POLYTEC ASSET HOLDINGS LIMITED
保利達資產控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 208)
(於開曼群島註冊成立之有限公司) (股份代號: 208)

ANNUAL REPORT 2013 年報

POLYTEC ASSET HOLDINGS LIMITED
保利達資產控股有限公司

Polytec Asset Holdings Limited (Stock Code: 208) currently focuses on the property market in Macau. In 2004, the Group started to invest in the Macau property market and acquired certain property interests, including a 50%-owned investment property in the central district, The Macau Square. In 2006, the Group acquired 80% interest in three property development projects in Oriental Pearl District of Macau, with its total attributable GFA of the remaining two property projects under development exceeding 700,000 sq. m. as of end-December 2013. The Group has become one of the leading property developers in Macau since then. The Group currently also engages in the oil business in Kazakhstan and the ice and cold storage business in Hong Kong.

保利達資產控股有限公司(股份代號: 208)現時其核心業務集中於澳門地產。本集團於二零零四年開始投資於澳門之地產市場，並收購若干物業權益，包括其擁有50%權益位於市中心之投資物業澳門廣場。於二零零六年，本集團收購了位於澳門東方明珠區三個發展物業項目之80%權益，於二零一三年年底，剩餘之兩個發展物業項目之集團應佔總建築面積超過700,000平方米。本集團自此成為澳門其中一個有領導地位的地產發展商。本集團亦在哈薩克斯坦經營石油業務及在香港經營製冰及冷藏業務。

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Corporate Information

Board of Directors

Executive directors

Or Wai Sheun *(Chairman)*
Yeung Kwok Kwong
Wong Yuk Ching
Lam Chi Chung, Tommy
Chio Koc Ieng

Non-executive directors

Lai Ka Fai
Or Pui Ying, Peranza
Liu Kwong Sang#
Siu Leung Yau#
Tsui Wai Ling, Carlye#
Teo Geok Tien Maurice#

Independent non-executive directors

Company Secretary

Lau Sui Cheung

Authorised Representatives

Yeung Kwok Kwong
Lai Ka Fai

Auditors

KPMG

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

23rd Floor, Pioneer Centre
750 Nathan Road
Kowloon, Hong Kong

Principal Share Registrar and Transfer Office

The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China
Hang Seng Bank

Stock Code

Hong Kong Stock Exchange: 208

Website

www.polytecasset.com

03 Five-Year Financial Summary

Key Consolidated Income Statement Data

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000 (Restated)
Turnover	284,301	731,762	234,782	963,905	1,034,405
Profit/(Loss) from Operations	(226,683)	132,704	119,817	406,064	904,865
Profit Attributable to Equity Holders of the Company	4,380	287,990	204,503	247,019	884,371
Earnings per Share *(HK cents)*	0.10	6.49	4.61	5.56	19.92
Underlying Profit/(Loss) Attributable to Equity Holders of the Company *(Note 3)*	(219,139)	167,871	120,408	225,019	909,891
Underlying Earnings/(Loss) per Share *(HK cents) (Note 3)*	(4.94)	3.78	2.71	5.07	20.50
Dividends	62,146	106,535	106,535	106,535	102,096
Dividends per Share *(HK cents)*	1.40	2.40	2.40	2.40	2.30

Key Consolidated Balance Sheet Data

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000 (Restated)
Non-Current Assets	12,931,837	12,500,706	12,289,470	12,011,862	10,746,755
Current Assets	513,298	537,579	583,042	651,784	1,032,904
Total Assets	13,445,135	13,038,285	12,872,512	12,663,646	11,779,659
Current Liabilities	(172,893)	(331,318)	(463,858)	(459,149)	(699,762)
Non-Current Liabilities	(2,309,184)	(2,082,006)	(1,973,545)	(1,850,203)	(954,959)
Net Assets	10,963,058	10,624,961	10,435,109	10,354,294	10,124,938
Share Capital	443,897	443,897	443,897	443,897	443,897
Reserves	10,481,662	10,167,974	9,979,242	9,863,697	9,666,689
Equity Attributable to Equity Holders of the Company	10,925,559	10,611,871	10,423,139	10,307,594	10,110,586
Non-controlling Interests	37,499	13,090	11,970	46,700	14,352
Total Equity	10,963,058	10,624,961	10,435,109	10,354,294	10,124,938
Net Asset Value per Share *(HK$)*	2.46	2.39	2.35	2.32	2.28
Gearing Ratio *(%) (Note 4)*	20.57	19.73	20.17	19.02	9.08

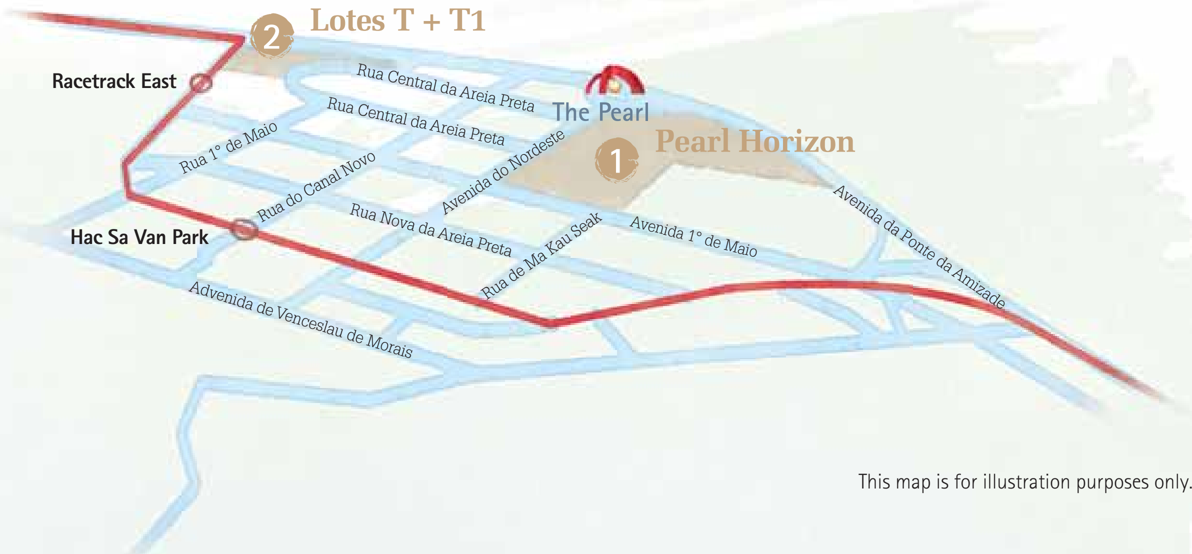
Notes:

1. The financial information in this summary is extracted from the published financial statements for the last five years, restated or reclassified where appropriate.
2. In compliance with the Hong Kong Financial Reporting Standards, the Group has adopted certain new accounting policies during the year ended 31 December 2010 and accordingly, certain comparative amounts in the year 2009 have been restated to conform with the current presentation.
3. Underlying profit/(loss) excludes revaluation gain/loss of investment properties.
4. Gearing ratio represents bank borrowings (if any) and amounts due to holding companies over equity attributable to equity holders of the Company.

Group's Major Development Projects in Macau

This map is for illustration purposes only.

Group's Major Development Projects in Macau



This map is for illustration purposes only.

