/(losses) - net	**12,826**	(1,056)
Operating profit	**12,776**	20,132
Finance income	**17,185**	4,687
Finance costs	**(22,258)**	(6,077)
Finance costs - net	**(5,073)**	(1,390)
Profit before income tax	**7,703**	18,742
Income tax	**(4,716)**	(9,603)
Profit for the year/period from continuing operations	**2,987**	9,139
Discontinued operation		
Profit for the year/period from discontinued operation	**–**	150,254
Profit for the year/period	**2,987**	159,393

INDUSTRY REVIEW

In 2013, the Chinese economy managed a relatively stable growth amid the complicated and challenging international economic condition. Global economy recovered slowly and market participants were cautious. In 2013, China hit a GDP growth of 7.7%, which was the lowest in the past 14 years.

The residential income and the consumption level in China are increasing steadily. According to National Bureau of Statistics of China, the average income of urban and township residents recorded an actual growth rate of 7.0 percent while the actual growth rate of the rural net income per capita is 9.3 percent. Besides, China has also witnessed a growing middle-class over the past few years which positively facilitates the business and development of the commercial properties.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The PRC government continued to implement more stringent control measures to prevent overheating in the price of real estates. The national policy supports self-occupation demand and curbs speculative buyers. The residential property market continued to decline while the commercial property market became an investment hotspot.

BUSINESS REVIEW

For the year ended 31 December 2013, the Group recorded revenue of HK$56.8 million (period ended 31 December 2012: HK$59.6 million) for its continuing operations, representing a decrease of 4.6%. Profit for the year attributable to equity holders of the Company decreased to HK$1.8 million (period ended 31 December 2012: HK$150.8 million), since there was a big earning on disposal of coal mining business and a relatively large fair value gain on investment property in 2012.

Investment Property Holding

The Company launched its investment property holding business by acquiring 重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*) ("Chongqing Baoxu") on 14 August 2012. Chongqing Baoxu is principally engaged in the investment holding of Dong Dong Mall, a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC with a total gross floor area of 18,043.45 square metres for commercial use. Dong Dong Mall is situated near a main pedestrian street and a number of shopping malls. Since the area is conveniently accessible by public transportation, it is a popular lifestyle, shopping, entertainment and commercial hub for the city dwellers who reside in the southern part of Chongqing. Dong Dong Mall has been positioned as a shopping arcade with fashion boutiques, restaurants and a lifestyle relaxation centre to provide a one-stop lifestyle shopping and leisure experience to the middle class in southern Chongqing.

Dong Dong Mall has contributed to the Group a stable income stream for the year under review. For the year ended 31 December 2013, the Group's investment property holding segment has contributed a revenue of approximately HK$25.8 million (period ended 31 December 2012: HK$20.9 million), representing an increase of 23.7%. This segment has recorded a profit before tax of HK$7.9 million for the year ended 31 December 2013 (period ended 31 December 2012: HK$38.4 million), representing a decrease of 79.3%, which was mainly attributable to the relatively large fair value gain on investment property recorded for the period ended 31 December 2012 and the higher finance costs incurred during the year under review.

Our management is devoted to looking for high quality investment properties in the PRC on the prudent investment principle. On 3 August 2012, a wholly-owned subsidiary of the Company, China Metro Properties Limited ("China Metro") and 重慶東銀實業(集團)有限公司 (currently known as 重慶東銀控股集團有限公司, Chongqing Doyen Holdings Group Co. Limited*) ("Chongqing Doyen"), a company wholly owned by Mr. Lo Siu Yu ("Mr. Lo") and his spouse, entered into a memorandum of understanding (the "MOU") which set out the principal terms of the proposed acquisition (the "Proposed Acquisition") by China Metro of 62% equity interest in 重慶同原房地產開發有限公司 (Chongqing Tongyuan Real Estate Development Co., Ltd.*) ("Chongqing Tongyuan") owned by Chongqing Doyen with further terms and conditions to be agreed. Chongqing Tongyuan is principally engaged in the development of a land parcel with an area of approximately 233,705 square metres located in Chongqing, the PRC.

* For identification purpose only

In consideration of the exclusive negotiation rights provided under the MOU to China Metro and the undertaking by Chongqing Doyen that it will facilitate China Metro's due diligence process, China Metro has paid HK$15 million to Chongqing Doyen as earnest money (the "Earnest Money") for the Proposed Acquisition. On 1 February 2013, a supplemental agreement (the "Supplemental Agreement") to the MOU was entered into to extend the last date of entering into the formal sale and purchase agreement to 3 August 2013.

After further discussion between Chongqing Doyen and China Metro on the Proposed Acquisition and based on the results of the due diligence on Chongqing Tongyuan, in view of the progress and the cashflow requirement of the development, the Board of the Company considered that this is not the best timing to proceed with the investment at this stage. Therefore, the Board decided to terminate the MOU on the basis of prudent investment principle. Accordingly, Chongqing Doyen and China Metro have agreed to terminate the MOU and the Supplemental Agreement and decided not to proceed further with the Proposed Acquisition on 5 June 2013. Chongqing Doyen has refunded the Earnest Money to China Metro in accordance with the terms of the MOU as supplemented by the Supplemental Agreement.

Restaurant Operation

For the year ended 31 December 2013, the Group operated Eighteen Brook Cantonese Cuisine ("Eighteen Brook"). The restaurant operation of the Group recorded a revenue of approximately HK$31.0 million (period ended 31 December 2012: HK$38.7 million) and a loss of approximately HK$0.6 million (period ended 31 December 2012: HK$5.6 million). An impairment provision of about HK$2.5 million has been made during the period ended 31 December 2012 in respect of the property, plant and equipment of Eighteen Brook, resulting in the carrying amount of its property, plant and equipment being written down to its recoverable amount. The lease of Eighteen Brook will expire in May 2014.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had a total of 76 (31 December 2012: 78) full time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees. The Company encourages its employees to enhance their competence and provides training to improve staff development to ensure opportunity for individual growth of employees.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2013, the Group had cash and cash equivalents of approximately HK$720.6 million (31 December 2012: HK$419.1 million). Immediately after a loan amounting RMB360.0 million (approximately HK$460.8 million) having been advanced before the date of this report, the Group had cash and cash equivalents of about HK$259.8 million. Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 31 December 2013, the current ratio of the Group, representing current assets divided by current liabilities, was 13.7 (31 December 2012: 12.0).

As at 31 December 2013, gearing ratio of the Group is 0.21 (31 December 2012: 0.24), which is calculated as total debt divided by total capital. Total debt is calculated as total borrowings, including current and non-current borrowings as shown in the consolidated statement of financial position. Total capital is calculated as "equity", as shown in the consolidated statement of financial position. As at 31 December 2013, the Group's cash and cash equivalents exceeded the total borrowings by HK$514.7 million (31 December 2012: HK$195 million).

Change of financial year end date

The financial year end date of the Company has been changed from 31 March to 31 December. For details, please refer to the announcement of the Company dated 14 August 2012.

Capital structure

As at 31 December 2013, the Group's current and non-current bank borrowings and finance lease liabilities amounted to HK$26.1 million (31 December 2012: HK$25.4 million) and HK$179.7 million (31 December 2012: HK$199.6 million) respectively. All the bank borrowings bore interest at floating rates while finance lease liabilities bore interest at fixed rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the year ended 31 December 2013 and for the period ended 31 December 2012.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 31 December 2013, the Group pledged its investment property and bank deposits with carrying amounts of approximately HK$433.9 million (31 December 2012: HK$396.8 million) and HK$0.4 million (31 December 2012: HK$3.8 million) respectively for the borrowings and general banking facilities granted to the Group.

Exposure to fluctuations in exchange rates and related hedges

For the year ended 31 December 2013, the Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. The Group's foreign exchange risk primarily arises from the Group's investment in Chongqing Baoxu which is denominated in Renminbi ("RMB"). Currency exposure arising from the net assets of such operation is managed primarily through borrowings denominated in RMB.

Currently, the Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

Commitments

As at 31 December 2013, the Group had no capital commitments (31 December 2012: same).

As at 31 December 2013, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$4.0 million (31 December 2012: HK$12.1 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2013 and 2012.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (period ended 31 December 2012: same).

Events after the date of the statement of financial position

On 9 December 2013, the Company, entered into a loan agreement (the "Loan Agreement") with Chongqing Doyen pursuant to which the Company has agreed to advance a loan of RMB360,000,000 (the "Loan") to Chongqing Doyen. Such loan is unsecured and interest-bearing at 9.5% per annum and repayable within one year from the draw-down date. On 14 January 2014, resolutions in relation to advancement of the Loan was approved by the independent shareholders in an extraordinary general meeting of the Company held on the same date. The entire loan balance has been advanced to Chongqing Doyen by way of entrusted loan through a bank in the PRC in accordance with the Loan Agreement on 26 January 2014 and 19 March 2014.

Save as disclosed above, there have been no events to cause material impact on the Group from 31 December 2013 to the date of this report that should be disclosed.

PROSPECTS

In 2013, the Third Plenary Session of the 18th Central Committee of the Communist Party of China called for new urbanization strategies, which proposed three "one hundred million population" targets for urbanization: by the end of 2020, about 100 million farmers ordinarily residing in urban will be helped to register as urban residents, shanty towns and villages in cities which involve about 100 million people will be rebuilt, urbanization of about 100 million people who are living in central and western regions of China will be promoted.

With the PRC government's continuing promotion of urbanization and increasing income per capita as well as consumption power of Chinese citizens, the management remains positive on the healthy and sustainable growth of the investment property market.

As the investment property holding business has achieved considerable progress in Chongqing, the only municipality in Western China, the Company will 1) seek other potential investment properties in Chongqing, 2) continue to look for short-term and low-risk investment opportunities and 3) eventually establish a healthy and sustainable business platform to generate more returns to our shareholders. In the mean time, the Company will keep looking for high-quality long-term investment opportunities in the PRC on the prudent investment principle.

Besides, on 9 December 2013, the Company entered into the Loan Agreement with Chongqing Doyen, it is expected that the Group will have a stable source of interest income in 2014.

