TAI SANG LAND DEVELOPMENT LIMITED

ANNUAL REPORT 2013

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BOARD OF DIRECTORS AND CORPORATE INFORMATION

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Mr. William MA Ching Wai, Chairman

Aged 60. Joined the Company and appointed a Director in 1974. Appointed Chairman of the Board of Directors in 1984. He is currently the Chairman of the board of directors of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is also a member of the Association of Chairmen of the Tung Wah Group of Hospitals, life member of Yan Oi Tong Advisory Board, a member of Hong Kong Chiu Chow Chamber of Commerce and Committee Member of Hong Kong Juvenile Care Centre. He was the Chairman of the 1978/1979 Board of Directors of Tung Wah Group of Hospitals. He was conferred the honour of Chevalier de L'Ordre du Merite Agricole in 2008. He is the brother of Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Patrick MA Ching Hang, BBS, JP, BSc., Deputy Chairman

Aged 55. Joined the Company and appointed a Director of the Company in 1981. Appointed Deputy Chairman of the Board of Directors in 2005. He received a Bachelor Degree of Science in Economics from Wharton School of Business of the University of Pennsylvania. He is currently a director of Kam Chan & Company, Limited and Director and General Manager of Tai Sang Bank Limited. He is a Director of Hong Kong Chiu Chow Chamber of Commerce. He is a member of the Hospital Authority, Deputy Chairman of the Council of the Hong Kong Institute of Education, a member of the Council of Lingnan University, a member of The Chinese University of Hong Kong – C.W. Chu College Committee of Overseers and a member of Elderly Commission. He was the Chairman of the 2008/2009 Board of Directors of Tung Wah Group of Hospitals. He was also conferred the honour of Chevalier de L'Ordre National du Merite. He is the brother of Mr.William Ma Ching Wai, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Alfred MA Ching Kuen, BSc., Managing Director

Aged 61. Joined the Company and appointed a Director of the Company in 1976. Appointed Managing Director of the Company in 1984. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is the brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Amy MA Ching Sau, BSc., Managing Director

Aged 63. Joined the Company and appointed a Director of the Company in 1974. Appointed Managing Director of the Company in 1991. She is currently a director of Kam Chan & Company, Limited. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Philip MA Ching Yeung, BSc.(Hon), D.Mgt., Director

Aged 50. Joined the Company in 1987 and appointed a Director of the Company in 1997. He received a doctoral degree in management from the Asian College of Knowledge Management in 2010. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is the School Manager of Tung Wah Group of Hospitals Ma Kam Chan Memorial Primary School. He is also a member of World Fellow of The Duke of Edinburgh's Award, a member of Hong Kong Chiu Chow Chamber of Commerce, a member of Hong Kong United Youth Association, a member of The Entrepreneurs' Organization Hong Kong and a member of The Public Affairs Forum. He is the brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Ms. Ruth Ma Ching Keung.

Board of Directors (Continued)

Mr. Edward CHEUNG Wing Yui, BBS, BComm., CPA(Aust.), Solicitor of the Supreme Court of England, Solicitor of the Supreme Court of Hong Kong, Advocate and Solicitor of the Supreme Court of Singapore, Non-executive Director

Aged 64. Appointed a Director of the Company in 1983, re-designated as Non-executive Director since 21st May 2004. He received a Bachelor of Commerce Degree in Accountancy from the University of New South Wales, Australia. He is a member of CPA Australia. He has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo, Kwan, Lee & Lo. He has been admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. Mr. Cheung is currently a non-executive director of Tai Sang Bank Limited. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, namely Hop Hing Group Holdings Limited and Agile Property Holdings Limited. He is also a non-executive director of a number of companies listed on the Stock Exchange, namely SmarTone Telecommunications Holdings Limited, SUNeVision Holdings Ltd, Tianjin Development Holdings Limited and SRE Group Limited. In addition, he is currently the vice patron of The Community Chest of Hong Kong, the deputy chairman of The Open University of Hong Kong, a member of the Labour and Welfare Department's Lump Sum Grant Steering Committee, Honorary Council Member of The Hong Kong Institute of Directors Limited. Mr. Cheung was a member of the Appeal Board established under the Accreditation of Academic and Vocational Qualifications Ordinance until 31st August 2013, a member of the Board of Review (Inland Revenue Ordinance) until 31st December 2010, the deputy chairman of the Hong Kong Institute of Directors Limited until 30th June 2010, the director of Po Leung Kuk and the vice chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong.

Mr. Cheung was awarded the Bronze Bauhinia Star (BBS) in 2013.

Mr. Kevin CHAU Kwok Fun, BA, Independent Non-executive Director

Aged 53. Appointed an Independent Non-executive Director of the Company in 1996. He graduated with a Bachelor of Arts degree in Economics from the Wesleyan University in Connecticut, USA. He is currently the owner and Principal of KRC Projects Limited, a private investment company. He was the Executive Vice Chairman of Sincere Watch (Hong Kong) Limited ("Sincere Watch") (Stock Code 444) responsible for the overall development of Sincere Watch Group's business, as well as the strategic planning and positioning and management of Sincere Watch Group. Prior to joining Sincere Watch Group, he was a principal officer of an investment company in Hong Kong dealing in real estates and the food and beverage industry in the PRC. He began his career in 1982 with a US bank in New York dealing in fixed income and derivative syndication and had been posted by the bank to their London and Tokyo offices. In 1990, he set up his own real estate investment company in California, USA, investing in real estate projects in Texas and California. Mr. Chau also served as director of the Tung Wah Group of Hospitals (2008).

Mr. TAN Soo Kiu, CPA(Aust.), Independent Non-executive Director

Aged 76. Appointed an Independent Non-executive Director of the Company in 2004. He is currently a retired person. He had been the General Manager of the Company for 11 years from 1991 to 2002 and had held various senior positions with banking institutions in Malaysia and Hong Kong for over 20 years before 1991.

Mr. William WONG Hing Kwok, MBA, Independent Non-executive Director

Aged 65. Appointed an Independent Non-executive Director of the Company in 2004. He is currently an owner of a company engaging in retail and food and beverage business in Shanghai, the PRC. He had various experience and exposures in different industries, including manufacturing of garment, property development, retail and food and beverage.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management

Mr. Ted MOK Tat Hung, FHKIS, RPS(GP), ARICS., MCI Arb, Chief Executive

Aged 64. Joined the Company in 1981 and now holds the position of Chief Executive of the Company. He has 46 years of experience in real estate development and management.

Ms. Katy MA Ching Man, BA, Company Secretary

Aged 64. Joined the Company and appointed a Director and also Company Secretary of the Company in 1972, she was a Director of the Company until 21st January 2013. She is now the Company Secretary of the Company. She is currently a director of Kam Chan & Company, Limited. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Ruth MA Ching Keung, MBA, Director of Montgomery Lands, Incorporated

Aged 63. Joined the Company and appointed a Director of the Company in 1972. She was a Director of the Company until 21st January 2013. She is now the director of Montgomery lands, Incorporated, a wholly owned subsidiary of the Company that operating in the United States. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Mr. Philip Ma Ching Yeung.

BANKERS:

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
HSBC Realty Credit Corporation (USA)
The Bank of East Asia, Limited
Tai Sang Bank Limited

SOLICITORS:

Woo, Kwan, Lee & Lo

AUDITORS:

PricewaterhouseCoopers

REGISTERED OFFICE:

11th Floor, Tai Sang Bank Building,
130-132 Des Voeux Road Central, Hong Kong.

REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 17th Floor,
183 Queen's Road East, Hong Kong.

WEBSITE ADDRESS:

www.tsld.com
www.irasia.com/listco/hk/taisangland/index.htm

RESULT

I am pleased to report that the Group's consolidated profit for 2013 was HK$427.0 million, a decrease of 28.9% as compared to HK$600.7 million for 2012. Earnings per share were HK$1.44 (2012: HK$2.02), a drop of 28.7% over last year. The consolidated profit for 2013 included fair value gains (net of deferred tax) on investment properties of HK$396.4 million, as compared to fair value gains (net of deferred tax) on investment properties of HK$564.5 million for 2012.

The Group's underlying profit for 2013, excluding the effect of the aforesaid fair value gains (net of deferred tax) on investment properties, was approximately HK$30.6 million, dropped by HK$5.6 million or 15.5% as compared to the corresponding figure of HK$36.2 million for 2012. Despite the increase in the rental income from both Hong Kong and USA properties, the decrease in the underlying profit was mainly attributable to the increase in the repair and maintenance expenses for Hong Kong properties, especially the contribution to the general renovations of the residential units, and the increase in operating cost due to the Group's business expansion.

The revenues of the Group for 2013, was HK$228.8 million, increased HK$12.7 million or 5.9% as compared to HK$216.1 million for 2012.

As at 31st December 2013, the investment properties of the Group were revalued at HK$5,254.7 million (31st December 2012: HK$4,751.1 million). Total equity amounted to HK$5,198.9 million (31st December 2012: HK$4,825.1 million).

DIVIDEND

The directors have resolved to recommend a final dividend of HK4 cents (2012: HK8 cents) per ordinary share.

PROSPECTS

The US Federal Reserve Board decided to begin tapering asset purchases, as yet, the interest rate will remain at current level in the near future. Caution, however, should be given to the political situation in Asia.

In Hong Kong, the shortage of labour especially in the construction sector has already boosted up the general salary level. Operating expenses, productivity and the property development are unavoidably affected. The Government's strict policy on property demand management is affecting the mid-range property development and it is expected that the property market transactions will remain sluggish in coming year. Moreover, the recent discussions over the local political reform may also hinder the economic growth.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy in the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 25th March 2014

BUSINESS REVIEW

In Hong Kong, the gross rental income for the year ended 31st December 2013 was HK$158.8 million, an increase of 6.1% or HK$9.1 million as compared to last year. Despite the loss of rental from Express Industrial Building at Wong Chuk Hang in 2013, there was a significant increase in rental contribution from Gateway ts by HK$10.5 million or 14.4% as compared to 2012 and the rental contribution from the luxury residential units and shops also increased by 6% as compared to 2012. The upgrading work at Gateway ts will continue in coming years and there will be further growth in the rental rate and the rental contribution from Gateway ts.

The profit generated from the operation of Hotel LBP increased 5% or HK$0.1 million to HK$2.04 million as compared to last year. The hotel room charge income increased 13% or HK$1.75 million to HK$15.5 million as compared to last year. The increase was attributable to the improved occupancy rate for 2013 which was 92% in average and at higher room rate. The contribution from hotel operation will stabilize for the coming year.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2013 was HK$46.5 million, an increase of 6.9% or HK$3.0 million as compared to last year. The office spaces occupancy rate of Montgomery Plaza dropped to 86% by the year end of 2013 and the weighted average office rent per square feet per annum rose to US$41.1. During 2013, San Francisco's office market accelerated in the third quarter in 2013 with a drop in vacancy rates and increase in rental rates and net absorption. Rental rates are expected to maintain at the current level in the coming year.

FINANCIAL RESOURCES

During the year, the Group's total bank borrowings and overdraft increased by HK$92.1 million to HK$605.5 million (2012: HK$513.4 million). The total equity increased by HK$373.8 million to HK$5,198.9 million (2012: HK$4,825.1 million) and long term bank loans outstanding as at 31st December 2013 was HK$300.5 million (2012: HK$131.8 million). The debt to equity ratio was 11.6% (2012: 10.6%).

The hotel development at Heung Yip Road, Wong Chuk Hang has started and the relevant bank financing will be arranged. Certain short term bank borrowings and matured term loans have been renewed and refinanced during 2013.

There are sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. Exposure to foreign exchange risk is kept to a minimum as the bank borrowings are in either Hong Kong or US dollars.

The Group has adopted and maintained the policy of reliance on short-term finances which is more economical because of lower interest rate. In light of the low debt ratio and long term harmonious relationship with our bankers, the Group considers that this policy will continue to be used to lower the operation cost and the current policy will not impose any liquidity risks.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	2013	2012
	HK$'000	HK$'000
– within one year	6,000	131,809
– in the second year	7,083	–
– in the third to fifth years	139,725	–
– after the fifth year	147,741	–
	300,549	131,809

The Group's bank borrowings of HK$605.5 million (2012: HK$513.4 million) are secured by certain properties with an aggregate carrying amount of HK$3,717.8 million (2012: HK$3,331.4 million) and the rental income thereon.