	Pearl Horizon	Lotes T+T1
Location	Lote P, The Orient Pearl District, Novos Aterros da Areia Preta, Macau	Lotes T+T1, The Orient Pearl District, Novos Aterros da Areia Preta, Macau
Usage	Residential and Commercial	Residential and Commercial
Group's interest	80%	80%
Site area	68,000 sq m	18,000 sq m
Approx. Gross Floor Area (GFA)	699,700 sq m	195,600 sq m
Residential GFA	599,700 sq m	188,200 sq m
Commercial GFA	A shopping arcade with approx. 100,000 sq m	7,400 sq m
Status	Foundation work commenced	Foundation work commenced
Expected date of completion	2017/2018	2017/2018

Chairman's Statement

Artist's Impression

Group Results and Dividends

For the year ended 31 December 2013, the Group's net profit attributable to shareholders amounted to HK$4.4 million compared to HK$288 million in 2012. Excluding revaluation gains for the Group's investment properties net of taxes, the underlying net loss and loss per share for 2013 amounted to HK$219 million and 4.94 HK cents respectively.

The Board has proposed the payment of a final dividend of 0.5 HK cent per share for the year ended 31 December 2013. Together with the interim dividend of 0.9 HK cent per share, the full year dividend per share for 2013 amounts to 1.4 HK cents (2012: 2.4 HK cents). The final dividend will be payable on 3 July 2014 to the shareholders whose names appear on the register of members of the Company on 23 June 2014.

Business Review

For the year under review, the Group's underlying net loss was mainly due to the suspension of its oil production in Kazakhstan throughout the whole year of 2013 and an impairment provision made for the oil segment assets.

Property Development

As of 31 December 2013, the development landbank in Macau attributable to the Group amounted to approximately 716,000 sq. m. gross floor area. All of the Group's existing development sites are favourably situated adjacent to the proposed landing point of the Hong Kong-Zhuhai-Macau Bridge.

The status of the Group's major projects under development in Macau is set out as below:

Pearl Horizon, The Orient Pearl District

Pearl Horizon, a development project in which the Group owns an 80% interests, covers an aggregate site area of approximately 68,000 sq. m. and will be developed into various luxury residential towers, together with a full-facility sizable shopping arcade, a deluxe club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The architectural plan was approved and the commencement of foundation work has recently been authorised.

Lotes T+T1, The Orient Pearl District

Lotes T+T1 combined covers an aggregate site area of approximately 17,900 sq. m. This project, in which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with retail shops and car parking spaces. The project covers an aggregate gross floor area of approximately 195,600 sq. m.. The architectural plan was approved and the commencement of foundation work has recently been authorised.

Property Investment

For the year under review, the Group has disposed of a number of commercial spaces at China Plaza with its share of gains amounting to HK$78 million.

For the year ended 31 December 2013, gross rental income attributable to the Group rose to HK$50.1 million, an increase of 15.5% over 2012. The increase in total rental income was mainly due to a substantial improvement in the retail portion of The Macau Square, the Group's 50%-owned investment property.

Oil

For the year ended 31 December 2013, the oil segment recorded a loss of HK$347 million, including an impairment provision of HK$296 million for the segment assets. The loss was mainly due to the temporary suspension of oil production throughout the whole year of 2013, pending the approval of a gas flaring permit for the Group's South Alibek Oilfield in Kazakhstan from the government. In view of the impact of an unexpectedly prolonged period of suspension of oil production resulted from the gas flaring issue, the Group has made an impairment provision for its oil segment assets based on a more prudent assessment of its oil business in Kazakhstan.

Ice and Cold Storage

For the year under review, total operating profit from the combined cold storage and ice manufacturing business amounted to HK$20.6 million compared to HK$24.9 million in 2012. The decrease in operating profit of the segment was mainly due to the increase in general operating expenses for the Group's expansion of its ice business.

Financial Review

As of 31 December 2013, total book value of the Group's assets amounted to HK$13,445 million as compared with HK$13,038 million at end-December 2012. Net asset value of the Group amounted to HK$10,963 million as of 31 December 2013, with cash and cash equivalents of HK$209 million, denominated mainly in Hong Kong dollars.

The Group's gearing ratio expressed as a percentage of total borrowings over the equity attributable to equity holders of the Company slightly increased to 20.6% at end-December 2013 from 19.7% at end-December 2012. During the year, the ultimate holding company financed the Group to repay certain Group's indebtednesses. At end-December 2013, total borrowings only included the amount due to the ultimate holding company. The

Artist's Impression

borrowings were unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment. As of 31 December 2013, the Group has an unutilised bank facility of HK$180 million which is secured by the Group's land and buildings, denominated in Hong Kong dollars and bearing interest at prevailing market rates and subject to review from time to time.

As of 31 December 2013, certain assets of the Group with total book value of approximately HK$120 million were pledged to secure the banking facilities to the Group.

In respect of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in the KZT, while a significant portion of its revenue is denominated in USD. The Group is closely monitoring the fluctuation in the KZT and may use appropriate currency hedging to minimise the impact of the currency movement on its financial position when necessary.

Prospects

The Macau economy has maintained its robust momentum throughout 2013, with gross domestic product (GDP) rising at 11.9%. The economy is expected to continue to grow at a sustainable fast pace in the coming years, supported by the existing mega infrastructure investment projects and tourism-related development projects which are still at the peak of their construction period.

Through years of efforts, all the approvals for work commencement for Lotes T+T1 and Pearl Horizon in Macau were finally obtained, with the foundation work having started in the fourth quarter of 2013 and the first quarter of 2014 respectively.

Over the past two years, the Group has achieved substantial presales of exceeding HK$10 billion each year for its property development projects in Macau. However, the presale of the two projects has been put on hold since the new laws on the property sale activities became effective in June 2013. The Group is expected to re-launch the presale after approximately two years of construction when all relevant requirements can possibly be fulfilled.

For the Group's oil business, while it has already obtained the approvals from the Ecology Committee and the Geology Committee of the Kazakhstan Government for its gas flaring permit, further approvals from other local authorities are required in order to resume its oil production. As a result, the production has been suspended throughout the whole year of 2013. The Management made an impairment provision of HK$296 million for its oil assets in Kazakhstan in 2013 based on a more prudent assessment noting it had taken longer than expected to obtain the gas flaring permit and hence to resume its oil production. Consequently the provision

Artist's Impression

had an adverse impact on the Group's results for 2013 as a whole. The Management has been taking all possible steps aiming to obtain the gas flaring permit for the oilfield and resume normal oil production as soon as possible. The temporary disruption in oil production will further affect the Group's earnings from this segment in 2014.

The Group is optimistic about the prospects of its core property business in Macau. However, while the construction work of two property projects have already been commenced, the Group expects that the projects can only be completed in 4-5 years' time, due to a shortage of labour in Macau and substantial time required for construction of two such sizable development projects. The Group's earnings are expected to improve substantially following completion of the two projects. In the meanwhile, the Management is actively seeking investment opportunities aiming to strengthen the Group's profitability.

I would like to take this opportunity to express my gratitude to my fellow directors for their support and all staff for their dedication.

Or Wai Sheun
Chairman

Hong Kong, 26 March 2014

Develop Macau into A World-Class Leisure Destination and Tourism Hub

Report of the Directors

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2013.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 34 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividends

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 33 to 86.

An interim dividend of HK$0.009 per share was paid on 11 October 2013. The directors now recommend the payment of a final dividend of HK$0.005 per share to the shareholders whose names appear on the register of members of the Company on 23 June 2014, estimated to be HK$22,195,000.