The management believes that in the backdrop of steady economic growth in the PRC and the property market keeping developing in a stable manner, the Company will achieve a more fast-paced growth and deliver greater results in the year to come.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 44, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established under the laws of the PRC with limited liability. Mr. Lo and his spouse were the ultimate beneficial owners of Chongqing Doyen as at the date of this report. In mid 1990s, Mr. Lo was involved in the management of certain Chinese cuisine restaurants in the PRC which were owned by Mr. Lo and his family. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 38.02% of the issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited*) ("Chongqing Dima"), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 22.96% of the issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited* ("Jianghuai Engine"), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in Chongqing City, the PRC.

Ms. Luo Shaoying, aged 40, was appointed as the Vice Chairman and an executive Director of the Company in December 2012. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the United States of America in 1998. Ms. Luo has 15 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo Siu Yu. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo has joined Chongqing Doyen as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen and has been responsible for investment and property development business. Ms. Luo is a director of Chongqing Baoxu, a subsidiary of which 70% equity interest is owned by the Company. In April 2013, Ms. Luo resigned as a director of Chongqing Dima, a company listed on the Shanghai Stock Exchange of the PRC.

Mr. Chen Yang, aged 33, was appointed as the Chief Executive Officer and an executive Director of the Company in October 2009. Mr. Chen has extensive experience in corporate management and investment planning. He was an executive director of BEP International Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2007 to May 2009. He had also been an analyst at The World Bank in Washington D.C., the United States of America. Before that, Mr. Chen had been working with several investment banks and private equity funds in China. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006.

* For identification purpose only

Mr. Yang Yong Xi, aged 39, was appointed as an executive Director of the Company in December 2012. Mr. Yang finished his studies a drainage engineering in Chongqing University in 1995. Mr. Yang has over 12 years of working experience in property development in the PRC. Mr. Yang has been an engineer, a project manager, a project controller and a general manager of a property developer from 2001 to 2011. Since 2011, Mr. Yang has joined Chongqing Doyen as a vice executive president of its subsidiary and has been responsible for property development business. Mr. Yang is also currently the chairman of the board of directors of Chongqing Baoxu.

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 44, was appointed as a non-executive Director of the Company in October 2010. He graduated from the department of Management Engineering of 四川輕化工學院 (Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an audit manager, cost engineering manager and financial officer in several accounting firms in Chongqing, the PRC. He joined Chongqing Doyen in September 2003 and is currently the chief executive officer of Chongqing Doyen.

Mr. Qin Hong, aged 48, was appointed as a non-executive Director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學 (Nanjing Normal University) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司 (Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 50, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Chan is the company secretary and the chief financial officer of Beautiful China Holdings Company Limited ("Beautiful China"), a company listed on the main board of the Stock Exchange. He is responsible for the financial management, corporate finance and company secretarial matters of Beautiful China. Mr. Chan joined Beautiful China in April 2003 and has over 20 years of experience in accounting and finance. Before joining Beautiful China, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange. In March 2013, he resigned as an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Jin Ling, aged 75, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by煤炭工業部(The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at義馬礦務局(Yima Mining Bureau*) of the中國統配煤礦總公司(China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of永煤集團股份公司(Yongmei Group Company Limited) in 2000.

Dr. Zhu Wenhui, aged 44, was appointed as an independent non-executive Director of the Company in December 2011. Dr. Zhu is the holder of a Doctorate Degree in Economics from the People's University of China and now a commentator on financial and current affairs for Hong Kong Phoenix TV. He is also a senior research officer of the Bauhinia Foundation Research Centre and a part-time research fellow of the China Business Centre under the Hong Kong Polytechnic University. He was a researcher of the Centre for Northeast Asia Policy Studies under the Brookings Institution, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administration Region, an advisor to the Advisory Committee for the Co-operation between Guangzhou, Hong Kong and Macau (廣東省粵港澳合作諮詢委員會顧問), a council member of China Development Institute (綜合開發研究院) in Shenzhen, China. He also acted as the advisor to various local governments in China and several Hong Kong companies. He was an independent non-executive director of Shandong Jintai Group Company Limited, a company listed on the Shanghai Stock Exchange of the PRC, for the period from July 2007 to June 2010. He is experienced in the research on the structural change of industries in global economies, the economic and business development in East Asia, the open door policy adopted by China, the regional economic development of China, the economic integration between the Mainland, Taiwan and Hong Kong.

SENIOR MANAGEMENT

Company Secretary

Ms. Wong Tsui Yue, Lucy, aged 52, has a strong background in finance and administration. Ms. Wong is the Company Secretary of the Company. She is a fellow member of the Hong Kong Institute of Certified Public Accountants. She joined the Company as the Financial Controller in 1991 and was an executive Director from 1997 to 2009.

Financial Controller

Mr. Cho Chun Wai, aged 37, joined the Group in 2012. He holds a master degree of corporate finance awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management for listed companies.

* For identification purpose only

REPORT OF THE DIRECTORS

The Board submits their report together with the audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company was principally engaged in investment holding, and its subsidiaries were principally engaged in restaurants operation and property investment for the year ended 31 December 2013.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 32.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (period ended 31 December 2012: same).

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2013 are set out in the consolidated statement of changes in equity on page 39 and note 26 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserve as at 31 December 2013 and 31 December 2012.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 14 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2013 are set out in note 41 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 25 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2013 are set out in note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

MATERIAL ACQUISITIONS AND DISPOSAL

Major and Connected Transaction

On 9 December 2013, the Company entered into a Loan Agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB360 million (equivalent to approximately HK$456 million) to Chongqing Doyen. The period of the Loan is one year commencing from the date of advancement of the Loan. The interest rate is 9.5%.

On 14 January 2014, an extraordinary general meeting was held to get the shareholder's approval. The transaction has completed in January 2014. For details, please refer to the circular of the Company dated 27 December 2013.

Disclosable Transactions

On 18 March 2013, the Company undertook from a financial institution a loan receivable due from an independent third party (the "Borrower") amounting to HK$100 million. Such loan was secured by the issued share capital of the Borrower, bore interest at 9% per annum and was settled on 14 June 2013. For details, please refer to the announcement of the Company dated 18 March 2013.

On 8 April 2013, Chongqing Baoxu entered into a loan agreement, pursuant to which Chongqing Baoxu granted a loan of RMB40 million to an independent third party. Such loan was unsecured and interest bearing at 12% per annum. The loan was settled in December 2013. For details, please refer to the announcement of the Company dated 8 April 2013.

On 11 November 2013, East Profit Global Investments Limited, an indirect wholly-owned subsidiary of the Company, has subscribed an aggregate of 4,400,000 Huishang Bank Corporation Limited for a consideration of HK$15,688,563.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 104 of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2013.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman* (appointed on 1 December 2012)
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi (appointed on 1 December 2012)

Non-executive Directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive Directors

Mr. Chan Ying Kay
Mr. Wang Jin Ling
Dr. Zhu Wenhui

In accordance with Articles 77 to 79 of the Articles of Association, Mr. Lo Siu Yu, Mr. Chen Yang and Mr. Chan Ying Kay will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Two executive Directors have entered into service contracts with the Company on 15 October 2009, another two executive Directors have entered into service contracts with the Company on 30 November 2012, and such contracts will continue unless and until they are terminated by either party by prior written notice.

The appointment letters entered into between the Company and each of the non-executive Directors of the Company (excluding the Independent Non-executive Directors) on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letters entered into between the Company and Mr. Chan Ying Kay, Mr. Wang Jin Ling (both on 13 October 2013) and Dr. Zhu Wenhui (on 31 December 2013), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers they are independent.

DIRECTORS' REMUNERATIONS

A summary of the Directors' remuneration is set out in note 6(b) to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 40 to the financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2013 or at any time during the year ended 31 December 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 December 2013, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

		Interests in shares				
Name of director	**Capacity**	**Corporate interest**	**Personal interest**	**Interests in underlying shares pursuant to share options**	**Total number of shares interested**	**Approximate percentage of the Company's issued shares**
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation and beneficial owner	633,477,018 (Note a)	25,000,000 (Note b)	–	658,477,018	51.68%
Mr. Chen Yang	Beneficial owner	–	–	3,000,000	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	–	–	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	–	10,000	–	10,000	0.00%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION *(CONTINUED)*

Notes:

a. Shares of 633,477,018 were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.

b. Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(1) Purpose:

The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

(2) Participants:

The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

(3) Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 December 2012 was 10,800,000 shares, representing 0.85% of the issued share capital of the Company at 31 December 2012. Further details of the 2008 Scheme are set out in note 38 to the financial statements.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

(4) Maximum entitlement of each participant:

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

(5) The periods within which the shares must be taken up under an option:

The share options under the 2008 Scheme may be exercised at any time during the exercise period, notwithstanding that the 2008 Scheme may have expired or been terminated.

(6) The minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted under the 2008 Scheme is determinable by the Board, which shall not be more than 10 years after the date of grant.

(7) The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:

Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

(8) The basis of determining the exercise price:

The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(9) The remaining life:

The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Movements in the Company's outstanding share options under the 2008 Scheme during the year are as follows:

	Date of grant	Exercisable period	Exercise price	Closing price per share immediately before the date of grant	No. of options outstanding as at 1 January 2013	No. of options granted during the year ended 31 December 2013	No. of options exercised/ cancelled/ lapsed during the year ended 31 December 2013	No. of options outstanding as at 31 December 2013	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
			HK$	HK$					
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	–	–	3,000,000	0.24%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%
Employees (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Total					10,800,000	–	–	10,800,000	0.84%

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2013, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or Chief Executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions of substantial shareholders' interests in the shares of the Company:

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (Note a)	658,477,018	51.68%
Wealthy In Investments Limited	Interest of controlled corporation (Note b)	633,477,018	49.72%
Money Success Limited	Beneficial owner (Note c)	633,477,018	49.72%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (Note d)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (Note d)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (Note d)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (Note d)	90,000,000	7.06%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.

c. Money Success Limited is a company wholly owned by Wealthy In Investments Limited.

d. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 31 December 2013, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at 31 March 2014, being the latest practicable date prior to printing of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2013.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 December 2013 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers. None of the Directors, their respective associates, or shareholders who to the knowledge of the Directors own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers and suppliers of the Group during the year ended 31 December 2013.

RELATED PARTY TRANSACTIONS

Save as disclosed in note 40 to the consolidated financial statements, there was no related party transaction during the year ended 31 December 2013.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2013 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chen Yang
Chief Executive Officer

Hong Kong, 26 March 2014

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to enhance shareholders' value and safeguard shareholders' interests. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2013, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Articles of Association of the Company (the "Articles of Association"), at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

Code Provision E.1.2 specifies that the chairman of the board should attend the annual general meeting. Mr. Lo, the chairman of the Board, has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's annual general meeting held on 10 May 2013, he was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future annual general meetings of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2013.