SIGNIFICANT INVESTMENT HELD AND THEIR PERFORMANCE AND FUTURE PROSPECTS

The Group held certain listed investments with fair value as at 31st December 2013 of HK$39.60 million (at 31st December 2012: HK$40.42 million).

The Group held certain unlisted investments with fair value as at 31st December 2013 of HK$12 million (at 31st December 2012: HK$21 million). It included 12% equity interest each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited and Yangtze China Investment Limited.

DETAILS OF NUMBER AND REMUNERATION OF EMPLOYEES

As at 31st December 2013, the Group employed a total of 170 full-time employees which included the directors of the Company. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

REPORT OF THE DIRECTORS

The directors of Tai Sang Land Development Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2013.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiaries are shown in note 30 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5(c) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2013 are set out in the consolidated income statement on page 27 of this annual report.

The directors have declared an interim dividend of HK7 cents (2012: HK5 cents) per ordinary share, totalling HK$20,136,877 (2012: HK$14,383,484), which was paid on 19th September 2013.

The directors recommend the payment of a final dividend of HK4 cents (2012: HK8 cents) per ordinary share, totalling HK$11,506,787 (2012: HK$23,013,574).

The total dividends for the year ended 31st December 2013 amounted to HK11 cents (2012: HK13 cents) per ordinary share.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 18 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK$1,433,950 (2012: HK$1,874,584).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in property, plant and equipment and investment properties are set out in notes 6 and 7 to the consolidated financial statements respectively.

PRINCIPAL PROPERTIES

Details of the Group's significant properties are set out on pages 77 to 78 of this annual report.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

BORROWINGS

Particulars of the bank loans and overdrafts are shown in notes 14 and 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2013, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$532,988,314 (2012: HK$550,030,819).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 79 of this annual report.

DIRECTORS

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

Executive directors:

William Ma Ching Wai	*(Chairman)*
Patrick Ma Ching Hang, BBS, JP	*(Deputy Chairman)*
Alfred Ma Ching Kuen	*(Managing Director)*
Amy Ma Ching Sau	*(Managing Director)*
Philip Ma Ching Yeung	

Non-executive director:

Edward Cheung Wing Yui, BBS

Independent non-executive directors:

Kevin Chau Kwok Fun
Tan Soo Kiu
William Wong Hing Kwok

In accordance with Article 103 of the Company's Articles of Association, Mr. Philip Ma Ching Yeung, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 1 to 3 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of directors' and senior management's emoluments are set out in note 21 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31st December 2013, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	Corporate interests (notes (a) and (b))	Total	Percentage
Directors:				
William Ma Ching Wai	4,608,354	160,134,973	164,743,327	57.2682%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Alfred Ma Ching Kuen	9,987	–	9,987	0.0035%
Amy Ma Ching Sau	347,942	–	347,942	0.1210%
Philip Ma Ching Yeung	127,741	–	127,741	0.0444%
Edward Cheung Wing Yui	–	–	–	–
Kevin Chau Kwok Fun	–	–	–	–
Tan Soo Kiu	–	–	–	–
William Wong Hing Kwok	–	–	–	–
Chief Executive:				
Ted Mok Tat Hung	–	–	–	–

Notes:

(a) Kam Chan & Company, Limited ("Kam Chan & Co") and its associates and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.

(b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.

(c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary, Tai Sang Cold Storage & Godown Company Limited.

(d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary, Kam Hang Company Limited.

(e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.

(f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.

(g) At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 years of age) to acquire the benefits by acquisition of shares, or underlying shares of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS

At 31st December 2013, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	**Corporate interests (note)**	**Total**	**Percentage**
Substantial shareholders:				
Kam Chan & Co	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd.	15,488,636	–	15,488,636	5.3842%

All interests stated above represent long positions.

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 5,852,920 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are wholly owned subsidiaries of Kam Chan & Co. The aggregate shareholding of these three companies are deemed to be the corporate interest of Kam Chan & Co in the ordinary shares in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the continuing connected transactions as mentioned in the section headed "Continuing Connected Transactions" below, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the purchases for the year attributable to the Group's major suppliers are as follows:

– the largest supplier	17.2%
– five largest suppliers	39.6%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the suppliers noted above.

During the year, the Group earned less than 30% of its turnover from its five largest customers.

CONTINUING CONNECTED TRANSACTIONS

(a) On 13th April 2011, a tenancy agreement was entered into between Tai Sang Bank Limited ("TSB") as landlord and the Company as tenant for the renewal of the leases of the office premises:

Located at 2nd floor, 9th floor, 10th floor, 11th floor and 14th floor of Tai Sang Bank Building

Term: 15th April 2011 to 14th April 2014
Rental: HK$240,000 per month exclusive of rate and service charges

TSB is an associate of Kam Chan & Co (with Kam Chan & Co indirectly interested in more than 30% of its issued voting share capital) and is therefore a connected person of the Company under Rule 14A.11(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Accordingly, the above tenancy agreement constitutes a continuing connected transaction of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 13th April 2011, the annual cap for the aggregate consideration payable under the tenancy agreement for the year ended 31st December 2013 is HK$3,500,000. The aggregate amount paid by the Company to TSB under the tenancy agreements for the year ended 31st December 2013 was HK$3,321,000.

(b) On 30th December 2010, the Company entered into a master leasing agreement with Ms. Amy Ma Ching Sau ("Ms. Ma") to set out the principal terms and conditions governing the entering into of tenancy agreements or licence agreements between the members of the Group and Ms. Ma and her associates (has the meaning ascribed to it under the Listing Rules) during the period from 1st January 2011 to 31st December 2013 (both days inclusive).

Ms. Ma is an executive director of the Company and she and her associates are therefore connected persons of the Company under Rule 14A.11(4) of the Listing Rules. Accordingly, the master lease agreement constitutes continuing connected transactions of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 30th December 2010, the annual caps for the aggregate consideration receivable by the Group from the leasing arrangements contemplated under the master leasing agreement for the year ended 31st December 2013 is HK$2,400,000. The amount received by the Group under the master leasing agreement for the year ended 31st December 2013 was HK$2,070,919.

On 18th December 2013, the Company entered into a new master leasing agreement with Ms. Ma to set out the principal terms and conditions governing the entering into of tenancy agreements or licence agreements between the members of the Group and Ms. Ma and her associates (has the meaning ascribed to it under the Listing Rules) during the period from 1st January 2014 to 31st December 2016 (both days inclusive). As set out in the announcement of the Company dated 18th December 2013, the annual caps for the aggregate consideration receivable by the Group from the leasing arrangements contemplated under the new master leasing agreement for the year ending 31st December 2014, 2015 and 2016 is HK$2,100,000, HK$2,300,000 and HK$2,500,000 respectively.

(c) On 31st August 2011, the Company entered into a master leasing agreement with Kam Cheung Investment Company Limited ("Kam Cheung"), a 75% owned subsidiary of the Company, to set out the principal terms and conditions governing the leasing arrangements between Kam Cheung and the Group during the period from 1st September 2011 to 31st December 2013 (both days inclusive).

CONTINUING CONNECTED TRANSACTIONS (Continued)

As each of the minority shareholders of Kam Cheung is an associate of the executive directors of the Company, within the meaning of Rule 14A.11(4)(c)(ii) of the Listing Rules, each of them is a connected person of the Company. Accordingly the master leasing agreement constitutes continuing connected transactions of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 31st August 2011, the annual caps for the aggregate consideration payable by the Group to Kam Cheung under the leasing arrangements contemplated under the master leasing agreement for the year ended 31st December 2013 is HK$4,000,000. The aggregate amount paid by the Group under the master leasing agreement for the year ended 31st December 2013 was HK$3,678,000.

On 18th December 2013, the Company entered into a new master leasing agreement with Kam Cheung to set out the principal terms and conditions governing the leasing arrangements between Kam Cheung and the Group during the period from 1st January 2014 to 31st December 2016 (both days inclusive). As set out in the announcement of the Company dated 18th December 2013, the annual caps for the aggregate consideration payable by the Group to Kam Cheung under the leasing arrangements contemplated under the new master leasing agreement for the year ending 31st December 2014, 2015 and 2016 is HK$3,700,000, HK$3,900,000 and HK$4,100,000 respectively.

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) on normal commercial terms;
(ii) in the ordinary and usual course of business of the Group; and
(iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions as mentioned in paragraphs (a), (b) and (c) above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a unmodified report containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group as mentioned in paragraphs (a), (b) and (c) above in accordance with paragraph 14A.38 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at date of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31st December 2013, all directors except for non-executive directors are directors and shareholders of Kam Chan & Co, which is also engaged in property investment, and may be in competition with the business carried on by the Group.

The directors are of the view that the Group is capable of carrying on its businesses independently from the property investment business. When making decisions on the property investment business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of Corporate Governance Code contained in Appendix 14 of the Listing Rules during the year ended 31st December 2013.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITOR

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

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 25th March 2014

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the accounting year ended 31st December 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's codes of conduct regarding directors' securities transactions.

On specific enquires made, all directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31st December 2013.

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprises five executive directors, one non-executive director and three independent non-executive directors ("INEDs"). The composition of the Board is set out as follows:

Executive directors	William Ma Ching Wai *(Chairman)* Patrick Ma Ching Hang *(Deputy Chairman)* Alfred Ma Ching Kuen Amy Ma Ching Sau Philip Ma Ching Yeung
Non-executive director	Edward Cheung Wing Yui
INEDs	Kevin Chau Kwok Fun Tan Soo Kiu William Wong Hing Kwok

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules that there are three INEDs and one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise.

The Company is in compliance with the requirement of Rule 3.10A of the Listing Rules, except for the period from 1st January 2013 to 20th January 2013 that the number of INEDs does not represent one-third of the Board. Since the resignations of the then executive directors Ms. Katy Ma Ching Man and Ms. Ruth Ma Ching Keung on 21st January 2013, the number of INEDs has been representing one-third of the Board as required by Rule 3.10A of the Listing Rules.

Each of the INEDs has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

Biographical details of the directors and their relationships, where applicable, are set out on pages 1 to 2 of this annual report.

BOARD OF DIRECTORS (Continued)

Role of the Board

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on directors' appointment or re-appointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day businesses of the Company to the management who works under the leadership and supervision of the Chief Executive and the Executive Committee of the Board.

The Executive Committee of the Board, comprises the Chairman, Deputy Chairman, two Managing Directors and one executive director. The Executive Committee meets regularly to review and discuss management reports on the performance of the Group, current plans and long term opportunities, and any other issues of immediate concern.

The non-executive directors (a majority of whom are independent) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee meetings.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;
(b) to review and monitor the training and continuous professional development of directors and senior management;
(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
(e) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

Board Meetings

Board meetings are held at least 4 times a year and involve the active participation, either in person or through other electronic means of communication, of a majority of directors. At least 14 days notice of the board meetings is given to all directors, and all directors are given an opportunity to include matters for discussion in the agenda. An agenda and accompanying board papers are sent in full to all directors in a timely manner and at least 4 days before the intended date of a full board meeting. They also have unrestricted access to the advice and service of the Company Secretary, who assists the Chairman in preparing the agenda for meetings, is responsible for providing directors with board papers and related materials and ensures that board procedures are followed.

According to the current Board practice, if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened board meeting.

The articles of association of the Company ("Articles of Association") also stipulate that save for the exceptions as provided therein, a director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such director or any of his/her associates have a material interest.