Fixed Assets

Details of the movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

Share Capital

Details of the movements in issued share capital of the Company during the year are set out in note 26 to the financial statements.

Reserves

Details of the movements in the reserves of the Company and of the Group during the year are set out in note 35(d) to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2013, the retained profits of the Company available for cash distribution and/or distribution in specie as computed in accordance with the Companies Law of the Cayman Islands amounted to HK$1,688,145,000. Further, the share premium account of the Company may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. As at 31 December 2013, the Company's share premium account amounted to HK$5,912,600,000.

Directors

The directors of the Company during the year were:

Executive directors

Mr. Or Wai Sheun *(Chairman)*
Mr. Yeung Kwok Kwong
Ms. Wong Yuk Ching
Mr. Lam Chi Chung, Tommy
Ms. Chio Koc Ieng

Non-executive directors

Mr. Lai Ka Fai
Ms. Or Pui Ying, Peranza

Independent non-executive directors

Mr. Liu Kwong Sang
Mr. Siu Leung Yau
Dr. Tsui Wai Ling, Carlye
Prof. Dr. Teo Geok Tien Maurice

The directors of the Company are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association. Mr. Lam Chi Chung, Tommy, Ms. Chio Koc Ieng, Mr. Lai Ka Fai and Mr. Siu Leung Yau will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Appointment of Independent Non-Executive Directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to rule 3.13 of the Rules Governing the Securities Listing on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all the independent non-executive directors to be independent.

Directors' Interests in Contracts

The directors' interests in contracts with the Group during the year are set out in notes 15 and 30(a), (b), (c), and (d) to the financial statements.

Except as disclosed above, no director had a significant interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

Directors' Service Contracts

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

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' Interests and Short Positions in Shares and Underlying Shares

At 31 December 2013, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares of the Company

Name	Capacity and nature of interests	Number of shares held	Percentage of the issued ordinary share capital *(Note 1)*
Mr. Or Wai Sheun *(Notes 2 and 4)*	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Personal	2,000,000	0.05%
Ms. Wong Yuk Ching	Personal	6,655,000	0.15%
Mr. Lam Chi Chung, Tommy	Personal	230,000	0.01%
Ms. Chio Koc Ieng	Personal	270,000	0.01%
Mr. Lai Ka Fai	Personal	430,000	0.01%
Ms. Or Pui Ying, Peranza *(Notes 3 and 4)*	Beneficiary of a trust	3,260,004,812	73.44%

Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Long positions in shares of associated corporations

Kowloon Development Company Limited ("KDC")

Name	Capacity and nature of interests	Number of shares held	Percentage of the issued ordinary share capital *(Note 6)*
Mr. Or Wai Sheun *(Note 2)*	Founder and beneficiary of a trust	830,770,124 *(Note 5)*	72.20%
	Corporate	277,500	0.02%
Mr. Yeung Kwok Kwong	Personal	180,000	0.02%
Ms. Wong Yuk Ching	Personal	1,170,000	0.10%
Mr. Lam Chi Chung, Tommy	Personal	17,000	0.00%
Ms. Chio Koc Ieng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.07%
Ms. Or Pui Ying, Peranza *(Notes 3 and 5)*	Beneficiary of a trust	830,770,124	72.20%

Ors Holdings Limited

Name	Capacity and nature of interests	Number of shares held	Percentage of the issued ordinary share capital
Mr. Or Wai Sheun	Founder and beneficiary of a trust	1	100.00%

Except as disclosed above, as at 31 December 2013, none of the directors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Notes:

1. As at 31 December 2013, the total number of issued shares in the Company was 4,438,967,838 ordinary shares.

2. Mr. Or Wai Sheun was deemed to be interested in 830,770,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.

   Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.

3. Ms. Or Pui Ying, Peranza was deemed to be interested in 830,770,124 ordinary shares in KDC as one of the beneficiaries of a discretionary family trust.

   Ms. Or Pui Ying, Peranza was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through her interest in KDC.

4. The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in this section and as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in the section under the heading of "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" are the same interests in the Company.

5. The interest in 830,770,124 ordinary shares in KDC as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively are the same interests in KDC.

6. As at 31 December 2013, the total number of issued shares in KDC was 1,150,681,275 ordinary shares.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 31 December 2013, the following interests of 5% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name	Capacity and nature of interests	Number of shares held	Percentage of the issued ordinary share capital *(Note 1)*
Ors Holdings Limited *(Notes 2 and 4)*	Corporate	3,260,004,812	73.44%
HSBC International Trustee Limited *(Notes 3, 4 and 5)*	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited *(Notes 4 and 5)*	Corporate	3,260,004,812	73.44%

Except for disclosed above, as at 31 December 2013, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares *(continued)*

Long positions *(continued)*

Notes:

1. As at 31 December 2013, the total number of issued shares in the Company was 4,438,967,838 ordinary shares.

2. Ors Holdings Limited holds 830,770,124 ordinary shares in KDC (being 72.20% of the issued ordinary share capital of KDC) and, therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.

3. Based on information available to the Company, HSBC International Trustee Limited holds 831,581,474 ordinary shares in KDC (being 72.27% of the issued ordinary share capital of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.

4. The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in this section and as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in the section under the heading of "Directors' Interests and Short Positions in Shares and Underlying Shares" are the same interests in the Company.

5. According to the register of the Company, as at 31 December 2013, KDC and HSBC International Trustee Limited were interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary share capital of the Company). On specific enquiries made, they have confirmed that they were interested in 3,260,004,812 ordinary shares in the Company. There is a difference of 15,000,000 ordinary shares between the actual numbers of shares interested in of them and the number of shares interested in as disclosed by them because they do not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Share Option Scheme

Detailed disclosures relating to the Company's share option scheme are set out in note 27 to the financial statements.

Employees

As at 31 December 2013, the total number of employees of the Group was about 370. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice. The emolument policy of the Group is reviewed by the members of the Remuneration Committee and approved by the Board.

The emoluments of the directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics and approved by the Board.

The Company has adopted a share option scheme as an incentive for directors and eligible employees. Details of the scheme are set out in note 27 to the financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Major Customers and Suppliers

During the year, the Group's turnover attributable to the largest customer and the five largest customers in aggregate of the Group were 43% and 67% respectively. None of the Directors, their associates, or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% in the share capital of the Company) has any interest in those customers.

During the year, less than 30% of the Group's purchases were attributable to the Group's five largest suppliers.

Oil Reserve

Except for the production during the period under review, there is no material change in the oil reserve of the Group.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 23 June 2014 to Tuesday, 24 June 2014 (both days inclusive) in order to determine entitlements of shareholders to the final dividend in respect of the year ended 31 December 2013. In order to qualify for the entitlement of the final dividend, the shareholders must ensure that all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 June 2014.

Auditors

Messrs. KPMG will retire at the forthcoming annual general meeting and a resolution for the reappointment of Messrs. KPMG as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Or Wai Sheun
Chairman

Hong Kong, 26 March 2014

Corporate Governance Report

The Company acknowledges the importance of good corporate governance practices and believes that maintaining a high standard of corporate governance practices is crucial to the development of the Company.

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year, save for the few exceptions mentioned below.

Board of Directors

The Board is responsible for the leadership and control of the Company and overseeing the Group's affairs. The Board formulates the overall strategic direction and reviews and approves major transaction of the Group, while the management is delegated with the power to implement policies and strategies as set out by the Board. The Board also acknowledges its responsibilities for preparing the financial statements of the Company.