THE BOARD

The Board currently comprises 4 executive Directors, including the Chairman, the Vice Chairman and the Chief Executive Officer, 2 non-executive Directors and 3 independent non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management.

THE BOARD *(CONTINUED)*

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the Independent Non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its Executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 10 to 12 of this report. Ms. Luo Shaoying is a sister of Mr. Lo. Mr. Wang Xiaobo is an employee of a company that was controlled by Mr. Lo and his spouse. Mr. Qin Hong is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of Directors, either in person or through other electronic means of communications. The individual attendance of each Director during the year under review is set out below:

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	14/14
Ms. Luo Shaoying, *Vice Chairman* (appointed on 30 November 2012)	14/14
Mr. Chen Yang, *Chief Executive Officer*	14/14
Mr. Yang Ying Xi (appointed on 30 November 2012)	14/14
Non-executive Directors	
Mr. Wang Xiaobo	14/14
Mr. Qin Hong	14/14
Independent Non-executive Directors	
Mr. Chan Ying Kay	14/14
Mr. Wang Jin Ling	14/14
Dr. Zhu Wenhui	14/14

* For identification purpose only

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman, Mr. Lo Siu Yu and the Chief Executive Officer, Mr. Chen Yang, are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The Chief Executive Officer's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

NOMINATION COMMITTEE

The Company established the nomination committee (the "Nomination Committee") with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo Siu Yu and two independent non-executive Directors, Mr. Chan Ying Kay and Dr. Zhu Wenhui.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

During the year ended 31 December 2013, one Nomination Committee meeting was held.

In accordance with the Articles of Association, Mr. Lo Siu Yu, Mr. Chen Yang and Mr. Chan Ying Kay shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are Independent non-executive Directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Dr. Zhu Wenhui and Mr. Wang Jin Ling. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 December 2013, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company's annual and interim reports and the management letter from the auditor of the Company.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	2/2
Mr. Wang Jin Ling	2/2
Dr. Zhu Wenhui	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are Independent Non-executive Directors, namely Dr. Zhu Wenhui (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the Chairman and the executive members of the Board of Directors' remuneration.

During the year ended 31 December 2013, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Dr. Zhu Wenhui, *Committee Chairman*	1/1
Mr. Chan Ying Kay	1/1
Mr. Wang Jin Ling	1/1

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on pages 30 to 31.

AUDITOR'S REMUNERATION

During the year ended 31 December 2013, the remuneration for the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is as follows:

	HK$'000
Audit fees	1,328
Non-audit service fees	321
	1,649

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the period, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

For including a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

SHAREHOLDER RIGHTS *(CONTINUED)*

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the Company Secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary. The Company Secretary forwards communications relating to matters within the Board's purview to the independent Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

To promote effective communication, the Company maintains a website at www.dowellproperty.com, where up-to-date information of the Company is available for public access.

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF DOWELL PROPERTY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Dowell Property Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 32 to 103, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of consolidated financial statements that give a true and fair value 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.

INDEPENDENT AUDITOR'S REPORT

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 profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Continuing operations			
Revenue	5	**56,841**	59,559
Cost of sales		**(10,665)**	(12,410)
Staff costs	6	**(21,338)**	(21,560)
Operating lease rentals		**(8,227)**	(9,697)
Utilities expenses		**(2,554)**	(3,065)
Depreciation and impairment of property, plant and equipment		**(2,028)**	(5,351)
Repair and maintenance expenses		**(581)**	(400)
Other operating expenses	7	**(16,420)**	(17,267)
Fair value gain on investment property		**4,522**	28,313
Fair value gain on financial assets at fair value through profit or loss		**400**	3,066
Gain/(loss) on disposal of property, plant and equipment		**4**	(65)
Exchange gain/(loss) – net		**12,822**	(991)
Operating profit		**12,776**	20,132
Finance income	8	**17,185**	4,687
Finance costs	8	**(22,258)**	(6,077)
Finance costs – net	8	**(5,073)**	(1,390)
Profit before income tax		**7,703**	18,742
Income tax	9	**(4,716)**	(9,603)
Profit for the year/period from continuing operations		**2,987**	9,139
Discontinued operation			
Profit for the year/period from discontinued operation	36	**–**	150,254
Profit for the year/period		**2,987**	159,393
Attributable to:			
Equity holders of the Company		**1,818**	150,750
Non-controlling interests		**1,169**	8,643
		2,987	159,393
Profit attributable to equity holders of the Company arises from:			
Continuing operations	12	**1,818**	496
Discontinued operation		**–**	150,254
		1,818	150,750
		HK cents	HK cents
Basic and diluted earnings per share attributable to equity holders of the Company	12		
From continuing operations		**0.14**	0.04
From discontinued operations		**–**	11.79
From continuing and discontinued operations		**0.14**	11.83

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Profit for the year/period	**2,987**	159,393
Other comprehensive income/(loss):		
Items that has been reclassified or may be subsequently reclassified to profit or loss		
Realisation of exchange reserve upon disposal of subsidiaries	**–**	(11,667)
Exchange differences arising from translation of a foreign operation	**12,298**	4,549
Other comprehensive income/(loss) for the year/period, net of tax	**12,298**	(7,118)
Total comprehensive income for the year/period	**15,285**	152,275
Total comprehensive income attributable to:		
Equity holders of the Company	**10,438**	142,516
Non-controlling interests	**4,847**	9,759
	15,285	152,275
Total comprehensive income attributable to equity holders of the Company arises from:		
Continuing operations	**10,438**	3,100
Discontinued operation	**–**	139,416
	10,438	142,516

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**2,616**	4,038
Investment property	14	**433,920**	396,788
Intangible assets	15	**8,350**	8,768
Other non-current assets	16	**–**	17,555
Deferred income tax assets	28	**1,053**	9,307
		445,939	436,456
Current assets			
Inventories	19	**1,702**	2,063
Trade receivables	20	**181**	168
Amount due from a related company	21	**–**	228,869
Deposits, prepayments and other receivables	22	**12,861**	113,803
Financial assets at fair value through profit or loss	23	**18,333**	10,041
Restricted bank deposits	24	**397**	3,766
Cash and cash equivalents	24	**720,566**	419,118
		754,040	777,828
Total assets		**1,199,979**	1,214,284
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	25	**127,404**	127,404
Reserves		**706,730**	695,949
		834,134	823,353
Non-controlling interests		**130,948**	126,101
Total equity		**965,082**	949,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments	27	**310**	324
Bank borrowings	29	**179,200**	199,016
Finance lease liabilities	30	**534**	538
		180,044	199,878
Current liabilities			
Trade payables	31	**2,194**	2,783
Other payables and accrued charges	32	**25,863**	32,584
Income tax payable		**675**	4,226
Bank borrowings	29	**25,600**	24,877
Finance lease liabilities	30	**521**	482
		54,853	64,952
Total liabilities		**234,897**	264,830
Total equity and liabilities		**1,199,979**	1,214,284
Net current assets		**699,187**	712,876
Total assets less current liabilities		**1,145,126**	1,149,332

The consolidated financial statements on pages 32 to 103 were approved by the Board of Directors on 26 March 2014 and were signed on its behalf.

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	33	**572,657**	580,098
Intangible assets	15	**8,350**	8,768
		581,007	588,866
Current assets			
Amounts due from subsidiaries	34	**100,785**	211,568
Deposits, prepayments and other receivables	22	**115**	169
Restricted bank deposits	24	**397**	3,766
Cash and cash equivalents	24	**129,979**	18,817
		231,276	234,320
Total assets		**812,283**	823,186
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	25	**127,404**	127,404
Reserves	26	**661,601**	667,248
Total equity		**789,005**	794,652
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	34	**20,686**	20,686
Other payables and accrued charges	32	**2,592**	7,848
Total liabilities		**23,278**	28,534
Total equity and liabilities		**812,283**	823,186
Net current assets		**207,998**	205,786
Total assets less current liabilities		**789,005**	794,652

The financial statements on pages 32 to 103 were approved by the Board of Directors on 26 March 2014 and were signed on its behalf.

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 HK$'000	Period from 1 April 2012 to 31 December 2012 HK$'000
Cash flows used in operating activities			
Cash used in operations	37(a)	**(2,637)**	(14,436)
Profits tax refund/(paid)		**76**	(198)
Net cash used in operating activities		**(2,561)**	(14,634)
Cash flows from/(used in) investing activities			
Purchase of property, plant and equipment		**(249)**	(10,086)
Additions to investment property		**(21,014)**	–
Purchase of financial assets at fair value through profit or loss		**(15,688)**	–
Purchase of intangible assets		**–**	(4,570)
Refund/(advancement) of deposit for acquisition of assets		**15,000**	(15,000)
Net cash outflow from disposal of subsidiaries		**–**	(55,931)
Inception of a loan receivable		**(151,200)**	(99,508)
Proceeds from disposal of financial assets at fair value through profit or loss		**7,796**	8,775
Proceeds from disposal of property, plant and equipment		**400**	–
Proceeds from disposal of subsidiaries		**228,869**	–
Proceeds from loan receivable		**248,178**	–
Interest received		**17,185**	8,495
Net cash from/(used in) investing activities		**329,277**	(167,825)
Cash flows used in financing activities			
Decrease in restricted bank deposits		**3,369**	361,751
Repayment of bank borrowings		**(19,093)**	(428,618)
Proceeds from bank borrowings		**–**	248,800
Interest paid on bank and other borrowings		**(22,261)**	(36,923)
Acquisition of a subsidiary under common control		**–**	(256,200)
Inception of finance lease		**752**	–
Repayment of finance lease liabilities		**(717)**	(399)
Amount received from a related party		**–**	4,328
Net cash used in financing activities		**(37,950)**	(107,261)
Net increase/(decrease) in cash and cash equivalents		**288,766**	(289,720)
Cash and cash equivalents at the beginning of the year/period		**419,118**	705,728
Exchange differences on cash and cash equivalents		**12,682**	3,110
Cash and cash equivalents at the end of the year/period	24	**720,566**	419,118