BOARD OF DIRECTORS (Continued)

Directors' Training

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company Secretary also provides directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for directors in the form of seminar and reading materials. A summary of training received by directors during the year according to the records provided by the directors is as follows:

	Corporate Governance/ Updates in Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
Directors	**Reading Materials**	**Attended Seminars/ Briefings**	**Reading Materials**	**Attended Seminars/ Briefings**
Executive directors				
William Ma Ching Wai *(Chairman)*	√	√	√	√
Patrick Ma Ching Hang	√	√	√	√
Alfred Ma Ching Kuen	√	√	√	√
Amy Ma Ching Sau	√	√	√	√
Philip Ma Ching Yeung	√	√	√	√
Non-executive director				
Edward Cheung Wing Yui	√	√	√	√
INEDs				
Kevin Chau Kwok Fun	√	√	√	√
Tan Soo Kiu	√	√	√	√
William Wong Hing Kwok	√	√	√	√

CHAIRMAN AND CHIEF EXECUTIVE

The positions of the Chairman and Chief Executive are held by separate individuals as to maintain an effective segregation of duties.

Mr. William Ma Ching Wai, the Chairman of the Board, provides leadership for the Board and ensures that the Board works effectively and that all important issues are discussed in a timely manner.

Mr. Ted Mok Tat Hung, the Chief Executive, is responsible for the day-to-day management of the Group's operations and conducts regular meetings with the Executive Committee, at which operational and business decisions are made. Other financial functions and financial performance evaluations are carried out jointly with the Managing Directors.

NON-EXECUTIVE DIRECTORS

All non-executive directors have entered into letters of appointment with the Company for a specific term of three years. All non-executive directors are also subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company's Articles of Association.

Serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders.

BOARD COMMITTEES

The Board has established various committees, including Audit Committee, Remuneration Committee and Nomination Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members. The committees are required to report back to the Board on their decision and recommendations where appropriate. All the Board committees are empowered by the Board under their own terms of reference which have been posted on website of the Company and the Stock Exchange.

Audit Committee

Members:

INEDs	Tan Soo Kiu *(Chairman)* Kevin Chau Kwok Fun William Wong Hing Kwok
Non-executive director	Edward Cheung Wing Yui

The Audit Committee was established in March 1999. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

The main responsibilities of the Audit Committee are to review and monitor the integrity of the Company's financial statements, annual report and interim report. Other responsibilities include making recommendations to the board on the appointment, reappointment and removal of the external auditor, approval of the external auditor's remuneration and terms of engagements, and to develop and implement policy on engaging an external auditor to supply non-audit services. The Audit Committee is also charged with overseeing the Company's financial reporting system and internal control procedures.

During the year, the Audit Committee held 2 meetings. The work performed by the Audit Committee during the financial year ended 31st December 2013 are summarised below:

(i) reviewed annual report for the year ended 31st December 2012, and interim report for the six months ended 30th June 2013;
(ii) proposed the appointment of PricewaterhouseCoopers ("PwC") as Independent Auditor of the Company;
(iii) reviewed and discussed with the Independent Auditor in respect of the consolidated financial statements for the year ended 31st December 2012 and the interim financial information for the six months ended 30th June 2013; and
(iv) reviewed and assessed the adequacy and effectiveness of the Group's financial controls and internal controls and risk management systems.

BOARD COMMITTEES (Continued)

Remuneration Committee

Members:

INEDs	William Wong Hing Kwok *(Chairman)* Tan Soo Kiu
Executive director	Amy Ma Ching Sau

The Remuneration Committee was established in April 2005. The Remuneration Committee adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive directors and senior management. The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive directors and senior management. It takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of directors and senior management.

During the year, the Remuneration Committee held 2 meetings. The Remuneration Committee reviewed the remuneration policy for executive directors and senior management of the Company, and made recommendations on the Group's bonus structure, retirement benefit scheme and other compensation related issues.

Nomination Committee

Members:

Executive director	William Ma Ching Wai *(Chairman)*
INEDs	Kevin Chau Kwok Fun William Wong Hing Kwok

The Nomination Committee of the Company was established in March 2012. The terms of reference of the Nomination Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assess the independence of independent non-executive directors in Rule 3.13 of the Listing Rules.

During the year, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure and composition of the Board, recommended the re-election of the retiring directors and assessed the independence of all the INEDs.

The Nomination Committee is also responsible to review the Board Diversity Policy, when appropriate to ensure the effectiveness of the Board Diversity Policy and will discuss any revisions that may be required to be considered and approved by the Board.

BOARD COMMITTEES (Continued)

Board Diversity Policy

The Company recognises the importance and the benefit of having a diverse Board that fits its own business model and specific needs in order to achieve its corporate goals and strategies. A number of factors, including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge, will be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Company also sees diversity at the Board level as an essential element in maintaining a competitive advantage. The Company does not discriminate on the grounds of race, gender, disability, age, religions or any other factor.

The Company aims to ensure that Board appointments will be made on the basis of a range of diversity factors, including those set out above. Selection of candidates to join the Board will be, in part, dependent on the pool of available candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and the contribution the chosen candidate will bring to the Board, having regard for the benefits of diversity on the Board.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

	Number of Meetings Attended/ Eligible to attend for the year ended 31 December 2013				
Name of directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Executive directors					
William Ma Ching Wai *(Chairman)*	4/4	1/2		1/1	1/1
Patrick Ma Ching Hang	4/4				1/1
Alfred Ma Ching Kuen	4/4				1/1
Amy Ma Ching Sau	4/4		2/2		1/1
Philip Ma Ching Yeung	4/4				1/1
Non-executive director					
Edward Cheung Wing Yui	4/4	2/2			1/1
INEDs					
Kevin Chau Kwok Fun	4/4	2/2		1/1	1/1
Tan Soo Kiu	4/4	2/2	2/2		1/1
William Wong Hing Kwok	4/4	2/2	2/2	1/1	1/1

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Financial Statements

The Board is responsible for the preparation of the consolidated financial statements that give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for such reporting period. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently except for the adoption of the new and revised HKFRSs.

The reporting responsibilities of directors and external auditor are set out in the Independent Auditor's Report on page 23 of this annual report.

Internal Controls and Risk Management

The Board is responsible for the designing, implementing and maintaining internal controls of the Group and for reviewing its effectiveness through the Audit Committee. Procedures have been designed for safeguarding assets against unauthorised 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 of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

Evaluation of the Group's internal controls is conducted by the Internal Auditor on an on-going basis. Such evaluation covers material internal controls, including financial reporting, operational and compliance controls and risk management functions. Internal Auditor will report to the Audit Committee twice a year on significant findings on internal controls. Copy of minutes of the Audit Committee meeting will also be sent to the Board for information.

Auditors' Remuneration

The fees in respect of audit and audit related services provided to the Company and its subsidiaries by PwC and other auditors were HK$1,880,000 and HK$476,330 respectively for the year. Fees for non-audit services, which mainly consist of taxation services, provided by PwC and other auditors were HK$339,400 and HK$169,494 respectively.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. The biography of the Company Secretary is set out on page 3 of this annual report.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

In accordance with Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may require the directors of the Company to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company at 11th Floor, Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong for the attention of the Company Secretary in hard copy form or sent to the Company in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

SHAREHOLDERS' RIGHTS (Continued)

Convening Extraordinary General Meeting ("EGM") (Continued)

If the directors of the Company do not within 21 days after the date on which the written requisition is received by the Company proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of the original requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of the Company.

Any reasonable expenses incurred by the shareholder(s) requesting the meeting by reason of the failure of the Directors duly to convene a meeting will be reimbursed to shareholder(s) by the Company.

Putting Forward Proposals at Shareholders' Meetings

Shareholders are requested to follow Sections 615 and 616 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) for including a resolution at an annual general meeting of the Company ("AGM"). The requirements and procedures are set out below:

(i) Any number of shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at an AGM to which the requisition relates, or at least 50 shareholders having a right to vote on the resolution at an AGM to which the requisition relates, may submit a requisition in writing to put forward a resolution which may properly be moved at an AGM.

(ii) The Company shall not be bound by the Companies Ordinance to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of the Company entitled to receive notice of an AGM unless a copy of the requisition specifying the resolution of which notice is to be given and signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) is deposited at the registered office of the Company at 11th Floor, Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong for the attention of the Company secretary in hard copy form or is sent to the Company in electronic form not less than (i) 6 weeks before an AGM to which the requisition relates; or (ii) if later, the time at which notice is given of that AGM.

If a shareholder of the Company intends to propose a person other than a director of the Company for election as a director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his intention to propose that person for election as a director; and (ii) a notice in writing by that person of his/her willingness to be elected together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Enquiries to the Board

Enquiries may be put to the Board through the Company Secretarial Department at 11/F., Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong (email: shareholderenquiry@tsld.com).

INVESTORS RELATION

Constitutional Documents

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

Communication with Shareholders

The Board and senior management maintain an on-going dialogue with the Company's shareholders and investors and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

The Chairman of the Board will attend the AGM and he will invite the chairmen of the audit committee, remuneration committee and nomination committee to attend. In their absence, the Chairman of the Board will invite another member of the committees or failing this his duly appointed delegate, to attend. These persons will be available to answer questions at the AGM.

The senior management will ensure the external auditor attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enables the Company's shareholders to have timely and updated information of the Group.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 25th March 2014

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAI SANG LAND DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tai Sang Land Development Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 24 to 76, which comprise the consolidated and Company balance sheets as at 31st December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st 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, 25th March 2014

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2013

	Note	2013	2012
		HK$	HK$
Non-current assets			
Property, plant and equipment	6	617,203,797	609,084,297
Investment properties	7	5,254,671,600	4,751,075,800
Available-for-sale financial assets	9	51,597,244	61,416,811
Prepayments		7,493,904	13,314,135
		5,930,966,545	5,434,891,043
Current assets			
Properties for sale	10	101,330,940	101,330,940
Debtors and prepayments	11	19,689,497	22,177,295
Current income tax recoverable		766,190	298,939
Cash and cash equivalents	12	59,845,788	41,826,352
		181,632,415	165,633,526
Current liabilities			
Rental and other deposits		50,848,787	43,655,443
Creditors and accruals	13	50,581,402	49,639,145
Current income tax liabilities		27,098,591	29,556,105
Short term bank loans – secured	14	300,791,667	374,000,000
Bank overdrafts – secured	14	4,181,219	7,600,572
Current portion of long term bank loans – secured	15	6,000,000	131,809,072
		439,501,666	636,260,337
Net current liabilities		(257,869,251)	(470,626,811)
Total assets less current liabilities		5,673,097,294	4,964,264,232
Non-current liabilities			
Long term bank loans – secured	15	294,549,035	–
Deferred income tax liabilities	16	179,628,736	139,187,480
		474,177,771	139,187,480
Net assets		5,198,919,523	4,825,076,752

	Note	2013	2012
		HK$	HK$
Equity			
Equity attributable to the Company's owners			
Share capital	17	287,669,676	287,669,676
Reserves	18	4,729,737,452	4,354,186,381
Proposed dividends	18	11,506,787	23,013,574
		5,028,913,915	4,664,869,631
Non-controlling interests		170,005,608	160,207,121
Total equity		5,198,919,523	4,825,076,752

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 31 to 76 are an integral part of these consolidated financial statements.