The Board recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance as well as to achieve the business objectives and sustainable development. The Board has established a policy (the "Board Diversity Policy") setting out the approach to achieve diversity on the Board with aims of enhancing its capability of decision making and effectiveness in dealing with organisational changes.

The Board has a balanced composition of executive and non-executive directors. Currently, the Board comprises five Executive Directors, being Mr. Or Wai Sheun (Chairman of the Board), Mr. Yeung Kwok Kwong (Managing Director), Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng, two Non-executive Directors, being Mr. Lai Ka Fai and Ms. Or Pui Ying, Peranza, and four Independent Non-executive Directors, being Mr. Liu Kwong Sang, Mr. Siu Leung Yau, Dr. Tsui Wai Ling, Carlye and Prof. Dr. Teo Geok Tien Maurice. The profiles of the Directors, which are set out on pages 28 to 30, demonstrate a balance of skills, experience and diversity perspectives of the Board. Except as disclosed in the profiles of Directors, the Directors have no financial, business, family or other material/relevant relationships.

The Board has established an executive committee to delegate its management and administration functions and has formalised the functions reserved by the Board and those delegated to the management. Clear direction has also been given as to the power of the management.

Board of Directors *(continued)*

During the year, four board meetings and one annual general meeting were held. The attendance of the Directors at the board meetings and the annual general meeting was as follows:

Directors	Number of attendances Board meeting	Annual general meeting
Mr. Or Wai Sheun *(Chairman of the Board)*	4/4	1/1
Mr. Yeung Kwok Kwong	4/4	1/1
Ms. Wong Yuk Ching	4/4	1/1
Mr. Lam Chi Chung, Tommy	4/4	1/1
Ms. Chio Koc Ieng	4/4	1/1
Mr. Lai Ka Fai	4/4	1/1
Ms. Or Pui Ying, Peranza	4/4	1/1
Mr. Liu Kwong Sang	4/4	1/1
Mr. Siu Leung Yau	4/4	1/1
Dr. Tsui Wai Ling, Carlye	4/4	1/1
Prof. Dr. Teo Geok Tien Maurice	3/4	0/1

The second sentence of Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director was unable to attend the annual general meeting of the Company held on 26 June 2013 as he was overseas at the time.

Chairman and Chief Executive Officer

The responsibility of the Chairman of the Board is to lead the Board to provide high-level guidance and oversight to the Group, while the Managing Director is delegated with the power to implement policies and strategies as set out by the Board.

Audit Committee

The present members of the Audit Committee are two Independent Non-executive Directors, being Mr. Liu Kwong Sang (the chairman of the Audit Committee) and Mr. Siu Leung Yau and one Non-executive Director, being Mr. Lai Ka Fai. During the year, the Audit Committee has held two meetings. The attendance of the Audit Committee members at the audit committee meetings was as follows:

Directors	Number of attendances
Mr. Liu Kwong Sang *(Chairman of the Audit Committee)*	2/2
Mr. Siu Leung Yau	2/2
Mr. Lai Ka Fai	2/2

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting and internal control system. The roles of the Audit Committee include maintaining a close relationship with the external auditors, reviewing financial information of the Company and overseeing the Company's financial reporting system and internal control procedures.

During the year, the Audit Committee reviewed the audited financial statements for 2012 and the interim financial statements for 2013 and met with the external auditors and the management of the Company to discuss issues arising from the audit of the financial statements. The Audit Committee also reviewed the effectiveness of the system of internal control of the Group, the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and relevant training programmes and budget.

Remuneration of Directors

The present members of the Remuneration Committee are two Independent Non-executive Directors, Mr. Siu Leung Yau (the chairman of the Remuneration Committee) and Mr. Liu Kwong Sang and one Executive Director, Mr. Yeung Kwok Kwong. During the year, the Remuneration Committee has held three committee meetings. The attendance of the Remuneration Committee members at the Remuneration Committee meeting was as follows:

Directors	Number of attendances
Mr. Siu Leung Yau *(Chairman of the Remuneration Committee)*	3/3
Mr. Yeung Kwok Kwong	3/3
Mr. Liu Kwong Sang	3/3

Remuneration of Directors *(continued)*

The roles of the Remuneration Committee include formulating remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment conditions, time commitment and responsibilities, desirability of performance based remuneration, and individual performance of the Directors and Senior Management, and implement the remuneration policy laid down by the Board. The Company has adopted the model for remuneration committees as described in the Code Provision B.1.2(c)(ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses and benefits in kind.

During the year, the Remuneration Committee has reviewed the remuneration policy of the Company, the directors' fees of the Non-executive Directors and the remuneration packages of the Executive Directors.

Nomination of Directors

The present members of the Nomination Committee are one Executive Director, Mr. Or Wai Sheun (the chairman of the Nomination Committee), and two Independent Non-executive Directors, being Mr. Liu Kwong Sang and Mr. Siu Leung Yau.

During the year, the Nomination Committee has held one committee meeting. The attendance of the Nomination Committee members at the Nomination Committee meeting is as follows:

Directors	Number of attendances
Mr. Or Wai Sheun *(Chairman of the Nomination Committee)*	1/1
Mr. Liu Kwong Sang	1/1
Mr. Siu Leung Yau	1/1

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the Independent Non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

During the year, the Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of the Independent Non-executive Directors and considered the re-election of Directors at the annual general meeting.

The Board Diversity Policy sets out the approach to achieve diversity on the Board. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, with reference to the business models and special needs of the Company in determining the optimum composition of the Board. Appointments to the Board will be made based on merit and contribution that the individual is expected to bring to the Board. The Nomination Committee monitors the implementation of the Board Diversity Policy on an ongoing basis.

Non-Executive Directors

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors do not have a specific term of appointment, but are subject to rotation in accordance with article 108(A) of the articles of association of the Company. As Non-executive Directors are subject to rotation in accordance with the articles of association of the Company, the Board considers that Non-executive Directors so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the Corporate Governance Code.

Appointments, Re-election and Removal of Directors

The first sentence of Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with article 112 of the articles of association of the Company, any Director appointed to fill a casual vacancy shall hold office until the next following annual general meeting of the Company.

As the Director appointed to fill a casual vacancy shall be subject to re-election in the next following annual general meeting of the Company in accordance with the articles of association of the Company which complies with paragraph 4(2) of the Appendix 3 of the Listing Rules, the Board considers that Directors so appointed subject to election by shareholders at the next following annual general meeting of the Company after their appointment will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the Corporate Governance Code.

The Company did not have any deviation from the first sentence of Code Provision A.4.2 during the year.

Corporate Governance Functions

The Board is responsible for performing the duties relating to corporate governance functions as set out below:

(a) developing and reviewing the Company's policies and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Corporate Governance Functions *(continued)*

During the year, the Board considered the following corporate governance matters:

– review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee; and

– review of the compliance with the Corporate Governance Code.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the year.

Directors' Training

During the year, the Directors participated in appropriate continuous professional development activities by ways of attending seminars and reading materials regarding latest developments in corporate governance practices and relevant legal and regulatory developments. Records of training received by each existing Director in 2013 are as follows:

Directors	Attending seminars	Reading materials
Mr. Or Wai Sheun *(Chairman of the Board)*	√	√
Mr. Yeung Kwok Kwong	√	√
Ms. Wong Yuk Ching	√	√
Mr. Lam Chi Chung, Tommy	√	√
Ms. Chio Koc Ieng	√	√
Mr. Lai Ka Fai	√	√
Ms. Or Pui Ying, Peranza	√	√
Mr. Liu Kwong Sang	√	√
Mr. Siu Leung Yau	√	√
Dr. Tsui Wai Ling, Carlye	√	√
Prof. Dr. Teo Geok Tien Maurice	√	√

Company Secretary's Training

During the year, the Company Secretary provided his training records to the Company indicating no less than 15 hours of relevant professional development to update his skills and knowledge.