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Exchange reserve HK$'000	Other reserve (note 26) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012, as previously reported	127,404	1,046,974	(452,547)	(79,331)	10,838	20,132	673,470	–	673,470
Effect of business combination	–	–	298,779	(28,313)	997	–	271,463	116,342	387,805
At 1 April 2012, as restated	127,404	1,046,974	(153,768)	(107,644)	11,835	20,132	944,933	116,342	1,061,275
Profit for the period	–	–	–	150,750	–	–	150,750	8,643	159,393
Other comprehensive income/(loss)									
Currency translation differences	–	–	–	–	3,433	–	3,433	1,116	4,549
Realisation of exchange reserve upon disposal of subsidiaries	–	–	–	–	(11,667)	–	(11,667)	–	(11,667)
Total comprehensive income/(loss)	–	–	–	150,750	(8,234)	–	142,516	9,759	152,275
Share-based compensation expense (Note 35)	–	–	–	–	–	(289)	(289)	–	(289)
Effect of business combination	–	–	(256,200)	–	–	–	(256,200)	–	(256,200)
Disposal of subsidiaries	–	–	–	21	–	(21)	–	–	–
Lapse of share option	–	–	–	2,983	–	(2,983)	–	–	–
Write-back of unclaimed dividends	–	–	–	43	–	–	43	–	43
Other transfer from reserve	–	–	–	–	–	(7,650)	(7,650)	–	(7,650)
At 31 December 2012	127,404	1,046,974	(409,968)	46,153	3,601	9,189	823,353	126,101	949,454

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Retained earnings HK$'000	Exchange reserve HK$'000	Other reserve (note 26) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	127,404	1,046,974	(409,968)	46,153	3,601	9,189	823,353	126,101	949,454
Profit for the year	–	–	–	1,818	–	–	1,818	1,169	2,987
Other comprehensive income									
Currency translation differences	–	–	–	–	8,620	–	8,620	3,678	12,298
Total comprehensive income	–	–	–	1,818	8,620	–	10,438	4,847	15,285
Write-back of unclaimed dividends	–	–	–	343	–	–	343	–	343
At 31 December 2013	127,404	1,046,974	(409,968)	48,314	12,221	9,189	834,134	130,948	965,082

The notes on pages 40 to 103 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dowell Property Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Suites 1707-1709, 17/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the year ended 31 December 2013, the Company and its subsidiaries (together, the "Group") are principally engaged in (i) operation of a restaurant in Hong Kong and (ii) investment property holding in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by investment property and financial assets at fair value through profit or loss which are stated at fair value.

The Company changed its financial year end date from 31 March to 31 December with effect from the financial period ended 31 December 2012. Accordingly, the comparative amounts for consolidated financial statements were made up of a nine-month period from 1 April 2012 to 31 December 2012 which may not be comparable to that of the current reporting year.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

The following amendments to standards are mandatory for the first time for the year ended 31 December 2013. The Group has adopted these amendments to standards which are relevant to its operations.

Amendment to HKAS 1, "Financial Statement Presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Group's presentation of other comprehensive income in these consolidated financial statements has been modified accordingly.

HKFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, "Joint arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Join ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The adoption does not have an impact on the consolidated financial statements because the Group does not have joint arrangements.

HKFRS 12, "Disclosure of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the annual report.

HKFRS 13, "Fair value measurement" replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the annual report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

Annual Improvements to HKFRSs 2009-2011 Cycle contains amendments to five standards with consequential amendments to other standards and interpretations. The adoption of these amendments does not have significant impact on the consolidated financial statements of the Group.

Amendment to HKFRS 7 – "Financial Instruments: disclosures" on asset and liability offsetting introduces new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation" and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the year/period presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

The following new standards, amendments to the existing standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, 12 and HKAS 27 (Amendment)	Exemption from Consolidation for Investments Entities	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Annual improvement projects	Improvements to HKASs and HKFRSs 2012 to 2013	1 July 2014

The directors consider that the above new standards, amendments to the existing standards and interpretations will not have any material impact on the Group's consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Acquisition-related costs are expensed as incurred.

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

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

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

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

(b) Changes in ownership interests in subsidiaries without change of control

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

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

2.2.2 Separate financial statements

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

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

2.3 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rates. Currency translation different arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation *(continued)*

(d) Disposal of foreign operation and partial disposal (continued)

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

2.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuers at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuers use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the consolidated income statement.

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

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.6 Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives and the annual rates of depreciation are as follows:

Buildings	5% or over the unexpired periods of the leases, whichever is shorter.
Leasehold improvements	33% or over the unexpired periods of the leases, whichever is shorter.
Furniture, fixtures and equipment	15-33%
Motor vehicles	15-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.7 Construction in progress

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses, if any. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.8 Intangible assets

Intangible assets are recognised at cost. The useful lives of those intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of intangible assets with indefinite useful lives are reviewed annually to determine whether indefinite life assessment continues to be supportable.

Intangible assets with a definite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.9 Impairment of non-financial assets

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

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are designated at fair value through profit or loss at inception if the designation relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the date of statement of financial position, which are then classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "amount due from related parties", "deposits and other receivables", "rental deposits paid", "restricted bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Financial assets *(continued)*

(b) Recognition and measurement

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.11 Impairment of financial assets

Assets carried at amortised cost

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Impairment of financial assets *(continued)*

Assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;

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

– The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties; or

– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories used in the restaurant operation is determined using a costing method which approximates the first-in, first-out method, while cost of inventories used in the mining operation is determined using the weighted average method. The cost of coal comprises raw material, direct labour, other direct costs including amortisation of mining rights and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

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

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

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.15 Current and deferred income tax *(continued)*

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

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

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

2.16 Trade and other payables

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

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

2.17 Share capital

Ordinary shares are classified as equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.19 Employee benefits

(a) Pension obligations

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlement to annual leave or other statutory leave is recognised when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when there is a clear evidence of the need to terminate the employment of current employees; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, after taking into consideration the profit attributable to the Company's shareholders and individuals' performance. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Share-based payments

The Group operates a share-based compensation plan, under which the Group receives services from directors and employees as consideration for equity instruments (options) of the Group. The fair value of the directors' and employees' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Share-based payments *(continued)*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

2.21 Provisions

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

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

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

2.22 Reinstatement costs

Provision for reinstatement costs is recognised when the Group has an obligation under the lease agreements to return the leased properties at the end of the lease in its original state.

2.23 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of credit card fees, discounts and value-added taxes and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.23 Revenue and income recognition *(continued)*

(i) Rental income

Rental income is recognised on a straight line basis over the lease term. When incentives are provided to the tenants, the cost of incentives is recognised over the lease term on a straight-line basis, as a reduction of rental income.

(ii) Sales of goods and services from restaurant operation

Sales of goods from restaurant operation are recognised at the point of sales to customers and sales of services from restaurant operation are recognised when services are rendered to customers.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.24 Borrowing costs

Borrowing costs, including those pertaining to general borrowings, incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.25 Operating leases

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

2.26 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, cash flow interest rate risk, price risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables (including loan receivable) and balances due from related parties represent the Group's maximum exposure to credit risk in relation to financial assets.

During the year, the Group's turnover was derived from the restaurant business in Hong Kong and rental income from an investment property in the PRC.

The Group holds rental deposits as security against tenants which should be adequate to cover any losses from non-performance by the tenants. Restaurants sales are mainly settled by cash or credit card. There is no significant concentration of credit risk.

The credit risk exposure for the other receivables and amount due from related parties is considered low given the financial position of the counter-parties as well as on time repayment history from the counter-parties in accordance with the terms of the agreements.

The credit risk exposure for bank deposits and bank balances is considered minimal as such amounts are placed with banks with good credit ratings.

(b) Foreign exchange risk

The Group operates in Hong Kong and the PRC with most of the transactions being denominated and settled in local currencies. A substantial portion of the Group's cash and cash equivalents are denominated in Renminbi ("RMB").

The Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

As at 31 December 2013, if RMB had strengthened/weakened by 5% against HKD with all other variables being held constant, the Group's pre-tax profit for the year would have been approximately HK$25,128,000 (period ended 31 December 2012: HK$10,836,000) higher/lower, mainly as a result of exchange gains/losses on translation of cash and bank balances denominated in RMB held by the group companies with HKD as functional currency.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(c) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risks arising from the Group's interest-bearing bank deposits and bank borrowings. As at 31 December 2013, the Group's bank deposits and bank borrowings bore interest at variable rates and exposed the Group to cash flow interest rate risks. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than as mentioned above, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 December 2013, if the interest rates on bank deposits and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's pre-tax profit for the year would increase/decrease by approximately HK$2,130,000 (period ended 31 December 2012: HK$3,567,000), mainly as a result of higher/lower net interest income on bank deposits and bank borrowings.

(d) Price risk

The Group is exposed to securities price risk because certain investments held by the Group are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss as at 31 December 2013.

As at 31 December 2013, if the quoted price of the financial assets at fair value through profit or loss had appreciated/depreciated by 20% (31 December 2012: 20%) with all other variables held constant, the Group's pre-tax profit for the year would have been approximately HK$3,667,000 (period ended 31 December 2012: HK$2,008,000) higher/lower as a result of gains/losses on change in fair value of the financial asset at fair value through profit or loss.

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes that there is no significant liquidity risk as the Group has sufficient cash and cash equivalents to fund its operations.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(e) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period position of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group is required to pay.

	Within 1 year or on demand HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2013			
Trade payables	**2,194**	**–**	**–**
Other payables	**10,639**	**–**	**–**
Bank borrowings	**39,449**	**139,288**	**84,817**
Finance lease liabilities	**563**	**551**	**–**
Total	**52,845**	**139,839**	**84,817**
At 31 December 2012			
Trade payables	2,783	–	–
Other payables	9,771	–	–
Amount due to a related company	3,534	–	–
Bank borrowings	40,347	143,452	114,642
Finance lease liabilities	532	560	–
Total	56,967	144,012	114,642

3.2 Capital risk management

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

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

As at 31 December 2013, the Group's cash and cash equivalents exceeded the total borrowings by approximately HK$516 million (2012: HK$195 million).

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation

Fair value measurements are disclosed by level of the following fair value measurement hierarchy:

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

The following table presents the Group's financial assets at fair value through profit or loss that are measured at fair value at 31 December 2013. See Note 14 for disclosures of the investment properties that are measured at fair value.