BALANCE SHEET
AS AT 31ST DECEMBER 2013

	Note	2013	2012
		HK$	HK$
Non-current assets			
Property, plant and equipment	6	2,942,066	3,202,535
Investment properties	7	540,000,000	475,000,000
Subsidiaries	8	501,025,100	505,371,926
Available-for-sale financial assets	9	199,603	217,392
		1,044,166,769	983,791,853
Current assets			
Debtors and prepayments	11	1,721,778	1,456,867
Amounts due from subsidiaries	8	469,252,267	449,069,587
Cash and cash equivalents	12	5,785,408	10,013,424
		476,759,453	460,539,878
Current liabilities			
Rental and other deposits		5,099,046	4,468,675
Creditors and accruals	13	5,979,426	6,502,220
Amounts due to subsidiaries	8	40,494,631	11,947,423
		51,573,103	22,918,318
Net current assets		425,186,350	437,621,560
Net assets		1,469,353,119	1,421,413,413
Equity			
Equity attributable to the Company's owners			
Share capital	17	287,669,676	287,669,676
Reserves	18	1,170,176,656	1,110,730,163
Proposed dividends	18	11,506,787	23,013,574
Total equity		1,469,353,119	1,421,413,413

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 31 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013	2012
		HK$	HK$
Revenues	5(a)	228,840,700	216,126,851
Cost of sales	19	(73,006,208)	(61,885,821)
Gross profit		155,834,492	154,241,030
Fair value gains on investment properties	7	432,210,187	629,596,829
Other (loss)/income and gains, net	20	(869,359)	511,246
Administrative expenses	19	(86,428,517)	(79,062,090)
Other operating expenses	19	(19,017,373)	(18,048,011)
Operating profit		481,729,430	687,239,004
Finance income	22	48,656	92,848
Finance costs	22	(10,424,455)	(14,782,083)
Finance costs, net		(10,375,799)	(14,689,235)
Profit before income tax		471,353,631	672,549,769
Income tax expense	23	(44,391,143)	(71,813,980)
Profit for the year		426,962,488	600,735,789
Attributable to:			
Owners of the Company	18, 24	414,960,659	580,181,315
Non-controlling interests		12,001,829	20,554,474
		426,962,488	600,735,789
Earnings per share (basic and diluted)	25	HK$1.44	HK$2.02
Dividends	26	31,643,664	37,397,058
Dividends per share	26		
Interim – paid		HK 7 cents	HK 5 cents
Final – proposed		HK 4 cents	HK 8 cents
Total		HK 11 cents	HK 13 cents

The notes on pages 31 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013	2012
		HK$	HK$
Profit for the year		426,962,488	600,735,789
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net fair value loss on available-for-sale financial assets		(7,819,567)	(10,703,683)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	18	–	(339,605)
Exchange translation differences	18	3,601	32,720
Other comprehensive income for the year		(7,815,966)	(11,010,568)
Total comprehensive income for the year		419,146,522	589,725,221
Total comprehensive income attributable to:			
Owners of the Company	18	407,194,735	567,753,078
Non-controlling interests		11,951,787	21,972,143
		419,146,522	589,725,221

The notes on pages 31 to 76 are an integral part of these consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013	2012
		HK$	HK$
Operating activities			
Net cash generated from operations	27	67,531,945	82,547,739
Hong Kong profits tax paid		(7,184,817)	(3,502,487)
Hong Kong profits tax refunded		323,860	2,243,130
Overseas taxation paid		(13,697)	(13,260)
Net cash from operating activities		60,657,291	81,275,122
Investing activities			
Additions of property, plant and equipment and prepayments		(11,995,621)	(16,593,320)
Additions of investment properties and prepayments		(64,873,070)	(50,003,294)
Proceeds on disposal of available-for-sale financial assets		–	1,071,935
Proceeds on disposal of property, plant and equipment		444,250	768,880
Interest received		48,656	92,848
Dividends received		1,299,613	1,539,114
Net cash used in investing activities		(75,076,172)	(63,123,837)
Financing activities			
Interest paid		(14,373,810)	(12,675,970)
Draw down of bank loan		98,460,984	54,000,000
Repayments of bank loans		(2,929,354)	(34,858,711)
Dividends paid to shareholders		(43,150,451)	(34,520,361)
Dividends paid to non-controlling shareholders of subsidiaries		(2,153,300)	(2,721,000)
Net cash from/(used in) financing activities		35,854,069	(30,776,042)
Net increase/(decrease) in cash and cash equivalents		21,435,188	(12,624,757)
Exchange translation differences		3,601	32,720
Cash and cash equivalents at 1st January		34,225,780	46,817,817
Cash and cash equivalents at 31st December		55,664,569	34,225,780
Analysis of the balances of cash and cash equivalents			
Bank balances and cash and restricted bank deposits		59,845,788	41,826,352
Bank overdrafts		(4,181,219)	(7,600,572)
		55,664,569	34,225,780

The notes on pages 31 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2013

	Attributable to owners of the Company							
	Share capital	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total reserves	Non-controlling interests	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January 2013	287,669,676	129,651,602	29,585,332	7,242,261	4,210,720,760	4,377,199,955	160,207,121	4,825,076,752
Total comprehensive income for the year	–	–	(7,769,525)	3,601	414,960,659	407,194,735	11,951,787	419,146,522
Transactions with owners – dividends paid	–	–	–	–	(43,150,451)	(43,150,451)	(2,153,300)	(45,303,751)
At 31st December 2013	287,669,676	129,651,602	21,815,807	7,245,862	4,582,530,968	4,741,244,239	170,005,608	5,198,919,523
At 1st January 2012	287,669,676	129,651,602	42,046,289	7,209,541	3,665,059,806	3,843,967,238	140,955,978	4,272,592,892
Total comprehensive income for the year	–	–	(12,460,957)	32,720	580,181,315	567,753,078	21,972,143	589,725,221
Transactions with owners – dividends paid	–	–	–	–	(34,520,361)	(34,520,361)	(2,721,000)	(37,241,361)
At 31st December 2012	287,669,676	129,651,602	29,585,332	7,242,261	4,210,720,760	4,377,199,955	160,207,121	4,825,076,752

The notes on pages 31 to 76 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tai Sang Land Development Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in property investment, property rental, property development, estate management and agency and hotel operation.

The Company is a limited liability company incorporated in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollar (HK$), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 25th March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value.

The Group had net current liabilities of HK$257,869,251 as at 31st December 2013. The current liabilities mainly included short term bank loans of HK$300,791,667. Based on the Group's history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

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

Adoption of new HKFRSs

In 2013, the Group adopted the following new standards, interpretations, and amendments to existing standards (collectively the "new HKFRSs") issued by the HKICPA, which are effective for the financial year ended 31st December 2013 and are relevant to the Group's operation:

HKAS 1 (Amendment)	"Financial Statements Presentation" Regarding Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Amendment)	Separate Financial Statements
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurements
HKFRSs (Amendment)	Annual Improvements 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Except that the adoption of HKAS 1 (Amendment), HKFRS 10 and HKFRS 13 had resulted in changes in accounting policies as described below, the adoption of other new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

HKAS 1 (Amendment) requires 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 amendments do not address which items are presented in OCI.

HKFRS 10 defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US Generally Accepted Accounting Principles ("US GAAP"), do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31st December 2013 and have not been early adopted by the Group

The HKICPA has issued certain new HKFRSs which are relevant to the Group's operations but are not yet effective for the year ended 31st December 2013. The Group has not early adopted these standards in the consolidated financial statements.

		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Defined Benefit Plans	1st July 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 (Amendment)	Disclosures – Recoverable Amount of Impaired Assets	1st January 2014
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for Investment Entities	1st January 2014
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRSs (Amendment)	Annual Improvements 2012, 2013	1st July 2014

The Group will apply the above new HKFRSs when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial financial impact will be resulted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December 2013.

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.

Business combination

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 owner 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 acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred. The excess of the consideration transferred and the fair value on of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

The results and financial positions of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holding of the Company are reclassified to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

(i) Leasehold land classified under finance lease and freehold land

Leasehold land classified as finance lease are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at cost less accumulated impairment losses. No depreciation is provided for freehold land.

Depreciation of leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. The depreciation is calculated using the straight-line basis over the remaining period of the leases.

(ii) Buildings

Buildings are stated at cost less accumulated depreciation and impairment losses.

Depreciation of buildings is provided to write off the cost less impairment losses and residual value on a straight-line basis over 15 to 40 years.

(iii) Property under development

Property under development are interest in land and building on which construction work has not been completed. Property under development is carried at cost which includes land cost, development and construction expenditure and other direct costs attributable to the development less any impairment losses.

(iv) Plant and equipment

Plant and equipment, comprising plant and machinery, furniture and equipment and motor vehicles, are stated at cost less accumulated depreciation and impairment losses.

Depreciation of plant and equipment is calculated using straight-line method to allocate cost to their residual values over their estimated useful lives of 3 to 10 years.

(v) Leasehold improvement

Leasehold improvement is stated at cost less accumulated depreciation and impairment losses.

Depreciation of leasehold improvement is calculated using straight-line method to allocate cost to their residual value over the shorter of the lease term or estimated useful lives of 5 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

(vi) Subsequent costs, residual value, useful lives and disposal

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 charged in the income statement during the financial period in which they are incurred.

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

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

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group companies, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises freehold land, leasehold land and buildings. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair value are recognised in the income statements. The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of non-financial assets and investments in subsidiaries

Assets that have an indefinite useful life and are not subject to depreciation or amortisation are tested annually for impairment and 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). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends 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.

(h) Financial assets

The Group classifies its financial assets in the following two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) 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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets when the maturities are greater than 12 months after the balance sheet date.

(ii) Available-for-sale financial assets

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

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investments.

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 establishes fair value by using valuation techniques which refer to observable market data and are commonly used by market participants.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of financial assets

(i) 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.

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

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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

(ii) Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the securities below the cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Cost comprises development expenditure and other associated expenditures, including interest capitalised. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(k) Trade and other receivables

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. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities within three months and bank overdrafts.

(m) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company 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.

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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Contingent liabilities and contingent assets

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

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

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

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

(q) Revenue and income recognition

The Group recognises income on the following bases:

(i) Rental income

Rental income is recognised on a straight-line basis over the terms of the lease agreements.

(ii) Agency commission and management fees

Agency commission and management fees are recognised when services are rendered.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Income on sale of investments

Income on sale of investments is recognised when the title to the investments is passed to the purchaser.

(v) Income on sale of properties

Income on sale of properties is recognised on the transfer of risks and rewards of ownership.

(vi) Income from hotel operations

Income from hotel operations is recognised when services are rendered.

(vii) Interest income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Retirement benefit obligations

The Group's contributions to the defined contribution retirement schemes are available to all employees in Hong Kong and the United States of America ("US"). The assets of the schemes are held separately from those of the Group in independently administered funds.

The US subsidiaries, which participate in the US government benefit schemes, are required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

The Group's contributions to the aforesaid defined contribution retirement schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective territories and are charged to the income statement as incurred.

Employee entitlements to long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payments as a result of services rendered by employees up to the balance sheet date. The provision for long service payments is included as liabilities in the financial statements.

(s) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the issue of a financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

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 balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because a specified debtor failed to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(u) Operating leases

Leases where substantially all the risks and rewards of ownership are remained with the lessors are classified as operating leases.

(i) Leases – where the Group is the lessor

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(q)(i) above.

(ii) Leases – where the Group is leasee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease periods.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the final dividends and interim dividends are approved by the Company's shareholders and board of directors respectively.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and price risk.

(i) Foreign exchange risk

The Group operates in the US and Hong Kong and is primarily exposed to foreign exchange risk arising from US dollar ("US$"). The foreign exchange risk exposure is considered to be minimal to the Group because Hong Kong dollar is pegged to US dollar.

(ii) Credit risk

Credit risk arises from the carrying amount of cash and cash equivalents and debtors. The maximum exposure to credit risk at the reporting date is limited because the Group regularly performs risk control assessment on the credit quality of the debtors. Furthermore, the Group only places cash deposits into licensed banks with no history of defaults. The Group has no significant concentrations of credit risk with any counterparty.

In respect of the credit risk arises from the guarantees to bankers for credit facilities granted to the subsidiaries, taking into account the financial position of the subsidiaries and the other collaterals pledged to the bankers, the risk is considered insignificant.