Internal Controls

The Board has the overall responsibility for maintaining a sound and effective internal control system for the Group. The Group's system of internal control includes a defined management structure with limits of authority. The system is designed to help the Group to achieve business objectives, safeguard assets against unauthorised use, ensure the maintenance of proper accounting records for the provision of reliable financial information, and ensure compliance with relevant legislation and regulations. The system is designed to manage risks of failure in operational systems and foster achievement of corporate objectives. The internal control system is subject to the review of the Audit Committee.

Shareholders' Rights

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at shareholders' meetings

Pursuant to the Articles of Association of the Company, Extraordinary General Meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Procedures for directing shareholders' enquiries to the Board

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

The Company Secretary
Polytec Asset Holdings Limited
23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong
Telephone Number: +852 2380 9682
Fax Number: +852 2380 6310

Constitutional Documents

There are no changes in the constitutional documents of the Company during the year under review.

Auditors' Remuneration

Remuneration paid to KPMG, the Company's auditors during the year, is set out below:

	HK$'000
Services rendered	
– audit services	1,650

Profile of Directors

Executive Directors

Mr. Or Wai Sheun, aged 62, joined the Company in April 2006 as the Chairman of the Board. Mr. Or has over 30 years of experience in property development, industrial and financial investment business in Hong Kong, Macau and the Mainland China. Mr. Or is responsible for the development of corporate strategies, corporate planning and general management of the Group. Mr. Or is also the chairman of the board of directors of Kowloon Development Company Limited whose shares are listed in the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Intellinsight Holdings Limited, Polytec Holdings International Limited and a director of Marble King International Limited and Ors Holdings Limited, all five companies being substantial shareholders of the Company. He is the father of Ms. Or Pui Ying, Peranza.

Mr. Yeung Kwok Kwong, aged 55, joined the Company in September 2000 as the Chairman of the Board and Managing Director. With effect from 1 April 2006, Mr. Yeung ceased to act as the Chairman of the Board but remained to act as the Managing Director. Prior to joining the Company, he worked for a large international accountancy firm and also held managerial and director positions in a number of large companies. He has over 25 years of experience in finance, accounting, financial management and corporate planning. He is currently responsible for the development of corporate strategies, corporate planning and the day-to-day management of the Group. Mr. Yeung is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Yeung is also a non-executive director of Kowloon Development Company Limited and a director of Marble King International Limited, both companies being substantial shareholders of the Company.

Ms. Wong Yuk Ching, aged 57, joined the Company in January 2002 as Executive Director. Prior to joining the Company, she held managerial and director positions in a number of large garment trading and manufacturing companies. She has over 20 years of experience in the garments industry. She is currently responsible for the development of corporate strategies, corporate planning and the day-to-day management of the Group.

Mr. Lam Chi Chung, Tommy, aged 59, joined the Company in October 2005 as Executive Director. Prior to joining the Company, he previously held executive director positions in other listed companies in Hong Kong. He has expertise and extensive experience in the banking, international finance, project advisory and fund management fields. He is currently responsible for the development of corporate strategies, corporate planning and corporate finance of the Group. Mr. Lam graduated from the University of Windsor, Canada with a bachelor degree of science in computer science and mathematics and also attained a master's degree of business administration in accounting and management sciences from Long Island University, U.S.A.

Ms. Chio Koc Ieng, aged 47, joined the Group in December 2004 and was appointed as Executive Director in April 2006. She has attained 25 years of working experience in various prominent and well-established property development companies in Macau. She is responsible for development of corporate strategies, corporate planning and general management of the Group.

Non-Executive Directors

Mr. Lai Ka Fai, aged 49, joined the Company in September 2000 as Executive Director, and was re-designated as Non-executive Director in January 2002. Prior to joining the Company, he worked for a large international accountancy firm and also held managerial and director positions in a number of large companies. He has over 20 years of experience in finance, accounting, financial and operational management, and corporate planning. Mr. Lai graduated from the University of East Anglia in the United Kingdom with a bachelor's degree in science. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Lai is also an executive director of Kowloon Development Company Limited and a director of Marble King International Limited and Intellinsight Holdings Limited, all three companies being substantial shareholders of the Company.

Ms. Or Pui Ying, Peranza, aged 33, joined the Group in September 2009 and was appointed as Non-executive Director in July 2011. She has attained solid working experience in various companies engaged in property development, financial investment and finance public relations and is the director of the Marketing and Sales Department of Kowloon Development Company Limited. Ms. Or graduated from the Imperial College London with a bachelor degree of Mathematics and Management and also attained a master's degree of International Management for China from the School of Oriental and African Studies (SOAS), the University of London. She is the daughter of Mr. Or Wai Sheun.

Independent Non-Executive Directors

Mr. Liu Kwong Sang, aged 52, joined the Company in July 2000 as Independent Non-executive Director. He has been practising as a certified public accountant in Hong Kong with more than 20 years' experience. Mr. Liu graduated with honours from the Hong Kong Polytechnic University with a bachelor degree in accountancy and obtained the Master in Business Administration degree from the University of Lincoln, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants, of the Institute of Financial Accountants, of the Institute of Public Accountants, Australia, of the Hong Kong Institute of Certified Public Accountants, of the Society of Registered Financial Planners and of the Taxation Institute of Hong Kong, a Certified Tax Adviser. Mr. Liu acts as an independent non-executive director of China Railsmedia Corporation Limited and Dragonite International Limited, whose shares are listed on the Main Board of the Stock Exchange, abc Multiactive Limited and TLT Lottotainment Group Limited whose securities are listed on the GEM Board of the Stock Exchange, and Pacific CMA, Inc. whose securities are listed on the American Stock Exchange.

Mr. Siu Leung Yau, aged 60, joined the Company in September 2000 as Independent Non-executive Director. Mr. Siu has over 25 years' experience in real estate investment, development, asset management, sale and marketing management. He is currently the managing director of Pan Win Holdings Limited. Mr. Siu is a member of Guangzhou Tianhe Political Consultative Committee and the Deputy Head of the Hong Kong and Macau Committee. He is a vice president of Hong Kong Chamber of Commerce in China Guangdong and the chairman of its real estate committee, a member of the Hong Kong Institute of Real Estate Administrators and a senior consultant of Guangzhou International Bioisland.