	Level 1	
	2013	2012
	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**18,333**	10,041

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to access the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's other financial assets including cash and cash equivalents, trade and other receivables and balances due from related companies, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

4.1 Estimates of fair value of investment property

The fair value of investment property is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 14.

4.2 Impairment of trade and other receivables including balances due from related parties

Management reviews regularly the recoverable amount of each individual trade and other receivables including balances due from related parties to ensure that adequate impairment is made for the balances. Management assesses the recoverable amount of each individual receivables whether there is objective evidence that the receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions.

Management reassesses the provision at each balance sheet date.

4.3 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each date of the statement of financial position and to the extent that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry-forward tax losses, the asset balance will be reduced and charged to the income statement.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

4.4 Income and other taxes

The Group is subject to income and other taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

4.5 Impairment of property, plant and equipment

The Group tests whether property, plant and equipment have suffered any impairment, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on the higher of the value-in-use calculations or fair value less costs to sell.

Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

4.6 Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation and amortisation for its property, plant and equipment and intangible assets. This estimation is based on the historical experience of the actual useful lives of the assets with similar nature and functions. It could change significantly as a result of renovation and relocation. Management will adjust the depreciation and amortisation where useful lives vary with previously estimated lives.

4.7 Provision for re-instatement costs

Provision for re-instatement costs is estimated and reassessed at each date of statement of financial position with reference to the recent actual re-instatement cost incurred for restaurants of similar attributes and latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual re-instatement cost upon closures or relocation of existing restaurant premises.

5 REVENUE AND SEGMENT INFORMATION

Reportable segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the CODM in order to assess performance and allocate resources. The executive directors assess the performance of the reportable segments based on the profit and loss generated.

The Group was principally engaged in the operation of a restaurant in Hong Kong and investment property holding in the PRC during the year. The Group's management reviews the business principally from an industry perspective. During the year, the Group had two reportable segments: (i) restaurant operation and (ii) investment property holding.

During the period ended 31 December 2012, the Group disposed of the coal mining operations and as such the coal mining operations together with the related gains on disposal has been presented as discontinued operation in the consolidated income statement for the period ended 31 December 2012 (Note 36). No revenue has been generated from the discontinued operation for the period ended 31 December 2012.

Revenue from the two segments is analysed as follows:

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Restaurant operation	**31,026**	38,685
Investment property holding	**25,815**	20,874
	56,841	59,559

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

The segment information provided to the CODM for the reportable segments is as follows:

	Continuing operations		
	Restaurant operation HK$'000	Investment property holding HK$'000	Total HK$'000
Year ended 31 December 2013			
Revenue from external customers	31,026	25,815	56,841
Depreciation of property, plant and equipment	(926)	(8)	(934)
Finance income	–	7,551	7,551
Finance costs	(135)	(22,058)	(22,193)
Segment results	(621)	7,939	7,318
Income tax charges	–	(4,041)	(4,041)
Capital expenditure	(185)	(21,042)	(21,227)
As at 31 December 2013			
Segment assets	7,223	946,979	954,202
Segment liabilities	(9,859)	(211,567)	(221,426)

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

	Continuing operations			Discontinued operation
	Restaurant operations HK$'000	Investment property holding HK$'000	Total HK$'000	Coal mining HK$'000
Period ended 31 December 2012				
Revenue from external customers	38,685	20,874	59,559	–
Depreciation and impairment of property, plant and equipment	(4,511)	(2)	(4,513)	(343)
Finance income	–	2,672	2,672	1,278
Finance costs	(405)	(5,615)	(6,020)	(23,321)
Segment results	(5,619)	38,413	32,794	(23,535)
Income tax (charges)/credit	–	(9,603)	(9,603)	5,837
Capital expenditure	(100)	(10)	(110)	(20,974)
As at 31 December 2012				
Segment assets	13,569	630,282	643,851	228,869
Segment liabilities	(12,216)	(234,715)	(246,931)	(8,700)

A reconciliation of segment results to profit before income tax is provided as follows:

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Continuing operations:		
Segment results	**7,318**	32,794
Depreciation of property, plant and equipment at head office	**(1,094)**	(838)
Finance income – net	**9,569**	1,958
Staff costs	**(9,891)**	(7,795)
Exchange gain/(loss) – net	**12,822**	(991)
Corporate expenses	**(11,021)**	(6,386)
Profit before income tax	**7,703**	18,742

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' assets are reconciled to total assets as follows:

	2013 HK$'000	2012 HK$'000
Segment assets	**954,202**	872,720
Unallocated:		
Property, plant and equipment	**1,933**	2,665
Financial assets at fair value through profit or loss	**18,333**	10,041
Cash and cash equivalents	**215,201**	221,307
Loan receivable	**–**	96,978
Other assets	**10,310**	10,573
Total assets	**1,199,979**	1,214,284

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2013 HK$'000	2012 HK$'000
Segment liabilities	**221,426**	255,631
Unallocated:		
Finance lease liabilities	**1,055**	1,020
Income tax payable	**675**	–
Other liabilities	**11,741**	8,179
Total liabilities	**234,897**	264,830

All revenue from the restaurant operation segment is derived in Hong Kong, while all revenue from the investment property holding segment is derived in the PRC. All of the Group's assets, liabilities and capital expenditure of the restaurant operation segment are located in Hong Kong, and all of the Group's assets, liabilities and capital expenditure of the investment property holding segment are located in the PRC.

6 STAFF COSTS

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Wages and salaries, including directors' emoluments	**18,607**	19,324
Retirement benefit costs-defined contribution schemes (Note a)	**956**	750
Provision for/(reversal of) long service payments (Note 27)	**3**	(58)
Reversal of provision for share option expense (Note 35)	**–**	(289)
Other staff costs	**1,772**	1,833
	21,338	21,560

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,250 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year/period are as follows:

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Fees	**600**	450
Other emoluments:		
Salaries, housing and other allowances	**5,236**	3,896
Employer's contribution to pension scheme	**58**	24
Share options granted to directors	**–**	694
	5,894	5,064

The remuneration of every director during the year ended 31 December 2013 is set out below:

Name of director	Fees HK$'000	Salary, housing and other allowances HK$'000	Employer's contribution to pension scheme HK$'000	Fair value of share options charged to profit or loss HK$'000	Total HK$'000
Executive directors					
Mr. Lo Siu Yu	–	2,491	15	–	2,506
Ms. Luo Shaoying	–	240	14	–	254
Mr. Chen Yang	–	2,265	15	–	2,280
Mr. Yang Yong Xi	–	240	14	–	254
Non-executive directors					
Mr. Wang Xiaobo	120	–	–	–	120
Mr. Qin Hong	120	–	–	–	120
Independent non-executive directors					
Mr. Chan Ying Kay	120	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	120
Dr. Zhu Wenhui	120	–	–	–	120
	600	5,236	58	–	5,894

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of every director during the period ended 31 December 2012 is set out below:

Name of director	Fees	Salary, housing and other allowances	Employer's contribution to pension scheme	Fair value of share options charged to profit or loss	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Lo Siu Yu	–	2,186	11	–	2,197
Ms. Luo Shaoying	–	19	1	–	20
Mr. Chen Yang	–	1,672	11	252	1,935
Mr. Yang Yong Xi	–	19	1	–	20
Non-executive directors					
Mr. Wang Xiaobo	90	–	–	237	327
Mr. Qin Hong	90	–	–	205	295
Independent non-executive directors					
Mr. Chan Ying Kay	90	–	–	–	90
Mr. Wang Jin Ling	90	–	–	–	90
Dr. Zhu Wenhui	90	–	–	–	90
	450	3,896	24	694	5,064

6 STAFF COSTS *(CONTINUED)*

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group during the year include 2 (period ended 31 December 2012: 4) directors whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to the remaining 3 (period ended 31 December 2012: 1) individuals during the year represent basic salary and other benefits amounting to HK$1,917,000 (period ended 31 December 2012: HK$1,050,000).

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December 2013	Period from 1 April to 31 December 2012
Emolument bands		
Under HK$500,000	**1**	–
HK$500,001-HK$1,000,000	**2**	–
HK$1,000,001-HK$1,500,000	**–**	1

No emolument was paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7 EXPENSES BY NATURE

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Auditor's remuneration	**1,328**	1,468
Legal and professional expenses	**1,766**	1,825
Cleaning and laundry expenses	**715**	807
Consumables	**432**	378
Insurance expense	**542**	499
Occupancy expense (other than operating lease rentals)	**2,360**	2,734
Promotion expense	**3,128**	3,969
Business and other tax expenses	**2,651**	2,500
Amortisation of intangible assets	**418**	52
Other expenses	**3,080**	3,035
Other operating expenses	**16,420**	17,267

8 FINANCE INCOME AND COSTS

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Finance costs:		
– Finance lease liabilities	**(65)**	(57)
– Bank borrowings wholly repayable after 5 years	**(22,058)**	(5,615)
– Others	**(135)**	(405)
Finance costs	**(22,258)**	(6,077)
Finance income:		
– Interest income from bank deposits	**3,780**	2,183
– Interest income from amount due from a related company (Note 40)	**4,500**	–
– Interest income from loan receivable (Note 22)	**8,905**	2,504
Finance income	**17,185**	4,687
Finance costs – net	**(5,073)**	(1,390)

9 INCOME TAX

No Hong Kong profits tax has been provided for the year ended 31 December 2013 (period ended 31 December 2012: same) as there was no estimated assessable profit for the year (period ended 31 December 2012: same).

PRC corporate income tax is provided on the profit before income tax of subsidiaries which are subject to PRC corporate income tax at the statutory tax rate of 25%, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The amount of income tax charged/(credited) to the consolidated income statement represents:

	Year ended 31 December 2013	Period from 1 April to 31 December 2012		
		Continuing operations	Discontinued operations	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Current income tax				
Hong Kong profits tax	**–**	–	–	–
PRC corporate income tax				
– charged for the year/period	**675**	2,525	–	2,525
– over-provision in prior years	**(4,226)**	–	–	–
	(3,551)	2,525	–	2,525
Deferred income tax				
– charged/(credited) for the year/period	**4,041**	7,078	(5,837)	1,241
– under-provision in prior years	**4,226**	–	–	–
	8,267	7,078	(5,837)	1,241
	4,716	9,603	(5,837)	3,766

9 INCOME TAX *(CONTINUED)*

The income tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/losses of the consolidated entities as follows:

	Year ended 31 December 2013	Period from 1 April to 31 December 2012	
		Continuing operations	Discontinued operation
	HK$'000	HK$'000	HK$'000
Profit/(loss) before income tax	7,703	18,742	(23,535)
Calculated at domestic taxation rates applicable to the profits/(losses) in the respective jurisdictions	1,945	6,358	(5,883)
Income not subject to income tax	(2,599)	(384)	–
Expenses not deductible for taxation purposes	2,356	306	46
Tax losses not recognised	3,014	3,323	–
Recognition of prior years' temporary differences	4,226	–	–
Over-provision in prior years	(4,226)	–	–
Income tax expense/(credit)	4,716	9,603	(5,837)

10 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$5,990,000 (period ended 31 December 2012: HK$361,894,000).