(iii) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

At 31st December 2013, the Group's net current liabilities amounted to HK$257,869,251 (2012: HK$470,626,811). Based on the Group's history of refinancing, the directors consider that the Group will be able to refinance its existing short term bank loans and obtain sufficient financial resources so as to satisfy its working capital requirements, provision for payments of liabilities as and when they fall due and its future capital commitments. Management also reviewed the compliance of loan covenants as at 31st December 2013 and no non-compliance of covenants was noted. The directors has been closely monitored the expected liquidity requirements to ensure the maintenance of sufficient reserves of cash and adequate committed lines of funding.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Except for the bank borrowings, balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

2013

	Group				Company
	Within one year	In the second year	In the third to fifth years	After the fifth year	Within one year
	HK$	HK$	HK$	HK$	HK$
Rental and other deposits	50,848,787	–	–	–	5,099,046
Creditors and accruals	50,581,402	–	–	–	5,979,426
Amounts due to subsidiaries	–	–	–	–	40,494,631
Bank overdrafts	4,181,219	–	–	–	–
Short term bank loans	309,267,300	–	–	–	–
Long term bank loans	6,143,400	7,236,888	148,154,154	152,455,005	–
Financial guarantees	–	–	–	–	455,181,219
	421,022,108	7,236,888	148,154,154	152,455,005	506,754,322

2012

	Group				Company
	Within one year	In the second year	In the third to fifth years	After the fifth year	Within one year
	HK$	HK$	HK$	HK$	HK$
Rental and other deposits	43,655,443	–	–	–	4,468,675
Creditors and accruals	49,639,145	–	–	–	6,502,220
Amounts due to subsidiaries	–	–	–	–	11,947,423
Bank overdrafts	7,600,572	–	–	–	–
Short term bank loans	383,994,000	–	–	–	–
Long term bank loans	132,822,768	–	–	–	–
Financial guarantees	–	–	–	–	381,600,572
	617,711,928	–	–	–	404,518,890

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Interest rate risk

The Group is primarily exposed to interest rate risk arising from bank borrowings. The Group's policy is to maintain all its bank borrowings in floating rate instruments except when management's objectives are to limit the impact of interest rate changes on earnings and cash flow and to lower overall borrowings. The Group will attempt to refinance by fixed rate borrowings at a lower rate if and when available.

At 31st December 2013, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been decreased/increased by HK$528,000 (2012: HK$444,000) before taking account of interest capitalisation, mainly as a result of higher/lower interest expense on floating rate borrowings.

(v) Price risk

The Group is exposed to equity securities price risk for the Group's available-for-sale financial assets. The performance of the Group's investments is closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

At 31st December 2013, if the fair value of the equity securities had been 10% higher/lower with all other variances held constant, profit after income tax for the year would have been increased/decreased by HK$1,100,000 (2012: HK$800,000) and the investment revaluation reserve would have been increased/decreased by HK$3,960,000 (2012: HK$5,242,000).

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide 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, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt (total borrowings) to equity (total equity) ratio. The debt to equity ratio is 11.6% (2012: 10.6%) as at 31st December 2013.

(c) Fair value estimation

Financial instruments that are measured in the balance sheet at fair value required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's and the Company's financial assets that are measured at fair value at 31st December 2013 and 2012.

	Group			Company
	Level 1	Level 2	Level 3	Level 1
	HK$	HK$	HK$	HK$
2013				
Available-for-sale financial assets	39,597,244	–	12,000,000	199,603
2012				
Available-for-sale financial assets	40,416,811	–	21,000,000	217,392

Movement on the available-for-sale financial assets at level 3 is as follows:

	2013	2012
	HK$	HK$
At 1st January	21,000,000	21,000,000
Available-for-sale financial assets transfer from level 1 to level 3 (note)	–	8,000,000
Net fair value loss	(9,000,000)	(8,000,000)
At 31st December	12,000,000	21,000,000

Note:

In December 2012, shareholders of Yangtze China Investment Limited approved the proposal of cancellation of admission of its ordinary shares to trading on Alternative Investment Market and its shares were delisted.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and assumptions

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 effect on the carrying amounts of assets and liabilities are discussed below:

(i) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(i) Investment properties (Continued)

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed semi-annually by external valuers.

Should the capitalisation rates or market rates differ by 10%, the fair value gain would be reduced or increased by HK$477,697,000 or HK$583,852,000 (2012: HK$431,916,000 or HK$527,897,000) respectively and the deferred income tax charge thereon would be reduced or increased by HK$22,866,000 or HK$27,947,000 (2012: HK$19,536,000 or HK$23,877,000) respectively.

(ii) Fair value of available-for-sale financial assets

The fair values of quoted investments are based on current bid prices. The fair value of investments which are not traded in an active market is determined by using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(iii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Should the useful lives of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$1,204,000 or HK$1,254,000 (2012: HK$1,088,000 or HK$1,375,000) respectively in the current year.

Should the residual values of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$113,000 (2012: HK$80,000) respectively in the current year.

(b) Critical judgment in applying the Group's accounting policies

(i) Impairment of available-for-sale investments

The guidance of HKAS 39 is followed by the Group in determining when an investment has other-than-temporary impairment. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Income tax

The Group is subject to taxes in Hong Kong and the US. Significant judgment is required in determining the provision for the taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential 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 tax and deferred tax provisions in the period in which such determination is made.

5 REVENUES AND SEGMENT INFORMATION

(a) Revenues (representing turnover) recognised during the year are as follows:

	2013	2012
	HK$	HK$
Revenues		
Property rental		
– investment properties	185,127,845	172,798,549
– properties for sale	20,168,721	20,399,582
Property related services	8,050,155	9,184,690
Hotel operations	15,493,979	13,744,030
	228,840,700	216,126,851

Property rental and property related services revenue above included amounts of HK$2,070,919 (2012: HK$1,993,622) and HK$422,338 (2012: HK$420,390) from related companies and persons respectively.

(b) Operating lease arrangement

The Group leases out investment properties and properties for sale under lease terms generally in the range of one to ten years.

At 31st December 2013, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
Not later than one year	179,908,000	149,546,000	17,163,000	5,213,000
Later than one year but not later than five years	193,354,000	187,159,000	14,830,000	4,355,000
Later than five years	14,551,000	15,211,000	–	–
	387,813,000	351,916,000	31,993,000	9,568,000

(c) The chief operating decision-maker has been identified as the executive directors of the Company. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The board of directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The board of directors assesses the performance of the operating segments based on their underlying profit, which is measured by profit after income tax excluding fair value changes on investment properties and deferred income tax on fair value changes on investment properties, and their segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

There are no sales between the operating segments.

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2013			
Segment revenues			
Property rental	158,790,673	46,505,893	205,296,566
Property related services	8,050,155	–	8,050,155
Hotel operations	15,493,979	–	15,493,979
Total segment revenues	182,334,807	46,505,893	228,840,700
Segment results-underlying profit			
– Property rental and related services	25,260,378	3,278,715	28,539,093
– Hotel operations	2,041,905	–	2,041,905
Fair value gains on investment properties	351,012,062	81,198,125	432,210,187
Deferred income tax, net	–	(35,828,697)	(35,828,697)
Profit for the year	378,314,345	48,648,143	426,962,488
Included in segment results:			
Impairment loss on available-for-sale financial asset	(2,000,000)	–	(2,000,000)
Finance income	6,559	42,097	48,656
Finance costs	(7,504,525)	(2,919,930)	(10,424,455)
Income tax expense (note)	(8,548,750)	(13,696)	(8,562,446)
Depreciation	(13,612,300)	(780,499)	(14,392,799)
Capital expenditure	89,832,753	4,741,183	94,573,936
At 31st December 2013			
Property, plant and equipment	604,544,786	12,659,011	617,203,797
Investment properties	4,667,550,000	587,121,600	5,254,671,600
Non-current prepayments	7,493,904	–	7,493,904
Non-current assets (excluding available-for-sale financial assets)	5,279,588,690	599,780,611	5,879,369,301
Non-current available-for-sale financial assets	51,597,244	–	51,597,244
Current assets	134,757,526	46,874,889	181,632,415
Segment assets	5,465,943,460	646,655,500	6,112,598,960
Current liabilities	431,332,078	8,169,588	439,501,666
Non-current liabilities	214,546,667	259,631,104	474,177,771
Segment liabilities	645,878,745	267,800,692	913,679,437

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments (Continued)

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2012			
Segment revenues			
Property rental	149,683,873	43,514,258	193,198,131
Property related services	9,184,690	–	9,184,690
Hotel operations	13,744,030	–	13,744,030
Total segment revenues	172,612,593	43,514,258	216,126,851
Segment results-underlying profit			
– Property rental and related services	30,451,450	3,786,752	34,238,202
– Hotel operations	1,949,703	–	1,949,703
Fair value gains on investment properties	550,474,222	79,122,607	629,596,829
Deferred income tax, net	(27,900,000)	(37,148,945)	(65,048,945)
Profit for the year	554,975,375	45,760,414	600,735,789
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,360,000)	–	(1,360,000)
Finance income	76,741	16,107	92,848
Finance costs	(12,064,238)	(2,717,845)	(14,782,083)
Income tax expense (note)	(6,751,775)	(13,260)	(6,765,035)
Depreciation	(13,577,922)	(996,793)	(14,574,715)
Capital expenditure	60,258,152	5,999,315	66,257,467
At 31st December 2012			
Property, plant and equipment	596,088,295	12,996,002	609,084,297
Investment properties	4,249,450,000	501,625,800	4,751,075,800
Non-current prepayments	13,314,135	–	13,314,135
Non-current assets (excluding available-for-sale financial assets)	4,858,852,430	514,621,802	5,373,474,232
Non-current available-for-sale financial assets	61,416,811	–	61,416,811
Current assets	140,825,058	24,808,468	165,633,526
Segment assets	5,061,094,299	539,430,270	5,600,524,569
Current liabilities	494,732,699	141,527,638	636,260,337
Non-current liabilities	70,711,512	68,475,968	139,187,480
Segment liabilities	565,444,211	210,003,606	775,447,817

Note: The amount excludes deferred income tax on fair value changes on investment properties.

6 PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings	Leasehold improvement	Plant and equipment	Property under development	Total
	HK$	HK$	HK$	HK$	HK$
Cost					
At 1st January 2013	241,885,429	5,608,828	90,930,127	418,000,000	756,424,384
Additions	–	–	4,572,975	18,615,348	23,188,323
Disposals and write-off	–	(5,608,828)	(3,118,145)	–	(8,726,973)
At 31st December 2013	241,885,429	–	92,384,957	436,615,348	770,885,734
Accumulated depreciation					
At 1st January 2013	81,343,900	5,608,828	60,387,359	–	147,340,087
Depreciation charge	6,885,339	–	7,507,460	–	14,392,799
Disposals and write-off	–	(5,608,828)	(2,442,121)	–	(8,050,949)
At 31st December 2013	88,229,239	–	65,452,698	–	153,681,937
Net book value					
At 31st December 2013	153,656,190	–	26,932,259	436,615,348	617,203,797
Cost					
At 1st January 2012	241,885,429	5,608,828	87,395,789	–	334,890,046
Additions	–	–	8,119,515	–	8,119,515
Transfer from investment properties	–	–	–	418,000,000	418,000,000
Disposals and write-off	–	–	(4,585,177)	–	(4,585,177)
At 31st December 2012	241,885,429	5,608,828	90,930,127	418,000,000	756,424,384
Accumulated depreciation					
At 1st January 2012	74,458,560	5,608,828	56,128,808	–	136,196,196
Depreciation charge	6,885,340	–	7,689,375	–	14,574,715
Disposals and write-off	–	–	(3,430,824)	–	(3,430,824)
At 31st December 2012	81,343,900	5,608,828	60,387,359	–	147,340,087
Net book value					
At 31st December 2012	160,541,529	–	30,542,768	418,000,000	609,084,297

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$
Cost			
At 1st January 2013	5,608,828	6,877,640	12,486,468
Additions	–	406,856	406,856
Disposals and write-off	(5,608,828)	(318,560)	(5,927,388)
At 31st December 2013	–	6,965,936	6,965,936
Accumulated depreciation			
At 1st January 2013	5,608,828	3,675,105	9,283,933
Depreciation charge	–	542,564	542,564
Disposals and write-off	(5,608,828)	(193,799)	(5,802,627)
At 31st December 2013	–	4,023,870	4,023,870
Net book value			
At 31st December 2013	–	2,942,066	2,942,066
Cost			
At 1st January 2012	5,608,828	6,646,521	12,255,349
Additions	–	262,084	262,084
Disposals and write-off	–	(30,965)	(30,965)
At 31st December 2012	5,608,828	6,877,640	12,486,468
Accumulated depreciation			
At 1st January 2012	5,608,828	3,155,572	8,764,400
Depreciation charge	–	529,089	529,089
Disposals and write-off	–	(9,556)	(9,556)
At 31st December 2012	5,608,828	3,675,105	9,283,933
Net book value			
At 31st December 2012	–	3,202,535	3,202,535

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

(a) The Group's freehold land and building located in the US with net book value of HK$11,085,750 (2012: HK$11,758,500) together with an investment property located in the US (note 7(a)) have been pledged to a financial institution to secure a credit facility of the Group in the US of HK$155,274,623 (2012: HK$131,809,072) which was fully utilised as at 31st December 2013.