Independent Non-Executive Directors *(continued)*

Dr. Tsui Wai Ling, Carlye, aged 66, joined the Company in December 2012 as Independent Non-executive Director. She is Chief Executive Officer of The Hong Kong Institute of Directors. Dr. Tsui graduated from the University of Hong Kong with a Bachelor of Arts degree (Economics) and holds a Doctorate degree in Professional Studies of Middlesex University, UK. Dr. Tsui is Fellow of The Hong Kong Institute of Directors, Hong Kong Management Association, Hong Kong Institution of Engineers, British Computer Society; Chartered Information Technology Professional; Hon Fellow of Hong Kong Association for Computer Education; and holder of Professional Diploma in Corporate Governance and Directorship. A Justice of the Peace, Dr. Tsui's public service roles include Member of Communications Authority and Board of Review (Inland Revenue Ordinance); Deputy Chairman of Hong Kong Internet Registration Corporation Limited; and Chairman of Hong Kong Chinese Orchestra Limited. She was formerly a Councillor of the Urban Council and Wan Chai District Council. Dr. Tsui was awarded one of the Ten Outstanding Young Persons in Hong Kong 1981, IT Achiever of the Year 1992, Member of the Most Excellent Order of the British Empire 1997, Bronze Bauhinia Star 2003 and the most outstanding professional doctorate of Middlesex University 2007. Dr. Tsui serves as an independent non-executive director of RoadShow Holdings Limited whose shares are listed on the Main Board of the Stock Exchange.

Prof. Dr. Teo Geok Tien Maurice, aged 66, joined the Company in December 2012 as Independent Non-executive Director. He is the Chairman of the Council of the International Institute of Management. He has over 40 years experience in various businesses and industries, including electronics and semiconductors, toys, telecommunications, construction etc. Prof. Dr. Teo was awarded a PhD (doctor of philosophy) in International Business Administration and a DSc (doctor of science) in Manufacturing. In 2004, he was made Adjunct Professor of Management of Hong Kong Polytechnic University. Later he was invited to become Visiting Professor of Bulaccan State University of Philippines. He is currently the Examiner of Overseas Doctorial Candidates in Business Administration for the University.

Independent Auditor's Report

KPMG

Independent Auditor's Report to the Shareholders of
Polytec Asset Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Polytec Asset Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 33 to 86, which comprise the consolidated and Company's balance sheets as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2014

Consolidated Income Statement

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
TURNOVER	5	284,301	731,762
Cost of sales		(57,138)	(279,048)
Gross profit		227,163	452,714
Other income	5	10,646	21,405
Selling and distribution costs		(35,466)	(216,497)
Administrative expenses		(60,368)	(84,786)
Other operating expenses		(72,258)	(40,132)
Impairment of oil production and exploitation assets	32	(296,400)	–
(LOSS)/PROFIT FROM OPERATIONS		(226,683)	132,704
Share of results of joint venture		266,884	157,202
Finance costs	6	(31,628)	(30,453)
PROFIT BEFORE TAX	7	8,573	259,453
Income tax expenses	9	24,346	31,132
PROFIT FOR THE YEAR		32,919	290,585
ATTRIBUTABLE TO			
– Equity holders of the Company	10	4,380	287,990
– Non-controlling interests		28,539	2,595
		32,919	290,585
EARNINGS PER SHARE – basic/diluted	11	0.10 HK cent	6.49 HK cents

The notes on pages 41 to 86 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR	32,919	290,585
OTHER COMPREHENSIVE INCOME:		
Gain on fair value changes of interests in property development *	415,843	7,277
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	415,843	7,277
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	448,762	297,862
ATTRIBUTABLE TO		
– Equity holders of the Company	420,223	295,267
– Non-controlling interests	28,539	2,595
	448,762	297,862

* *Item that may be reclassified subsequently to profit or loss*

The notes on pages 41 to 86 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,136,716	1,405,308
Oil exploitation assets	14	84,322	109,014
Interests in property development	15	10,614,101	10,198,258
Interest in joint venture	16	997,002	730,118
Deferred taxation	25	82,702	41,014
Goodwill	17	16,994	16,994
		12,931,837	12,500,706
CURRENT ASSETS			
Amount due from joint venture	18	32,766	78,358
Held for trading investments	19	8,685	9,825
Inventories	20	105,506	120,693
Trade and other receivables	21	156,994	61,646
Cash and cash equivalents	22	209,347	267,057
		513,298	537,579
CURRENT LIABILITIES			
Other payables	23	120,546	211,340
Bank loan	24	–	80,000
Current taxation		52,347	39,978
		172,893	331,318
NET CURRENT ASSETS		340,405	206,261
TOTAL ASSETS LESS CURRENT LIABILITIES		13,272,242	12,706,967

Consolidated Balance Sheet

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Amount due to immediate holding company	30(a)	–	1,170,611
Amount due to ultimate holding company	30(b)	2,247,683	842,884
Other payables		41,416	48,731
Deferred taxation	25	20,085	19,780
		2,309,184	2,082,006
NET ASSETS		10,963,058	10,624,961
CAPITAL AND RESERVES			
Share capital	26	443,897	443,897
Reserves		10,481,662	10,167,974
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		10,925,559	10,611,871
NON-CONTROLLING INTERESTS		37,499	13,090
TOTAL EQUITY		10,963,058	10,624,961

The financial statements were approved and authorised for issue by the board of directors on 26 March 2014.

Or Wai Sheun
Director

Yeung Kwok Kwong
Director

The notes on pages 41 to 86 form part of these financial statements.

Balance Sheet

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	34 & 35(a)	1	1
		1	1
CURRENT ASSETS			
Amounts due from subsidiaries	35(b)	10,821,541	11,054,780
Other receivables		534	542
Cash and cash equivalents	22	165,343	171,607
		10,987,418	11,226,929
CURRENT LIABILITIES			
Other payables		5,699	8,152
Amounts due to subsidiaries	35(c)	689,395	721,937
		695,094	730,089
NET CURRENT ASSETS		10,292,324	10,496,840
TOTAL ASSETS LESS CURRENT LIABILITIES		10,292,325	10,496,841
NON-CURRENT LIABILITIES			
Amount due to immediate holding company	30(a)	–	1,170,611
Amount due to ultimate holding company	30(b)	2,247,683	842,884
		2,247,683	2,013,495
NET ASSETS		8,044,642	8,483,346
CAPITAL AND RESERVES			
Share capital	26	443,897	443,897
Reserves	35(d)	7,600,745	8,039,449
TOTAL EQUITY		8,044,642	8,483,346

The financial statements were approved and authorised for issue by the board of directors on 26 March 2014.

Or Wai Sheun
Director

Yeung Kwok Kwong
Director

The notes on pages 41 to 86 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium account	Fair value reserve	Retained profits	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	443,897	5,912,600	2,902,258	1,353,116	10,611,871	13,090	10,624,961
Profit for the year	–	–	–	4,380	4,380	28,539	32,919
Other comprehensive income for the year	–	–	415,843	–	415,843	–	415,843
Total comprehensive income for the year	–	–	415,843	4,380	420,223	28,539	448,762
Dividends paid to non-controlling interests	–	–	–	–	–	(4,130)	(4,130)
Dividends paid to equity holders of the Company *(note 12)*	–	–	–	(106,535)	(106,535)	–	(106,535)
At 31 December 2013	443,897	5,912,600	3,318,101	1,250,961	10,925,559	37,499	10,963,058
At 1 January 2012	443,897	5,912,600	2,894,981	1,171,661	10,423,139	11,970	10,435,109
Profit for the year	–	–	–	287,990	287,990	2,595	290,585
Other comprehensive income for the year	–	–	7,277	–	7,277	–	7,277
Total comprehensive income for the year	–	–	7,277	287,990	295,267	2,595	297,862
Dividends paid to non-controlling interests	–	–	–	–	–	(1,475)	(1,475)
Dividends paid to equity holders of the Company *(note 12)*	–	–	–	(106,535)	(106,535)	–	(106,535)
At 31 December 2012	443,897	5,912,600	2,902,258	1,353,116	10,611,871	13,090	10,624,961