11 DIVIDENDS

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Write-back of unclaimed dividends	343	43

No final dividend was proposed for the year ended 31 December 2013 (period ended 31 December 2012: same).

12 EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the following:

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Profit attributable to equity holders of the Company from:		
Continuing operations	**1,818**	496
Discontinued operation	**–**	150,254
	1,818	150,750

	Year ended 31 December 2013	Period from 1 April 2012 to 31 December 2012
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue	**1,274,039**	1,274,039

Employee share options outstanding as at 31 December 2013 and 2012 would not have dilutive effect on earnings per share since the average market price of the Company during the year was below the exercise prices of the employee share options.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Mining structures HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2012							
Cost	2,696	12,442	24,725	11,793	3,147	165,157	219,960
Accumulated depreciation and impairment losses	(239)	(7,139)	(24,725)	(9,427)	(1,150)	–	(42,680)
Net book amount	2,457	5,303	–	2,366	1,997	165,157	177,280
Year ended 31 December 2012							
Opening net book amount	2,457	5,303	–	2,366	1,997	165,157	177,280
Additions	–	–	–	164	–	20,924	21,088
Disposals	–	(4)	–	(61)	–	–	(65)
Impairment	–	(2,457)	–	–	–	–	(2,457)
Depreciation	(107)	(1,863)	–	(777)	(490)	–	(3,237)
Disposal of subsidiaries	(2,370)	–	–	(140)	–	(187,535)	(190,045)
Exchange differences	20	–	–	–	–	1,454	1,474
Closing net book amount	–	979	–	1,552	1,507	–	4,038
At 31 December 2012							
Cost	–	4,745	–	2,916	2,442	–	10,103
Accumulated depreciation and impairment losses	–	(3,766)	–	(1,364)	(935)	–	(6,065)
Net book amount	–	979	–	1,552	1,507	–	4,038

13 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings HK$'000	Leasehold improvements HK$'000	Mining Structure HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2013							
Opening net book amount	–	979	–	1,552	1,507	–	4,038
Additions	–	–	–	243	758	–	1,001
Disposals	–	–	–	–	(396)	–	(396)
Depreciation	–	(612)	–	(953)	(463)	–	(2,028)
Exchange differences	–	–	–	1	–	–	1
Closing net book amount	–	367	–	843	1,406	–	2,616
At 31 December 2013							
Cost	–	4,745	–	3,160	2,517	–	10,422
Accumulated depreciation and impairment losses	–	(4,378)	–	(2,317)	(1,111)	–	(7,806)
Net book amount	–	367	–	843	1,406	–	2,616

As at 31 December 2013, motor vehicles of the Group with carrying amounts of approximately HK$1,406,000 (31 December 2012: HK$1,507,000) were held under finance lease (Note 30).

14 INVESTMENT PROPERTY

	2013 HK$'000	2012 HK$'000
At fair value		
At 1 January/1 April	**396,788**	364,968
Additions	**21,014**	–
Fair value gain	**4,522**	28,313
Exchange differences	**11,596**	3,507
At 31 December	**433,920**	396,788

Investment property at its net book value was analysed as follows:

	2013 HK$'000	2012 HK$'000
In PRC, land use rights with leases between 10 to 50 years	**433,920**	396,788

Rental income derived from the investment property is approximately HK$25,815,000 during the year (period ended 31 December 2012: HK$20,874,000).

Valuation process of the Group

The Group measures its investment property at fair value. The fair value of the Group's investment property at 31 December 2013 has been determined on the basis of valuation carried out by an independent qualified valuer, American Appraisal China Limited (the "Valuer") (2012: same). The valuation, which conforms to the valuation standards issued by the Hong Kong Institute of Surveyors ("HKIS"), was arrived at by reference to the current and forecast rental income, allowing for reversionary potential of the investment property.

The Group's finance department led by the financial controller reviews the valuation performed by the Valuer for financial reporting purposes and reports to the chief executive officer and the audit committee. Discussions of valuation processes and results are held between the chief executive officer, the finance department and the Valuer at least once every year, in line with the Group's annual reporting date.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year/period valuation report;
- Holds discussions with the Valuer.

14 INVESTMENT PROPERTY *(CONTINUED)*

Fair value measurements using significant unobservable inputs

Fair value of the Group's investment property is derived using the capitalisation approach (term and reversionary analysis), which is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and Valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

There was no change to the valuation technique with that of prior period.

Term and reversionary yields are estimated by the Valuer based on the risk profile of the investment property being valued. The higher the yields, the lower the fair value. At 31 December 2013, term yield and reversionary yield of 7.5% and 8%, respectively, are adopted in the term and reversionary analysis for the Group's investment property.

Prevailing market rents and vacancy rate are estimated based on recent lettings within the subject property and other comparable properties. The lower the rents, the lower the fair value. The lower the vacancy rate, the higher the fair value. At 31 December 2013, prevailing market rents ranged from RMB46 to RMB231 per month per square meter and a vacancy rate of 5% are adopted in the term and reversionary analysis for the Group's investment property.

The investment property as at 31 December 2012 and 2013 was pledged against the Group's borrowings (Note 29).

15 INTANGIBLE ASSETS

Intangible assets represent the Group's and the Company's interests in certain club memberships in Hong Kong with cost of HK$8,820,000 (2012: same). Amortisation of those intangible assets during the year amounted to approximately HK$418,000 (period ended 31 December 2012: HK$52,000). No addition or disposal of intangible assets was made during the year.

16 OTHER NON-CURRENT ASSETS

	2013	2012
	HK$'000	HK$'000
Amount due from a related company (Note a)	**–**	15,000
Rental deposits – non-current portion	**–**	2,555
	–	17,555

Note a: On 3 August 2012 and 1 February 2013, the Group entered into a memorandum of understanding ("MOU") and a supplemental MOU respectively with Chongqing Doyen (Holding) Co., Limited ("Doyen"), a company incorporated in the PRC and wholly owned by Mr. Lo Siu Yu, the chairman, executive director and controlling shareholder of the Company, and his spouse under which the Company was given an exclusive negotiation right for a total period of twelve months with respect to the acquisition of a real estate property in Chongqing, the PRC, from Doyen. In consideration for such negotiation right, the Company paid HK$15,000,000 being the earnest money for the acquisition to Doyen. Such earnest money is non-interest bearing and is repayable (i) upon expiry of the exclusive negotiation right or (ii) as part of the consideration should the acquisition be successful. On 5 June 2013, the MOU and the supplemental MOU were terminated and the earnest money was repaid by Doyen to the Group.

17 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

As at 31 December 2013	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets			
Trade receivables	181	–	181
Deposits and other receivables – current portion	3,935	–	3,935
Financial assets at fair value through profit or loss	–	18,333	18,333
Restricted bank deposits	397	–	397
Cash and cash equivalents	720,566	–	720,566
Total	725,079	18,333	743,412

As at 31 December 2013	Other financial liabilities at amortised cost HK$'000
Liabilities	
Bank borrowings	204,800
Trade payables	2,194
Other payables	10,639
Finance lease liabilities	1,055
Total	218,688

17 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(Continued)*

As at 31 December 2012	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets			
Other non-current assets	17,555	–	17,555
Trade receivables	168	–	168
Amount due from a related company	228,869	–	228,869
Deposits and other receivables – current portion	99,545	–	99,545
Financial assets at fair value through profit or loss	–	10,041	10,041
Restricted bank deposits	3,766	–	3,766
Cash and cash equivalents	419,118	–	419,118
Total	769,021	10,041	779,062

As at 31 December 2012	Other financial liabilities at amortised cost HK$'000
Liabilities	
Bank borrowings	223,893
Trade payables	2,783
Other payables	9,771
Amount due to a related company	3,534
Finance lease liabilities	1,020
Total	241,001

17 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company

As at 31 December 2013	Loans and receivables HK$'000	Total HK$'000
Assets		
Amounts due from subsidiaries	100,785	100,785
Deposits and other receivables – current portion	5	5
Restricted bank deposits	397	397
Cash and cash equivalents	129,979	129,979
Total	231,166	231,166

As at 31 December 2013	Other financial liabilities at amortised cost HK$'000
Liabilities	
Amounts due to subsidiaries	20,686
Other payables	516
Total	21,202

As at 31 December 2012	Loans and receivables HK$'000	Total HK$'000
Assets		
Amounts due from subsidiaries	211,568	211,568
Deposits and other receivables – current portion	14	14
Restricted bank deposits	3,766	3,766
Cash and cash equivalents	18,817	18,817
Total	234,165	234,165

17 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company *(continued)*

As at 31 December 2012	Other financial liabilities at amortised cost HK$'000
Liabilities	
Amounts due to subsidiaries	20,686
Other payables	1,118
Amount due to a related company	3,534
Total	25,338

18 CREDIT QUALITY OF FINANCIAL ASSETS

(a) Group

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2013 HK$'000	2012 HK$'000
Trade receivables		
Counterparties without external credit rating		
That are neither past due nor impaired	**181**	168

All bank deposits are with reputable banks. None of the bank deposits is considered as exposed to major credit risk.

None of the financial assets that are fully performing has been renegotiated in the year ended 31 December 2013 (period ended 31 December 2012: same).

(b) Company

As at 31 December 2013 and 2012, all bank deposits are with reputable banks. None of the bank deposits is considered as exposed to major credit risk. All balances with subsidiaries are recoverable and not exposed to major credit risk.

19 INVENTORIES

	2013 HK$'000	2012 HK$'000
Food and beverages for the restaurant operation business	**1,702**	2,063

As at 31 December 2013 and 2012, all inventories were stated at cost.