(b) The Group's property under development located in Hong Kong with net book value of HK$436,615,348 (2012: HK$418,000,000) has been pledged to a financial institution to secure a credit facility of the Group in Hong Kong of HK$200,000,000 (2012: HK$200,000,000) which was fully utilised as at 31st December 2013.

(c) The Group's property under development included additions of HK$5,749,633 being interest expenses capitalised for the development project (note 22).

The Group's interests in land included in land and buildings and property under development above are analysed as follows:

	Group As at 31st December 2013	 2012
	HK$	HK$
In Hong Kong, held on:		
Leases of over 50 years		
Leases of between 10 and 50 years	418,201,600	418,000,000
	78,626,774	80,953,963
In US, held on freehold	2,340,000	2,340,000
	499,168,374	501,293,963

7 INVESTMENT PROPERTIES

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
At 1st January	4,751,075,800	4,481,358,300	475,000,000	379,000,000
Additions	71,385,613	58,137,952	–	–
Disposals	–	(17,281)	–	–
Transfer to property under development	–	(418,000,000)	–	–
Fair value gains	432,210,187	629,596,829	65,000,000	96,000,000
At 31st December	5,254,671,600	4,751,075,800	540,000,000	475,000,000

All the investment properties of the Group and the Company measured at fair value are categorised as Level 3 in the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

7 INVESTMENT PROPERTIES (Continued)

Fair value measurement using significant unobservable inputs

Group

	Hong Kong			North America	
	Industrial properties	Commercial properties	Residential properties	Commercial property	Total
	HK$	HK$	HK$	HK$	HK$
At 1st January 2013	2,079,900,000	587,700,000	1,581,850,000	501,625,800	4,751,075,800
Additions	48,645,438	–	18,442,500	4,297,675	71,385,613
Fair value gain/(loss)	265,354,562	87,400,000	(1,742,500)	81,198,125	432,210,187
At 31st December 2013	2,393,900,000	675,100,000	1,598,550,000	587,121,600	5,254,671,600

Company

	Hong Kong Commercial properties
	HK$
At 1st January 2013	475,000,000
Fair value gain	65,000,000
At 31st December 2013	540,000,000

Valuation processes of the Group and the Company

The Group measures its investment properties at fair value. The investment properties of the Group and the Company in Hong Kong were revalued by A A Property Services Limited and the Group's overseas investment property was revalued by Mr. David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company. They are independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued, at 31st December 2013. For all investment properties, their current use equates to the highest and best use.

The Group assigns a team to review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the assigned team:

- Verifies all major inputs to the independent valuation reports;
- Assess property valuations movements when compared to the prior year valuation reports; and
- Holds discussions with the independent valuers.

7 INVESTMENT PROPERTIES (Continued)

Valuation techniques

Fair value of a residential property in Hong Kong are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair values of industrial properties, commercial properties and other residential properties in Hong Kong and a commercial property in North America are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

Significant unobservable inputs used to determine fair value

The valuation determined using the direct comparison method by A A Property Services Limited, sales price of comparable properties in close proximity and adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation method is the price adjustment per square foot.

Capitalisation rates are estimated by A A Property Services Limited and Mr. David K Bohegian based on the risk profile of the properties being valued in Hong Kong and North America respectively. The higher the rates, the lower the fair value. At 31st December 2013, capitalisation rates of ranged from 2.6% to 4.6% and 4.25% are used in the income capitalisation method for properties in Hong Kong and North America respectively.

Notes:

(a) The Group's investment property located in the US with a net book value of HK$587,121,600 (2012: HK$501,625,800) together with the freehold land and building located in the US have been pledged to a financial institution to secure a credit facility of the Group in the US (note 6(a)).

Certain of the Group's investment properties located in Hong Kong with an aggregate net book value of HK$2,683,000,000 (2012: HK$2,400,000,000) have been pledged to financial institutions to secure credit facilities of the Group in Hong Kong totalling HK$460,000,000 (2012: HK$310,000,000) of which HK$250,195,482 (2012: HK$181,600,572) were utilised as at 31st December 2013.

(b) The interests in investment properties at their net book values are analysed as follows:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
In Hong Kong, held on:				
Leases of over 50 years	772,550,000	713,850,000	40,000,000	35,000,000
Leases of between 10 and 50 years	3,895,000,000	3,535,600,000	500,000,000	440,000,000
Outside Hong Kong, held on:				
Freehold	587,121,600	501,625,800	–	–
	5,254,671,600	4,751,075,800	540,000,000	475,000,000

8 SUBSIDIARIES

(a) Interests in subsidiaries

	Company 2013	Company 2012
	HK$	HK$
Unlisted shares, at cost	124,359,569	124,359,569
Less: provision	(69,662,904)	(69,679,433)
	54,696,665	54,680,136
Advances to subsidiaries	565,190,508	568,651,398
Less: provision	(118,862,073)	(117,959,608)
	446,328,435	450,691,790
	501,025,100	505,371,926

Details of principal subsidiaries as at 31st December 2013, which, in the directors' opinion, materially affect the results and/or assets of the Group, are set out in note 30.

Advances to subsidiaries are unsecured, interest free and not repayable within the next twelve months from the balance sheet date.

The directors considered the advances to subsidiaries are equity in nature and accordingly they are stated at cost less provision for impairment at balance sheet date.

(b) Amounts due from/(to) subsidiaries

	Company 2013	Company 2012
	HK$	HK$
Amounts due from subsidiaries	481,489,264	461,983,054
Less: provision	(12,236,997)	(12,913,467)
	469,252,267	449,069,587
Amounts due to subsidiaries	(40,494,631)	(11,947,423)

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. Movement on the provision for impairment of amounts due from subsidiaries is as follows:

	Company 2013	Company 2012
	HK$	HK$
At 1st January	(12,913,467)	(12,677,687)
Write back of provision/(provision) for impairment of amounts due from subsidiaries	676,470	(235,780)
At 31st December	(12,236,997)	(12,913,467)

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
At 1st January	61,416,811	74,552,429	217,392	178,875
Disposal	–	(732,330)	–	–
Net fair value (loss)/gain	(9,819,567)	(12,063,683)	(17,789)	38,517
Gain on disposal recognised in consolidated income statement (note 20)	–	(339,605)	–	–
At 31st December	51,597,244	61,416,811	199,603	217,392
Available-for-sale financial assets include the following:				
Listed equity securities in Hong Kong (note (a))	39,541,961	40,352,111	199,603	217,392
Listed equity securities in overseas (note (b))	55,283	64,700	–	–
Unlisted equity securities (note (c))	12,000,000	21,000,000	–	–
Total	51,597,244	61,416,811	199,603	217,392

Notes:

(a) Listed equity securities in Hong Kong, which were denominated in Hong Kong dollar, mainly represented securities listed in the Main Board of The Stock Exchange of Hong Kong Limited, which included conglomerates that are also engaged in property development and utility businesses.

(b) Listed equity securities in overseas as at 31st December 2013 were denominated in US dollar, represented a publicly traded container port business trust, an equity investment listed in the Singapore Exchange.

(c) Unlisted securities were denominated in Hong Kong dollar, represented approximately 12% equity interests each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited, and Yangtze China Investment Limited. The underlying investments of these entities comprise companies engaged in integrated circuits, Chinese medical products, environmental friendly product in China, and a provider of expansion capital to China-based enterprises.

10 PROPERTIES FOR SALE

The Group's interests in properties for sale at their net book values are analysed as follows:

	Group	
	2013	2012
	HK$	HK$
Leasehold land	12,063,339	12,063,339
Development expenditures	89,267,601	89,267,601
	101,330,940	101,330,940
In Hong Kong, held on:		
Leases of over 50 years	29,620,572	29,620,572
Leases of between 10 and 50 years	71,710,368	71,710,368
	101,330,940	101,330,940

11 DEBTORS AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
Trade debtors (note (a))	527,651	731,351	–	–
Prepayments, deposits and other debtors (note (b))	19,161,846	21,445,944	1,721,778	1,456,867
	19,689,497	22,177,295	1,721,778	1,456,867

Notes:

(a) The trade debtors represent rental and management fee receivables. The Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fee receivables.

At 31st December 2013, the ageing analysis of the Group's trade debtors were as follows:

	Group	
	2013	2012
	HK$	HK$
Current	489,772	687,986
31-60 days	37,879	23,210
61-90 days	–	–
Over 90 days	–	20,155
	527,651	731,351

11 DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

(a) At 31st December 2013, trade debtors of HK$227,145 (2012: HK$459,785) were fully performing. Trade debtors of HK$300,506 (2012: HK$271,566) were past due but not impaired and its due date analysis was as follows:

	Group	
	2013	2012
	HK$	HK$
Up to 30 days	266,506	245,011
31-60 days	34,000	6,400
61-90 days	–	–
Over 90 days	–	20,155
	300,506	271,566

At 31st December 2013, no impairment provision was made on the trade debtors (2012: HK$Nil).

(b) The prepayments, deposits and other debtors represent utilities deposits, and other prepayments, deposits and receivables.

(c) The carrying amounts of debtors and prepayments approximated their fair values as at 31st December 2013 and 2012.

(d) Included in the debtors and prepayments are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
US dollar	10,703,323	13,794,994	–	–

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
Bank balances and cash	58,845,788	40,826,352	4,785,408	9,013,424
Restricted bank deposit (note)	1,000,000	1,000,000	1,000,000	1,000,000
	59,845,788	41,826,352	5,785,408	10,013,424

Note:

Restricted bank deposit of the Company is pledged to secure an overdraft credit facility of HK$996,000 (2012: HK$998,000) provided to the Company by a financial institution, which is a related company of the Company.

12 CASH AND CASH EQUIVALENTS (Continued)

Notes: (Continued)

Included in the bank balances and cash are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
US dollar	36,171,566	11,013,483	–	–

13 CREDITORS AND ACCRUALS

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
Trade creditors	22,340,955	15,047,404	454,599	992,416
Other creditors	10,314,864	12,340,455	2,888,989	2,820,594
Accruals	17,925,583	22,251,286	2,635,838	2,689,210
	50,581,402	49,639,145	5,979,426	6,502,220

At 31st December 2013, the ageing analysis of the Group's trade creditors was as follows:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
Current	17,529,584	6,193,362	401,948	670,987
31-60 days	217,891	298,236	40,570	294,790
61-90 days	48,800	463,077	2,960	–
Over 90 days	4,544,680	8,092,729	9,121	26,639
	22,340,955	15,047,404	454,599	992,416

The carrying amounts of creditors and accruals approximated their fair values as at 31st December 2013 and 2012.

Included in the trade creditors, other creditors and accruals are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
US dollar	3,443,497	3,762,299	–	–

14 SHORT TERM BANK LOANS AND BANK OVERDRAFTS – SECURED

The effective interest rates per annum at the balance sheet date were as follows:

	Group	
	2013	2012
Short term bank loans	2.36% - 2.88%	2.40% - 2.90%
Bank overdrafts	5.00%	5.00%

The exposure to the Group's short term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group	
	2013	2012
	HK$	HK$
1 month or less	20,000,000	15,000,000
1 to 3 months	280,791,667	359,000,000
	300,791,667	374,000,000

The carrying amounts of the short term bank loans and bank overdrafts approximated their fair values as at 31st December 2013 and 2012.

The short term bank loans and bank overdrafts of the Group are secured by certain investment properties (note 7(a)) and property under development (note 6(b)) in Hong Kong and the rental income thereon. All the short term bank loans and bank overdrafts are denominated in Hong Kong dollar.