The notes on pages 41 to 86 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,573	259,453
Adjustments for:		
Share of results of joint venture	(266,884)	(157,202)
Dividend income from listed securities	(111)	(218)
Interest income	(677)	(1,289)
Loss/(gain) arising from change in fair value of held for trading investments	1,140	(1,215)
Depreciation and amortisation	32,471	174,309
Loss on disposal of property, plant and equipment	26	1,517
Impairment of oil production and exploitation assets	296,400	–
Finance costs	31,628	30,453
Operating cash flow before working capital changes	102,566	305,808
Decrease in inventories	15,187	1,528
Increase in trade and other receivables	(95,348)	(8,674)
Decrease in trade and other payables	(98,109)	(3,513)
Cash (used in)/generated from operations	(75,704)	295,149
Interest received	677	1,289
Interest paid	(2,002)	(3,531)
Dividends received from listed securities	111	218
Tax paid	(4,668)	(6,939)
Net cash (used in)/generated from operating activities	(81,586)	286,186

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(34,535)	(192,530)
Additions to oil exploitation assets	(1,097)	–
Repayment of advance to joint venture	45,592	37,476
Proceeds from disposal of property, plant and equipment	19	1,213
Payment of retention money for the acquisition of a subsidiary	–	(9,945)
Net cash generated from/(used in) investing activities	9,979	(163,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts advanced from immediate holding company	15,000	230,200
Amounts advanced from ultimate holding company	1,383,901	333,000
Amounts repaid to immediate holding company	(1,194,339)	(304,227)
Amounts repaid to ultimate holding company	–	(180,000)
Inception of bank loan	–	80,000
Repayments of bank loan	(80,000)	(195,000)
Dividends paid to minority shareholders	(4,130)	(1,475)
Dividends paid to equity holders of the Company	(106,535)	(106,535)
Net cash generated from/(used in) financing activities	13,897	(144,037)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,710)	(21,637)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	267,057	288,694
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	209,347	267,057
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Cash and bank balances	209,347	267,057

The notes on pages 41 to 86 form part of these financial statements.

Notes to Financial Statements

31 December 2013

1. Corporate information

The Company is incorporated in the Cayman Islands with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the balance sheet date, the parent of the Company (the "Immediate Holding Company") is Marble King International Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company (the "Ultimate Holding Company") is Polytec Holdings International Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 2 of the annual report.

During the year, the Company's principal activity was investment holding. The principal activities of the Company's subsidiaries are investment holding, properties investment, development and trading, securities investment and trading, manufacturing of ice and provision of cold storage services and oil exploration and production.

2. Basis of preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out in note 3.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 32.

The HKICPA has issued a number of new and revised HKFRSs that are effective for the current accounting period of the Group. The adoption of these new or revised HKFRSs has no material impact on the Group's financial statements, except for the following areas.

As a result of the adoption of HKFRS 10 "Consolidated Financial Statements", the Group has changed its accounting policy with respect to determining whether an investee should be consolidated, by focusing on whether the Group has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

2. Basis of preparation *(continued)*

As a result of the adoption of HKFRS 11 "Joint Arrangements", the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group divides joint arrangements into joint operations and joint ventures by determining the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. The Group has reclassified the investment in jointly controlled entity to the investment in joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12 "Disclosure of Interests in Other Entities" brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structure entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 16 and 35(a).

HKFRS 13 "Fair Value Measurement" replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The Group has not early adopted the following new or revised HKFRSs, which are not yet effective, in the financial statements for the year ended 31 December 2013. The Group has not completed the process of evaluating the impact that will result from the adopting these new or revised HKFRSs. The Group is therefore unable to disclose the impact that adopting these new or revised HKFRSs will have on its financial position and the results of operations when such new or revised HKFRSs are adopted.

HKFRSs	Annual Improvements 2010-2012 Cycle[1]
HKFRSs	Annual Improvements 2011-2013 Cycle[1]
HKAS 19 (2011)	Employee Benefits[1]
HKAS 27 (2011) (Amendments)	Separate Financial Statements[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[2]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Assets[2]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedging Accounting[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10 (Amendments)	Consolidated Financial Statements[2]
HKFRS 12 (Amendments)	Disclosure of Interests in Other Entities[2]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) Interpretation 21	Levies[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective period yet to be determined
4 Effective for annual periods beginning on or after 1 January 2016

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December, together with the Group's share of the results for the year and net assets of its joint venture. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All intercompany transactions and balances within the Group are eliminated on consolidation.

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Non-controlling interests at the balance sheet date, being the equity in subsidiaries not attributable to the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in the subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in joint venture or associate.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale. The results of the subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

3. Significant accounting policies *(continued)*

Goodwill

Goodwill represents the excess of (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over (ii) the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition and is stated at cost less accumulated impairment losses and presented separately in the balance sheet. When (ii) is greater than (i), then the excess is recognised immediately in profit or loss as a gain from bargain purchase.

Goodwill is tested for impairment annually and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired. For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 was amortised on a straight-line basis over its useful economic life at a rate of 5% per annum up to 31 December 2004. From 1 January 2005 onwards, the Group has discontinued amortisation of such goodwill and such goodwill is subject to impairment testing.

On subsequent disposal of a subsidiary, the carrying amount of goodwill attributable to the relevant subsidiary is included in the determination of the amount of profit or loss on disposal.

Oil exploitation assets

Costs incurred for the acquisition and maintenance of the exploitation rights of the Group's oil exploration and production activities are capitalised as oil exploitation assets. Oil exploitation assets are stated at cost less accumulated amortisation and impairment losses. The amortisation is calculated on unit of production method based upon the estimated proved and probable oil reserves.

Leasing

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

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

3. Significant accounting policies *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Future estimated dismantlement and restoration costs of property, plant and equipment are discounted at appropriate rates and are capitalised as part of the costs of property, plant and equipment, which are subsequently depreciated. Any subsequent change in the present value of the estimated costs, other than the change due to passage of time, is reflected as an adjustment to the costs.

Except for certain oil production assets as set out below, depreciation is calculated on the straight-line basis to write off the cost of each asset, less any estimated residual value, over its estimated useful life as follows:

Leasehold land	over the unexpired term of lease
Buildings situated on leasehold land	over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of acquisition/completion
Other assets	2 to 10 years

Oil production assets include all the property, plant and equipment arising from oil exploration and production activities.

Depreciation of certain oil production assets is calculated based on a unit of production method based upon the estimated proved and probable oil reserves to write off the cost of each asset, less any estimated residual value.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on derecognition of a property, plant and equipment included in profit or loss is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Interests in land and buildings held for rental purposes are recorded as investment properties. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. Significant accounting policies *(continued)*

Joint arrangements

Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the Group's profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the Group's profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When the Group undertakes its activities under joint operations, the Group's share of assets, liabilities, revenue and expenses of the joint operations are recognised in the consolidated financial statements and classified according to their nature.