20 TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables is as follows:

	2013 HK$'000	2012 HK$'000
0 to 30 days	**181**	168

The Group's trade receivables are either repayable within one month or on demand and denominated in Hong Kong dollars.

The fair value of the Group's trade receivables approximates its carrying amount. The trade receivables included in the above ageing are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above.

21 AMOUNT DUE FROM A RELATED COMPANY

As at 31 December 2012, amount due from a related company comprised a balance due from Bright Chance International Limited ("Bright Chance"), a company incorporated in Hong Kong which is controlled by Mr. Lo. Such balance represented the remaining consideration to be received by the Group for disposal of its entire interest in Ray Tone Limited (Note 36). The balance was denominated in RMB and bore interest at 10% per annum upon late settlement (Note 40). The balance was fully settled in December 2013.

22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**613**	4,347	**80**	155
Rental deposits – current portion	**2,555**	1,662	**–**	–
Accrued rental	**7,840**	9,306	**–**	–
Other deposits	**528**	150	**–**	9
Other receivables	**1,325**	1,360	**35**	5
Loan receivable (Note a)	**–**	96,978	**–**	–
	12,861	113,803	**115**	169

(a) Loan receivable as at 31 December 2012 represented a loan extended to 重慶貴拓貿易有限公司, a company incorporated in the PRC and an independent third party to the Group. Such loan was unsecured, bore interest at 12.205% per annum and was repayable by 15 March 2013. Such loan were fully settled on 15 March 2013.

Also in April 2013, the Group extended a loan amounting to HK$51,200,000 (equivalent to RMB40,000,000) to 重慶瀚永貿易有限公司, a company incorporated in the PRC and an independent third party to the Group. Such loan was unsecured, bore interest at 12% per annum, and was repayable by 7 December 2013. Such loan were fully settled on 3 December 2013.

In addition, in March 2013, the Group extended a loan amounting to HK$100,000,000 to Elec-Tech International (H.K.) Company Limited, a company incorporated in Hong Kong and an independent third party to the Group. Such loan was unsecured, bore interest at 9% per annum and was repayable by 18 June 2013. Such loan were fully settled within June 2013.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$'000	HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**18,333**	10,041

Changes in fair value of financial assets through profit or loss are recorded in the consolidated income statement and presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

The fair values of financial assets at fair value through profit or loss are based on their bid prices quoted on The Hong Kong Stock Exchange Limited.

24 CASH AND BANK BALANCES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and on hand	**520,094**	10,468	**6,801**	4,132
Short-term fixed deposits (Note a)	**200,472**	408,650	**123,178**	14,685
Cash and cash equivalents	**720,566**	419,118	**129,979**	18,817
Restricted bank deposits – deposits pledged as securities for the Group's banking facilities (Note b)	**397**	3,766	**397**	3,766

(a) The effective interest rate on the Group's short-term bank deposits was 0.66% (2012: 0.43%).These deposits have maturities of less than 3 months.

(b) As at 31 December 2013, bank deposits of HK$397,000 (2012: HK$3,766,000) were pledged as securities for the guarantees provided by banks to certain vendors of the Group in relation to the restaurant business.

At 31 December 2013, the carrying amounts of the cash and bank balances were denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HKD	**13,176**	10,146	**4,175**	3,974
RMB	**707,757**	412,708	**126,171**	18,579
USD	**30**	30	**30**	30
	720,963	422,884	**130,376**	22,583

RMB is currently not a freely convertible currency in international market. The conversion of RMB denominated balances into foreign currencies and the remittance of the foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

25 SHARE CAPITAL

	2013 HK$'000	2012 HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each (2012: 5,000,000,000)	**500,000**	500,000
Issued and fully paid:		
1,274,038,550 ordinary shares of HK$0.1 each (2012: 1,274,038,550)	**127,404**	127,404

26 RESERVES

a. Movements of the reserves of the Company during the year are as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Total HK$'000
At 1 April 2012	1,046,974	(30,047)	20,111	1,037,038
Share-based compensation expense (Note 35)	–	–	(289)	(289)
Lapse of share options	–	2,983	(2,983)	–
Loss for the period (Note 10)	–	(361,894)	–	(361,894)
Write-back of unclaimed dividends	–	43	–	43
Others	–	–	(7,650)	(7,650)
At 31 December 2012 and 1 January 2013	**1,046,974**	**(388,915)**	**9,189**	**667,248**
Loss for the year (Note 10)	**–**	**(5,990)**	**–**	**(5,990)**
Write-back of unclaimed dividends	**–**	**343**	**–**	**343**
At 31 December 2013	**1,046,974**	**(394,562)**	**9,189**	**(661,601)**

b. Other reserve in the consolidated and company statement of change in equity as at 31 December 2013 comprised share-based payment reserve.

27 PROVISION FOR LONG SERVICE PAYMENTS

The Group's provision for long service payments is determined with reference to the statutory requirements, the employees' remuneration and their years of services and age profile. In addition, the provision has also taken into consideration of the expected closure of the existing restaurant at the end of its lease contract.

The movements in provision for long service payments of the Group during the year/period are as follows:

	2013	2012
	HK$'000	HK$'000
At 1 January 2013/1 April 2012	**324**	643
Provision for/(reversal of provision for) the year/period (Note 6)	**3**	(58)
Amounts utilised	**(17)**	(261)
	310	324
Less: non-current portion	**(310)**	(324)
At 31 December	**–**	–

28 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method.

The movements on the net deferred income tax assets/(liabilities) are as follows:

	2013	2012
	HK$'000	HK$'000
At 1 January/1 April	**9,307**	24,707
Charged to consolidated income statement	**(8,267)**	(1,241)
Disposal of subsidiaries	**–**	(14,395)
Exchange differences	**13**	236
At 31 December	**1,053**	9,307

28 DEFERRED INCOME TAX *(CONTINUED)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration offsetting balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Fair value adjustment HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2012	16,386	10,157	162	26,705
Credited/(charged) to the consolidated income statement (Note 9)	(7,078)	5,837	–	(1,241)
Exchange differences	70	183	1	254
Disposal of subsidiaries	(71)	(16,177)	(163)	(16,411)
At 31 December 2012	**9,307**	**–**	**–**	**9,307**
Charged to the consolidated income statement (Note 9)	**(1,131)**	**2,037**	**–**	**906**
Exchange differences	**255**	**29**	**–**	**284**
At 31 December 2013	**8,431**	**2,066**	**–**	**10,497**

Deferred tax liabilities	Fair value adjustment HK$'000	Tax depreciation HK$'000	Accrued rental HK$'000	Total HK$'000
At 1 April 2012	(1,998)	–	–	(1,998)
Exchange differences	(18)	–	–	(18)
Disposal of subsidiaries	2,016	–	–	2,016
At 31 December 2012	**–**	**–**	–	**–**
Charged to the consolidated income statement (Note 9)	–	(7,659)	(1,514)	(9,173)
Exchange differences	–	(249)	(22)	(271)
At 31 December 2013	**–**	**(7,908)**	**(1,536)**	**(9,444)**

The deferred income tax assets not recognised by the Group and the Company are summarised as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Tax losses				
– Without expiry date	**23,252**	22,287	**17,973**	17,973
– Expiring in 2016	**2,049**	–	**–**	–
	25,301	22,287	**17,973**	17,973

29 BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Non-current:		
Bank borrowings, secured	**179,200**	199,016
Current:		
Bank borrowings, secured	**25,600**	24,877
	204,800	223,893

As at 31 December 2013, the Group's borrowings were repayable as follows:

	2013 HK$'000	2012 HK$'000
Within 1 year	**25,600**	24,877
Between 2 and 5 years	**102,400**	99,508
Over 5 years	**76,800**	99,508
	204,800	223,893

All of the Group's bank borrowings were denominated in RMB.

As at 31 December 2013, the Group's bank borrowings were secured by the investment property of the Group and its rights to receive the rental income. The Group's bank borrowings bore effective annual interest rate (floating) of 10.28% during the year (period ended 31 December 2012: 9.12%).

The carrying amounts of the Group's current bank borrowings at the respective reporting dates approximate their fair values as the impact of discounting is insignificant.

The Group has the following undrawn borrowing facilities:

	2013 HK$'000	2012 HK$'000
Floating rate:		
– Expiring beyond one year	**–**	12,440

30 FINANCE LEASE LIABILITIES

Finance lease liabilities are effectively secured as the rights to the leased assets (motor vehicles) amounting to HK$1,405,000 as at 31 December 2013 (2012: HK$1,507,000), would revert to the lessors in the event of default.

	2013 HK$'000	2012 HK$'000
Gross finance lease liabilities-minimum lease payments		
– No later than 1 year	563	532
– Later than 1 year and no later than 5 years	551	560
	1,114	1,092
Future finance charges on finance lease	(59)	(72)
Present value of finance lease liabilities	1,055	1,020

The present value of finance lease liabilities is as follows:

	2013 HK$'000	2012 HK$'000
No later than 1 year	521	482
Later than 1 year and no later than 5 years	534	538
	1,055	1,020

31 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	2013 HK$'000	2012 HK$'000
0 to 30 days	2,191	2,783
31 to 60 days	–	–
Over 60 days	3	–
	2,194	2,783

The Group's trade payables are denominated in HKD and RMB.

32 OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accrual and other payables (Note a)	**10,952**	11,018	**2,592**	4,314
Rental deposits from tenants	**3,063**	3,076	**–**	–
Provision for reinstatement cost	**1,116**	1,655	**–**	–
Other tax payables	**10,287**	10,667	**–**	–
Accrued interest expense	**445**	448	**–**	–
Amounts due to related companies (Note b)	**–**	3,534	**–**	3,534
Construction payable	**–**	2,186	**–**	–
	25,863	32,584	**2,592**	7,848

(a) As at 31 December 2013, accrual and other payables mainly comprised professional fee and other miscellaneous payables (2012: same).

(b) As at 31 December 2012, amount due to a related company comprised balance due to Doyen which was denominated in Hong Kong dollars, unsecured, interest free and repayable on demand. The balance was settled during the year ended 31 December 2013.

33 INVESTMENTS IN SUBSIDIARIES

(a)

	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**35,213**	35,213
Amounts due from subsidiaries	**901,355**	908,796
Provision for impairment losses	**(363,911)**	(363,911)
	572,657	580,098

The amounts due from subsidiaries as at 31 December 2013 were unsecured and interest free (2012: same). These amounts have no fixed terms of repayment and are regarded as equity contribution to the subsidiaries.