15 LONG TERM BANK LOANS – SECURED

	Group	
	2013	2012
	HK$	HK$
Bank loans		
– wholly repayable within five years	145,222,596	131,809,072
– wholly repayable after five years	155,326,439	–
	300,549,035	131,809,072
Amounts due within one year included under current liabilities	(6,000,000)	(131,809,072)
	294,549,035	–

15 LONG TERM BANK LOANS – SECURED (Continued)

The maturity of the Group's long term bank loans is as follows:

	Group	
	2013	2012
	HK$	HK$
– within one year	6,000,000	131,809,072
– in the second year	7,083,654	–
– in the third to fifth year	139,724,520	–
– after the fifth year	147,740,861	–
	300,549,035	131,809,072

The effective interest rates per annum at balance sheet date were as follows:

	Group	
	2013	2012
	HK$	HK$
HK dollar bank loans	2.39%	–
US dollar bank loan	1.82%	1.71%

The exposure to the Group's long term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group	
	2013	2012
	HK$	HK$
1 month or less	155,326,439	131,809,072
1 to 3 months	145,222,596	–
	300,549,035	131,809,072

The carrying amounts of the long term bank loans approximated their fair values as at 31st December 2013 and 2012, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate in the range of 1.82% to 2.39% (2012: 1.71%) per annum.

The carrying amounts of the long term bank loans are denominated in the following currencies:

	Group	
	2013	2012
	HK$	HK$
HK dollar	145,222,596	–
US dollar	155,326,439	131,809,072
	300,549,035	131,809,072

The Group's long term bank loans are secured by the freehold land and building in the US (note 6(a)), investment properties in the US and Hong Kong (note 7(a)) and the rental income thereon.

16 DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group	
	2013	2012
	HK$	HK$
Deferred income tax liabilities – to be settled after more than 12 months	179,628,736	139,187,480

The movements on the net deferred tax liabilities of the Group and the Company are as follows:

	Group	
	2013	2012
	HK$	HK$
At 1st January	139,187,480	73,079,200
Deferred income tax charged to income statement (note 23)	40,441,256	66,108,280
At 31st December	179,628,736	139,187,480

At 31st December 2013, the Company's subsidiaries in Hong Kong had unrecognised tax losses of HK$12,970,000 (2012: HK$10,810,000) to carry forward against future taxable income. Such tax losses have no expiry date. The Company's subsidiary in the US had no unrecognised tax losses (2012: HK$28,054,000) to carry forward against future taxable income.

The movements in deferred income tax assets/(liabilities) (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Group			
	Tax losses		Accelerated accounting depreciation	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
At 1st January	108,279,203	109,357,201	–	3,346
Credited/(charged) to consolidated income statement	1,089,769	(1,077,998)	–	(3,346)
At 31st December	109,368,972	108,279,203	–	–

	Revaluation of properties		Accelerated tax depreciation	
	2013	2012	2013	2012
	HK$	HK$	HK$	HK$
At 1st January	(82,454,889)	(18,795,653)	(165,011,794)	(163,644,094)
Charged to consolidated income statement	(36,126,728)	(63,659,236)	(5,404,297)	(1,367,700)
At 31st December	(118,581,617)	(82,454,889)	(170,416,091)	(165,011,794)

17 SHARE CAPITAL

	2013	2012
	HK$	HK$
Authorised:		
400,000,000 ordinary shares of HK$1 each	400,000,000	400,000,000
Issued and fully paid:		
287,669,676 ordinary shares of HK$1 each	287,669,676	287,669,676

18 RESERVES

Group

	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$	HK$
At 1st January 2013	129,651,602	29,585,332	7,242,261	4,210,720,760	4,377,199,955
Net fair value loss on available-for-sale financial assets	–	(9,769,525)	–	–	(9,769,525)
Impairment loss on available-for-sale financial assets transferred to consolidated income statement	–	2,000,000	–	–	2,000,000
Exchange translation differences	–	–	3,601	–	3,601
Profit attributable to owners of the Company	–	–	–	414,960,659	414,960,659
Total comprehensive income	–	(7,769,525)	3,601	414,960,659	407,194,735
Dividends paid					
2012 final dividend	–	–	–	(23,013,574)	(23,013,574)
2013 interim dividend	–	–	–	(20,136,877)	(20,136,877)
At 31st December 2013	129,651,602	21,815,807	7,245,862	4,582,530,968	4,741,244,239
Representing:					
Reserves	129,651,602	21,815,807	7,245,862	4,571,024,181	4,729,737,452
2013 final dividend proposed (note 26)	–	–	–	11,506,787	11,506,787
	129,651,602	21,815,807	7,245,862	4,582,530,968	4,741,244,239

18 RESERVES (Continued)

Group (Continued)

	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$	HK$
At 1st January 2012	129,651,602	42,046,289	7,209,541	3,665,059,806	3,843,967,238
Net fair value loss on available-for-sale financial assets	–	(13,481,352)	–	–	(13,481,352)
Impairment loss on available-for-sale financial assets transferred to consolidated income statement	–	1,360,000	–	–	1,360,000
Release of reserves upon disposal of an available-for-sale financial asset	–	(339,605)	–	–	(339,605)
Exchange translation differences	–	–	32,720	–	32,720
Profit attributable to owners of the Company	–	–	–	580,181,315	580,181,315
Total comprehensive income	–	(12,460,957)	32,720	580,181,315	567,753,078
Dividends paid					
2011 final dividend	–	–	–	(20,136,877)	(20,136,877)
2012 interim dividend	–	–	–	(14,383,484)	(14,383,484)
At 31st December 2012	129,651,602	29,585,332	7,242,261	4,210,720,760	4,377,199,955
Representing:					
Reserves	129,651,602	29,585,332	7,242,261	4,187,707,186	4,354,186,381
2012 final dividend proposed (note 26)	–	–	–	23,013,574	23,013,574
	129,651,602	29,585,332	7,242,261	4,210,720,760	4,377,199,955

18 RESERVES (Continued)

Company

	Share premium	Investment revaluation reserve	Retained profits	Total
	HK$	HK$	HK$	HK$
At 1st January 2013	129,651,602	204,743	1,003,887,392	1,133,743,737
Fair value loss on available-for-sale financial assets	–	(17,789)	–	(17,789)
Profit for the year	–	–	91,107,946	91,107,946
Total comprehensive income	–	(17,789)	91,107,946	91,090,157
Dividends paid				
2012 final dividend	–	–	(23,013,574)	(23,013,574)
2013 interim dividend	–	–	(20,136,877)	(20,136,877)
At 31st December 2013	129,651,602	186,954	1,051,844,887	1,181,683,443
Representing:				
Reserves	129,651,602	186,954	1,040,338,100	1,170,176,656
2013 final dividend proposed (note 26)	–	–	11,506,787	11,506,787
	129,651,602	186,954	1,051,844,887	1,181,683,443
At 1st January 2012	129,651,602	166,226	907,647,338	1,037,465,166
Fair value gain on available-for-sale financial assets	–	38,517	–	38,517
Profit for the year	–	–	130,760,415	130,760,415
Total comprehensive income	–	38,517	130,760,415	130,798,932
Dividends paid				
2011 final dividend	–	–	(20,136,877)	(20,136,877)
2012 interim dividend	–	–	(14,383,484)	(14,383,484)
At 31st December 2012	129,651,602	204,743	1,003,887,392	1,133,743,737
Representing:				
Reserves	129,651,602	204,743	980,873,818	1,110,730,163
2012 final dividend proposed (note 26)	–	–	23,013,574	23,013,574
	129,651,602	204,743	1,003,887,392	1,133,743,737

19 COST AND EXPENSES

	2013 HK$	2012 HK$
Auditors' remuneration	2,324,330	2,313,348
Bad debts written off	438,752	–
Depreciation	14,392,799	14,574,715
Outgoings in respect of		
– investment properties	45,321,963	36,556,085
– properties for sale	6,945,430	5,553,855
– property related services	7,075,675	7,784,280
– property, plant and equipment	730,168	806,219
– hotel operations	8,178,829	6,456,688
Operating lease rental for office premises to a related company	3,321,000	3,300,000
Staff costs (note 21)	67,678,274	61,717,754
Others	22,044,878	19,932,978
Total cost of sales, administrative and other operating expenses	178,452,098	158,995,922

20 OTHER (LOSS)/INCOME AND GAINS, NET

	2013 HK$	2012 HK$
Dividend income from listed available-for-sale financial assets	1,299,613	1,539,115
Gain on disposal of available-for-sale financial assets	–	339,605
Loss on disposal of property, plant and equipment, net	(168,972)	(7,474)
Impairment loss on available-for-sale financial assets	(2,000,000)	(1,360,000)
	(869,359)	511,246

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 HK$	2012 HK$
Salaries	45,032,176	42,371,968
Housing and other allowances, benefits in kind	13,855,716	12,543,527
Bonuses	7,290,195	6,315,253
Retirement benefit costs	1,500,187	487,006
	67,678,274	61,717,754

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' and chief executive's emoluments

The aggregate amounts of emoluments paid to the directors and chief executive of the Company during the year are as follows:

	2013	2012
	HK$	HK$
Fees	620,000	652,000
Salaries	13,606,920	15,894,858
Housing and other allowances, benefits in kind	12,985,716	11,697,528
Bonuses	3,837,190	4,048,770
Retirement benefit costs	90,000	160,694
	31,139,826	32,453,850

The remuneration of every director and chief executive for the year ended 31st December 2013 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	20,000	4,557,480	10,153,416	1,898,950	15,000	16,644,846
Patrick Ma Ching Hang	16,000	771,600	–	258,600	15,000	1,061,200
Alfred Ma Ching Kuen	16,000	779,520	–	129,920	15,000	940,440
Amy Ma Ching Sau	16,000	1,803,120	–	300,520	15,000	2,134,640
Philip Ma Ching Yeung	16,000	1,551,600	1,956,000	258,600	15,000	3,797,200
Edward Cheung Wing Yui	134,000	–	–	–	–	134,000
Kevin Chau Kwok Fun	134,000	–	–	–	–	134,000
Tan Soo Kiu	134,000	–	–	–	–	134,000
William Wong Hing Kwok	134,000	–	–	–	–	134,000
	620,000	9,463,320	12,109,416	2,846,590	75,000	25,114,326
Name of chief executive						
Ted Mok Tat Hung	–	4,143,600	876,300	990,600	15,000	6,025,500

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and chief executive for the year ended 31st December 2012 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	20,000	4,340,400	8,880,254	1,808,500	13,750	15,062,904
Patrick Ma Ching Hang	16,000	697,680	–	246,280	13,750	973,710
Alfred Ma Ching Kuen	16,000	742,320	–	123,720	13,750	895,790
Amy Ma Ching Sau	16,000	1,717,200	–	286,200	13,750	2,033,150
Katy Ma Ching Man	16,000	1,477,680	–	246,280	13,750	1,753,710
Ruth Ma Ching Keung	16,000	1,541,418	–	116,390	64,444	1,738,252
Philip Ma Ching Yeung	16,000	1,477,680	1,896,000	246,280	13,750	3,649,710
Edward Cheung Wing Yui	134,000	–	–	–	–	134,000
Kevin Chau Kwok Fun	134,000	–	–	–	–	134,000
Tan Soo Kiu	134,000	–	–	–	–	134,000
William Wong Hing Kwok	134,000	–	–	–	–	134,000
	652,000	11,994,378	10,776,254	3,073,650	146,944	26,643,226
Name of chief executive						
Ted Mok Tat Hung	–	3,900,480	921,274	975,120	13,750	5,810,624

The fees paid by the Group to the independent non-executive directors for the year amounted to HK$536,000 (2012: HK$536,000).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2012: four) directors whose emoluments are reflected in the analysis above. The emoluments payable to the remaining two (2012: one) individuals during the year are as follows:

	2013	2012
	HK$	HK$
Salaries	5,695,200	3,900,480
Housing and other allowances, benefits in kind	876,300	921,274
Bonuses	1,249,200	975,120
Retirement benefit costs	30,000	13,750
	7,850,700	5,810,624

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell with the following bands:

	Number of individuals 2013	2012
Emolument bands (in HK$)		
HK$1,000,001 – HK$2,000,000	1	–
HK$5,000,001 – HK$6,000,000	–	1
HK$6,000,001 – HK$7,000,000	1	–
	2	1

During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

(c) Key management remuneration

Remuneration for key management, including amounts paid to the Company's executive directors and chief executive, as disclosed in notes (a) and (b) above, and three (2012: one), senior management and other members, is as follows:

	2013 HK$	2012 HK$
Fees	84,000	116,000
Salaries	17,570,111	16,805,562
Housing and other allowances, benefits in kind	12,985,716	11,697,528
Bonuses	4,255,790	4,199,765
Retirement benefit costs	115,000	160,694
	35,010,617	32,979,549

22 FINANCE INCOME AND COSTS

	2013 HK$	2012 HK$
Finance income		
Interest income from banks	48,656	92,848
Finance costs		
Interest expenses		
– bank loans and overdrafts wholly repayable within five years	(14,201,148)	(14,782,083)
– bank loan wholly repayable after five years	(1,972,940)	–
	(16,174,088)	(14,782,083)
Less: Amount capitalised in property under development (note 6(c))	5,749,633	–
	(10,424,455)	(14,782,083)
Finance costs, net	(10,375,799)	(14,689,235)

23 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Except for the minimum United States state tax which has been paid during the year, no overseas taxation (2012: HK$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year.