Details of the principal subsidiaries as at 31 December 2013 are set out in Note 41.

33 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Material non-controlling interests

As at 31 December 2013, the Group's non-controlling interest of HK$130,948,000 (2012: HK$126,101,000) was attributable to Chongqing Baoxu Commercial Property Management Limited ("Baoxu"), a non-wholly owned subsidiary in the PRC.

Set out in below is the summarised financial information of Baoxu. There was no transaction with non-controlling interests during the year ended 31 December 2013.

Summarised statement of financial position

	2013 **HK$'000**	2012 HK$'000
Current		
Assets (Note a)	**511,967**	306,268
Liabilities	**(331,284)**	(92,949)
Total current net assets	**180,683**	213,319
Non-current		
Assets	**435,012**	406,163
Liabilities	**(179,200)**	(199,040)
Total non-current net assets	**255,812**	207,123
Net assets	**436,495**	420,442

(a) As at 31 December 2013, cash and short-term deposits held by Baoxu amounting to HK$504,124,000 are subject to exchange control regulations in the PRC. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

33 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Material non-controlling interests (continued)

Summarised statement of comprehensive income

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Revenue	**25,815**	20,874
Profit before income tax	**7,939**	38,413
Income tax expense	**(4,041)**	(9,603)
Total and other comprehensive income	**3,898**	28,810
Total comprehensive income allocated to non-controlling interests	**1,169**	8,643

Summarised statement of cash flows

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Cash flows from operating activities		
Cash generated in operations	**19,153**	12,048
Income tax refund	**76**	–
Net cash generated from operating activities	**19,229**	12,048
Net cash generated from/(used in) investing activities	**323,524**	(98,059)
Net cash (used in)/generated from financing activities	**(41,178)**	276,261
Net increase in cash and cash equivalents	**301,575**	190,250
Cash and cash equivalents at the beginning of the year/period	**195,975**	5,765
Exchange differences on cash and cash equivalents	**6,574**	(40)
Cash and cash equivalents at the end of the year/period	**504,124**	195,975

The information above is the amount before inter-company elimination.

34 AMOUNTS DUE FROM/TO SUBSIDIARIES

As at 31 December 2013, amounts due from/to subsidiaries are unsecured, interest free and repayable an demand. As at 31 December 2012, except for an amount due from a subsidiary of HK$9,967,000 which was unsecured and interest bearing at 10% per annum, other amounts due from/to subsidiaries are unsecured, interest free and repayable on demand. As at 31 December 2013, the amounts due from subsidiaries are denominated in the following currencies:

	2013	2012
	HK$'000	HK$'000
HKD	**100,785**	16,698
RMB	**–**	194,870
	100,785	211,568

35 SHARE-BASED PAYMENT – GROUP AND COMPANY

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008. 16,200,000 share options were granted to directors and selected employees during the year ended 31 March 2011. The exercise price of the granted options is the market price of the shares times 101.7% to 107.8% on the respective dates of the grant. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 December 2013, no option has been granted under the existing share option scheme (period ended 31 December 2012: same).

35 SHARE-BASED PAYMENT – GROUP AND COMPANY *(CONTINUED)*

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	Options (thousands) 2013	2012
At 1 January/1 April	1.637	10,800	16,200
Lapsed during the year/period		–	(3,600)
Forfeited during the year/period		–	(1,800)
At 31 December		10,800	10,800

All of the 10,800,000 outstanding options were vested as at 31 December 2013.

Share options outstanding at 31 December 2013 have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share	Options (thousands)
14 October 2020	1.638	8,700
1 December 2020	1.628	2,100
	1.637	10,800

No options were granted or exercised during the year ended 31 December 2013 (2012: same).

36 DISCONTINUED OPERATIONS

On 27 December 2012, the Group completed its disposals of the entire interest in Ray Tone Limited ("Ray Tone") to Bright Chance, a company owned by Mr. Lo, the controlling shareholder, at cash consideration of HK$286,086,000, out of which HK$57,217,000 has been received on 27 December 2012 and the remaining balance received on 9 December 2013 (Note 20). The principal activity of Ray Tone and its subsidiaries is the operation of a coal mine in Xinjiang Uyghur Autonomous Region of the PRC.

The results and cash flows of the discontinued operations up to the completion date included in the consolidated income statement are set out below:

	Period from 1 April to 27 December 2012 HK$'000
Revenue	–
Cost of inventories consumed	(33)
Staff costs	(707)
Utilities expenses	(36)
Depreciation of property, plant and equipment	(343)
Other operating expenses	(373)
Operating loss	(1,492)
Finance income	1,278
Finance costs	(23,321)
Finance costs – net	(22,043)
Loss before income tax	(23,535)
Income tax	5,837
Discontinued operations	
Loss for the year	(17,698)
Gain on disposal of subsidiaries	167,952
	150,254
Net cash outflow from operating activities	(1,990)
Net cash outflow from investing activities	(8,258)
Net cash outflow from financing activities	(436,264)
Net cash outflow from discontinued operations	(446,512)

36 DISCONTINUED OPERATIONS *(CONTINUED)*

Loss for the period ended 31 December 2012 from discontinued operations includes the following:

	Period from 1 April to 27 December 2012 HK$'000
Depreciation of property, plant and equipment	343
Wages and salaries	434
Contributions to defined contribution pension plans (note a)	273
Finance costs:	
– Bank borrowings wholly repayable within 5 years	31,602
Less: amounts capitalised in qualifying assets	(8,281)
	23,321

Note a: The defined contribution pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance of up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

37 CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash used in operations is as follows:

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Profit before income tax including discontinued operations	**7,703**	163,159
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**2,028**	5,694
Amortisation of intangible asset	**418**	52
Gain on disposal of subsidiaries	**–**	(167,952)
(Gain)/loss on disposal of property, plant and equipment	**(4)**	65
Fair value gains on financial assets at fair value through profit or loss	**(400)**	(3,066)
Fair value gain on investment property	**(4,522)**	(28,313)
Share options granted to directors and employees	**–**	(289)
Interest income	**(17,185)**	(5,965)
Interest expense	**22,258**	29,398
Net exchange (gain)/loss	**(12,822)**	991
Operating loss before working capital changes	**(2,526)**	(6,226)
Decrease in inventories	**361**	869
Decrease/(increase) in trade and accrued rent receivables	**1,453**	(1,486)
Decrease/(increase) in deposits, prepayments and other receivables	**5,053**	(2,588)
(Decrease)/increase in trade payables	**(589)**	(982)
Decrease in other payables and accrued charges	**(6,375)**	(3,509)
Decrease in provision for long service payments	**(14)**	(319)
Others	**–**	(195)
Cash used in operations	**(2,637)**	(14,436)

38 COMMITMENTS

(a) Operating lease commitments

At 31 December 2013, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**3,909**	8,404	**–**	–
After one year and within five years	**65**	3,672	**–**	–
	3,974	12,076	**–**	–

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the restaurant.

(b) Operating leases – where the Group is the lessor

At 31 December 2013, the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**24,965**	32,340
Later than one year and not later than five years	**42,084**	73,285
Over five years	**–**	621
	67,049	106,246

As at 31 December 2013, the Group had no capital expenditure committed but not yet contracted for (2012: same).

39 BANK GUARANTEE

As at 31 December 2013, the Group had bank guarantee of HK$133,000 (2012: HK$2,182,000) in favour of the Group's utility service providers in lieu of utility deposits payable with respect to its rented premises. The bank guarantee was secured by the pledged bank deposits of HK$397,000 (2012: HK$3,766,000) (Note 24).

40 RELATED-PARTY TRANSACTIONS

Related parties refer to entities in which the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decision, or directors or officers of the Company and its subsidiaries.

Same as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year/period:

(a) Finance income

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Interest income on amount due from a related company	**4,500**	–

The amount represented the interest charged for Bright Chance's late settlement of the remaining consideration for disposal of Ray Tone (Note 36).

(b) Key management compensation

	Year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 HK$'000
Salaries, housing and other allowances	**6,691**	4,782
Pension contributions	**73**	35
Share options granted	**–**	694
	6,764	5,511

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 December 2013:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital/paid in capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Hong Kong Catering Management Limited	Hong Kong	100 ordinary shares of HK$100 each 120,100 non-voting deferred shares of HK$100 each	100%	Restaurant operator
Interests held indirectly:				
Money Success Business Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Money Success Corporate Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Baoxu	The PRC	RMB350,000,000	70%	Investment property holding

42 SUBSEQUENT EVENT

On 9 December 2013, the Company, entered into a loan agreement (the "Loan Agreement") with Doyen pursuant to which the Company has agreed to advance a loan facility of RMB360,000,000 (the "Loan") to Doyen. Such loan is unsecured and interest-bearing at 9.5% per annum and repayable within one year from the draw-down date. On 14 January 2014, resolutions in relation to advancement of the Loan was approved by the independent shareholders in an extraordinary general meeting of the Company held on the same date. The entire loan balance has been advanced to Doyen by way of entrusted loan through a bank in the PRC in accordance with the Loan Agreement on 26 January 2014 and 19 March 2014.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December 2013 HK$'000	Period from 1 April to 31 December 2012 (Restated) HK$'000	For the year ended 31 March 2012 HK$'000	For the year ended 31 March (Restated) 2011 HK$'000	For the year ended 31 March 2010 HK$'000
Revenue	**56,841**	**59,559**	73,790	72,144	151,777
Profit/(Loss) attributable to equity holders of the Company	**1,818**	**150,750**	(13,078)	(66,430)	(44,885)

ASSETS AND LIABILITIES

	At 31 December 2013 HK$'000	At 31 December 2012 (Restated) HK$'000	At 31 March 2012 HK$'000	At 31 March 2011 (Restated) HK$'000	At 31 March 2010 (Restated) HK$'000
Assets and liabilities					
Total assets	**1,199,979**	1,214,284	1,710,577	1,628,568	121,801
Total liabilities	**234,897**	264,830	649,302	939,232	66,963
Net assets	**965,082**	949,454	1,061,275	689,336	54,838
Non-controlling interests	**130,948**	126,101	116,342	846	457
Capital and reserves attributable to the Company's equity holders	**834,134**	823,353	944,933	688,490	54,381