The amount of income tax charged to the consolidated income statement represents:

	2013	2012
	HK$	HK$
Current income tax		
– Hong Kong profits tax	(4,088,168)	(5,869,205)
– overseas taxation	(13,697)	(13,260)
– over provision in prior years	151,978	176,765
	(3,949,887)	(5,705,700)
Deferred income tax (note 16)	(40,441,256)	(66,108,280)
	(44,391,143)	(71,813,980)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2013	2012
	HK$	HK$
Profit before income tax	471,353,631	672,549,769
Calculated at a taxation rate of 16.5% (2012: 16.5%)	(77,773,349)	(110,970,711)
Income not subject to tax	59,393,139	63,097,277
Expenses not deductible for tax purposes	(933,534)	(1,946,896)
Recognition of previously unrecognised temporary differences	(5,517,735)	(2,824,568)
Effect of different taxation rates in other countries	(19,711,642)	(19,345,847)
Over provision in prior years	151,978	176,765
Income tax expense	(44,391,143)	(71,813,980)

There was no income tax relating to components of other comprehensive income for the year ended 31st December 2013 and 2012.

24 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$91,107,946 (2012: HK$130,760,415).

25 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$414,960,659 (2012: HK$580,181,315) and on 287,669,676 (2012: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2013 and 2012, the diluted earnings per share is equal to the basic earnings per share.

26 DIVIDENDS

	2013	2012
	HK$	HK$
Interim, paid, of HK7 cents (2012: HK5 cents) per ordinary share	20,136,877	14,383,484
Final, proposed, of HK4 cents (2012: HK8 cents) per ordinary share	11,506,787	23,013,574
	31,643,664	37,397,058

At a meeting held on 25th March 2014, the directors proposed a final dividend of HK4 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2014 upon the approval by the shareholders.

27 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before income tax to net cash generated from operations

	2013	2012
	HK$	HK$
Profit before income tax	471,353,631	672,549,769
Finance income	(48,656)	(92,848)
Finance costs	10,424,455	14,782,083
Depreciation	14,392,799	14,574,715
Bad debts	438,752	–
Fair value gains on investment properties	(432,210,187)	(629,596,829)
Gain on disposal of available-for-sale financial assets	–	(339,605)
Loss on disposal of property, plant and equipment, net	168,972	7,474
Impairment loss on available-for-sale financial assets	2,000,000	1,360,000
Dividend income	(1,299,613)	(1,539,115)
Operating profit before working capital changes	65,220,153	71,705,644
Decrease in debtors and prepayments	664,046	2,994,115
Increase in rental and other deposits	7,193,344	6,368,996
(Decrease)/increase in creditors and accruals	(5,545,598)	1,478,984
Net cash generated from operations	67,531,945	82,547,739

28 FINANCIAL GUARANTEES

At 31st December 2013, the Company had provided guarantees to bankers for credit facilities granted to subsidiaries of which HK$455,181,219 (2012: HK$381,600,572) were utilised as at 31st December 2013.

29 COMMITMENTS

(a) Capital commitments

At 31st December 2013, the Group had capital commitments as follows:

	Group 2013	Group 2012
	HK$	HK$
Contracted but not provided for		
– investment properties	38,618,000	68,140,000
– property, plant and equipment	2,696,000	1,670,000
– property under development	5,074,000	11,953,000
	46,388,000	81,763,000

The Company did not have any capital commitment as at 31st December 2013 and 2012.

(b) Commitments under operating leases

At 31st December 2013, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company 2013	Group and Company 2012
	HK$	HK$
Land and buildings		
Not later than one year	600,000	2,880,000
Later than one year but not later than five years	–	600,000
	600,000	3,480,000

30 PRINCIPAL SUBSIDIARIES

At 31st December 2013, the Company had the following principal subsidiaries which, in the opinion of the directors, materially affect the results and/or assets of the Group. Montgomery Lands, Incorporated, Central Financial Management Company Inc, and MLI Business Management, Inc and Central Financial Management of Montana LLC are incorporated and operate in the United States of America. All other subsidiaries are incorporated and operate in Hong Kong.

Name	Percentage of issued capital held: By the Company 2013	By the Company 2012	By subsidiary company 2013	By subsidiary company 2012	Ordinary share capital: Number	Par value per share	Principal activities
Ballington Limited	100	100	–	–	10,000	HK$1	e
Cambella Limited	100	100	–	–	1,000	HK$1	a, b
Central Financial Management Company Inc	–	–	100	100	10,000	US$1	d

30 PRINCIPAL SUBSIDIARIES (Continued)

Name	Percentage of issued capital held: By the Company 2013	By the Company 2012	By subsidiary company 2013	By subsidiary company 2012	Ordinary share capital: Number	Par value per share	Principal activities
Central Financial Management of Montana LLC	–	–	100	100	N/A	N/A	j
Chi Ho Investment Company Limited	100	100	–	–	100	HK$100	a, g
Chi Ning Investment Company Limited	100	100	–	–	421,290	HK$1	e
Etrema Company Limited	100	100	–	–	1,000	HK$1	a
Golden Ocean Corporation Limited	100	100	–	–	531,510	HK$1	a
Kam Cheung Investment Company Limited	75	75	–	–	1,200,000	HK$1	a
Kam Chung Industrial Company Limited	100	100	–	–	1,149,430	HK$1	g
Kam Hang Company Limited	95	95	–	–	5,000	HK$100	a
Kam Yiu Company Limited	100	100	–	–	73,000	HK$1	b
La Bizplace Limited	100	100	–	–	2	HK$1	h
MLI Business Management, Inc	–	–	100	100	1,000	US$1	i
Montgomery Enterprises Limited	100	100	–	–	1,190,840	HK$1	a, e, g, k
Montgomery Lands, Incorporated	–	–	100	100	20,000	US$1	a
On Ah Enterprises Limited	65	65	–	–	100,000	HK$1	a
Pentacontinental Land Investment Company Limited	53.6	53.6	–	–	2,000,000	HK$1	a, e
Satvision Limited	100	100	–	–	1,000	HK$1	a
Tai Fung Investment Company Limited	65	65	–	–	1,400,000	HK$1	a, e
Tai Land Finance Company Limited	100	100	–	–	100,000	HK$1	c
Tai Sang Cold Storage & Godown Company Limited	58	58	–	–	5,600,000	HK$1	e
Tai Sang Estate Agency Limited	100	100	–	–	100,000	HK$1	d, e
TSE (Floral Villas) Limited	–	–	100	100	100	HK$1	d
TSE (Kam Yuen Mansion) Limited	–	–	100	100	1,000	HK$1	d
Silver Focus Investment Limited	–	–	100	100	1,000	HK$1	e, g
Silver Grand Investment Limited	–	–	100	100	1,000	HK$1	g
Ocean Gold Investment Limited	–	–	100	100	1	HK$1	g
Capital Gold Investment Limited	–	–	100	100	1	HK$1	g
East Gold Investment Limited	–	–	100	100	1	HK$1	g
Glory Gold Investment Limited	–	–	100	100	1	HK$1	g
Gold Earth Investment Limited	–	–	100	100	1	HK$1	g
Gold Express Investment Limited	–	–	100	100	1	HK$1	g
TSL Construction and Engineering Limited	100	100	–	–	2	HK$1	g
Welldicker Industrial Limited	100	100	–	–	2	HK$1	e
Xin Kuok Investments Limited	100	100	–	–	2	HK$1	f

Principal activities:

a = property rental
b = property development
c = finance
d = estate management and agency
e = investment holding
f = motor vehicle rental
g = property sale
h = property sub-letting
i = management service
j = motor vehicle holding
k = hotel operation

SCHEDULE OF THE GROUP'S SIGNIFICANT PROPERTIES AT 31ST DECEMBER 2013

A PROPERTIES FOR INVESTMENT

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Lease term
Hong Kong					
Gateway ts, 8 Cheung Fai Road, Tsing Yi Island	T.Y.T.L. 56	G	118,025	100.0%	Medium term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	I	6,947	95.0%	Long term
Chin Fat Factory Building (portion), 3 Tsat Po Street, San Po Kong	K.I.L. 4438 & 4439	I	996	65.0%	Medium term
House of Corona (portion), 50 Hung To Road, Kwun Tong	K.T.I.L. 284	I	699	65.0%	Medium term
Kam Yuen Mansion (portion), 3 Old Peak Road	I.L. 646 Sec. A & Sec. B	R	2,944	75.0%	Long term
Sea and Sky Court (portion), 92 Stanley Main Street, Stanley	S.I.L. 8	R	319	100.0%	Long term
Mercantile House, 186 & 190 Nathan Road, Tsim Sha Tsui	K.I.L.9735 & 2/70 shares of 8631	R & C	1,078	100.0%	Medium term
Continental Mansion (portion), 294-304 King's Road, North Point	R.P. of I.L. 7185	R & C	1,078	53.6%	Long term
Shing Wah Building (portion), 31 Shing Fong Street, Kwai Chung	K.C.T.L. 232	C	309	100.0%	Medium term
Kin Wah Mansion (portion), 176-178 Tung Lo Wan Road	I.L. 3578, 3579 & 3581	C	590	100.0%	Long term
Viking Court (portion), 165-166 Connaught Road West, Western District	M.L. 342 & 343	C	585	100.0%	Long term
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	262	95.0%	Medium term
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D. 252 Lot 314	R & C	4,623	100.0%	Medium term
No.1, Barker Road	R.B.L. 810	R	1,352	100.0%	Medium term
Overseas					
Montgomery Plaza, 456 Montgomery Street, San Francisco, United States of America	–	C	15,638^	100.0%	Freehold

B PROPERTIES FOR RENTAL/SALE

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Expected completion
Hong Kong					
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D.252 Lot 314	R	3,838	100.0%	Existing
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	C	4,121	100.0%	Existing
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	1,724	100.0%	Existing

C PROPERTIES FOR HOTEL OPERATION

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Expect completion
Hong Kong					
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	H	1,739	100.0%	Existing

D PROPERTIES UNDER DEVELOPMENT

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Expect completion
Hong Kong					
43 Heung Yip Road, Aberdeen	A.I.L. 353	H	1,208	100.0%	Planning

E OTHER PROPERTIES

Properties for own operations/development

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Lease term
Hong Kong					
No.20 & No.22 (portion) Severn Road, The Peak	R.B.L. 1137	D	1,905	100.0%	Medium term

Type #

G : Godown
I : Industrial
R : Residential
C : Commercial
D : Director's residence
H : Hotel operation
^ : Net rentable area
G.F.A. : Gross floor area

	2009	2010	2011	2012	2013
RESULTS					
(HK$ thousand)					
Profit attributable to:					
– Owners of the Company	627,082	655,914	584,285	580,181	414,961
– Non-controlling interests	58,235	25,610	16,513	20,555	12,002
	685,317	681,524	600,798	600,736	426,963
Earnings per share	HK$2.18	HK$2.28	HK$2.03	HK$2.02	HK$1.44
ASSETS AND LIABILITIES					
(HK$ thousand)					
Total assets	3,521,389	4,210,882	4,942,134	5,600,525	6,112,599
Total liabilities	(462,012)	(514,108)	(669,541)	(775,448)	(913,679)
Total equity	3,059,377	3,696,774	4,272,593	4,825,077	5,198,920