3. Significant accounting policies *(continued)*

Financial instruments

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, both subcategories of financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bank balances and amount due from joint venture) are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Objective evidence of impairment includes observable data that comes to the attention of the Group about events that have an impact on the asset's estimated future cash flow such as significant financial difficulty of the debtors.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Objective evidence of impairment includes observable data that comes to the attention of the Group about events that have an impact on the asset's estimated future cash flow such as significant financial difficulty of the debtors and significant changes in technological, market, economic or legal environment that have an adverse effect on the debtors.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Non-derivative financial assets which do not fall into any of the above categories are classified as available-for-sale financial assets and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated in the fair value reserve, except for impairment losses. When these investments are derecognised or impaired, the cumulative gain or loss is transferred from equity to profit or loss.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the cost (net of any repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

For available-for-sale debt financial assets, reversal of an impairment loss is recognised in profit or loss. For available-for-sale equity financial assets, an impairment loss is not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Financial liabilities and equity

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

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Equity instruments

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

Other financial liabilities

Financial liabilities other than financial liabilities at fair value through profit or loss including bank loans, trade and other payables and balances with group companies and are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised in profit or loss.

Interests in property development

Interests in property development are stated at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, unless there is objective evidence that the interests in property development have been impaired, whereupon any amount held in fair value reserve in respect of the interests in property development is transferred to profit or loss for the period in which the impairment is identified. Any reversals of impairment losses are recognised in profit or loss. The fair value of interests in property development is determined based on the estimated entitlements to the interests in property development. The amount of impairment loss is the difference between the cost (net of any distribution) and current fair value, less any impairment loss on the interests in property development previously recognised in profit or loss. When the interests in property development are derecognised, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

Inventories

Inventories, other than consumables, are stated at the lower of cost and net realisable value. Consumables are stated at cost less any provision for obsolescence.

Cost of inventories, other than properties, is determined using the weighted average method. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of properties mainly comprises costs of acquisition and other costs incurred in bringing the properties to their present condition.

Net realisable value of properties held for sale represents the estimated selling price less costs to be incurred in selling of property. Net realisable value of properties held under development for sale represents the estimated selling price less estimated costs to be incurred in development and selling of property.

3. Significant accounting policies *(continued)*

Impairment of assets other than goodwill and financial instruments

An assessment is made at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less costs to sell.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to profit or loss in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates of the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is credited to profit or loss in the period in which it arises.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income, in which case they are recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Employee benefits

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

3. Significant accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Other provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

These financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

3. Significant accounting policies *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and relevant costs can be measured reliably, on the following bases:

– from the sale of goods and crude oil, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither continuous managerial involvement to the degree usually associated with ownership, nor effective control over the goods and crude oil sold;

– from the sale of completed properties, upon the execution of a binding sale agreement;

– from the sale of development properties sold in advance of completion, upon completion of the development. Deposits and instalments received from purchasers prior to this stage are included in current liabilities;

– income from interests in property development, when the entitlement to distribution in respect of the investment is established;

– interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;

– from the sale of investments, on a trade date basis or on the date on which the relevant sales contracts become or are deemed unconditional, where appropriate;

– service income, when the relevant service is rendered to the customers;

– dividends, when the shareholders' right to receive payment has been established; and

– rental income, on straight-line basis over the lease term.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of income/expenses and assets mainly comprising exceptional items, corporate administrative and financing expenses and corporate financial assets respectively.

3. Significant accounting policies *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's holding company.

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

- (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

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

4. Segment information

The Group had four (2012: four) operating segments for the year which included properties investment, trading and development related activities ("Properties"), oil exploration and production related activities ("Oil'), manufacturing of ice and provision of cold storage and related services ("Ice and Cold Storage") and other miscellaneous operations ("Others").

	Properties *HK$'000*	Oil *HK$'000*	Ice and Cold Storage *HK$'000*	Others *HK$'000*	2013 Total *HK$'000*
Turnover	125,561	62,623	96,117	–	284,301
Segment result	114,880	(347,209)	20,566	(1,291)	(213,054)
Corporate portion					(13,629)
Loss from operations					(226,683)
Share of results of joint venture	266,884	–	–	–	266,884
Finance costs					(31,628)
Profit before tax					8,573
Segment assets	10,823,418	1,116,039	174,364	8,685	12,122,506
Interest in and amount due from joint venture	1,029,768	–	–	–	1,029,768
Corporate assets					292,861
					13,445,135
Capital expenditure incurred	–	20,776	13,739	–	34,535
Depreciation and amortisation	–	24,142	8,317	–	32,471
Impairment of oil production and exploitation assets	–	296,400	–	–	296,400
Loss arising from change in fair value of held for trading investments	–	–	–	1,140	1,140

During the year ended 31 December 2013, the Group has one customer in the Property segment to whom the Group's sales amounted to HK$123,370,000 which exceeds 10% of the Group's revenue.

4. Segment information *(continued)*

	Properties *HK$'000*	Oil *HK$'000*	Ice and Cold Storage *HK$'000*	Others *HK$'000*	2012 Total *HK$'000*
Turnover	3,090	641,255	87,417	–	731,762
Segment result	6,552	113,144	24,985	1,189	145,870
Corporate portion					(13,166)
Profit from operations					132,704
Share of results of joint venture	157,202	–	–	–	157,202
Finance costs					(30,453)
Profit before tax					259,453
Segment assets	10,309,694	1,432,869	168,699	9,825	11,921,087
Interest in and amount due from joint venture	808,476	–	–	–	808,476
Corporate assets					308,722
					13,038,285
Capital expenditure incurred	–	182,474	10,056	–	192,530
Depreciation and amortisation	–	167,800	6,498	–	174,309
Gain arising from change in fair value of held for trading investments	–	–	–	1,215	1,215

During the year ended 31 December 2012, the Group has one customer in the Oil segment to whom the Group's sales amounted to HK$559,503,000 which exceeds 10% of the Group's revenue.

4. Segment information *(continued)*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial instruments and deferred assets. The geographical location of revenue is based on the location which the goods were delivered or the services were provided. The geographical location of non-current assets is based on the physical location of the assets, in case of interest in joint venture, the location of operations.

	Turnover		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China	**221,678**	90,507	**1,157,751**	885,443
Kazakhstan	**62,623**	641,255	**1,077,283**	1,375,991
	284,301	731,762	**2,235,034**	2,261,434

In addition to the above non-current assets, the Group has interests in property development of HK$10,614,101,000 (2012: HK$10,198,258,000) in the People's Republic of China.

5. Turnover and other income

An analysis of the Group's turnover and other income is as follows:

	2013 *HK$'000*	2012 *HK$'000*
Turnover		
Sale of properties	125,561	2,940
Sale of crude oil	55,597	634,955
Sale of goods	63,845	57,614
Service income	39,298	36,103
Rental income from investment properties	–	150
	284,301	731,762
Other income		
Rental income from properties held for sale	6,896	6,195
Dividend income from listed securities	111	218
Bank and other interest income	677	1,289
Gain arising from change in fair value of held for trading investments	–	1,215
Others	2,962	12,488
	10,646	21,405

6. Finance costs

	2013 *HK$'000*	2012 *HK$'000*
Interest expense on		
– Bank and other borrowings wholly repayable within five years	9	764
– Amount due to immediate holding company with no fixed repayment terms	8,728	17,617
– Amount due to ultimate holding company with no fixed repayment terms	20,898	9,305
	29,635	27,686
Other finance costs	1,993	2,767
	31,628	30,453

7. Profit before tax

Profit before tax is arrived at after charging/(crediting):

	2013 *HK$'000*	2012 *HK$'000*
Staff costs (excluding directors' remuneration):		
Wages and salaries	57,481	61,289
Contributions to retirement benefit scheme	1,349	1,018
	58,830	62,307
Depreciation of property, plant and equipment	29,882	162,538
Amortisation of oil exploitation assets (included in cost of sales)	2,589	11,771
Minimum lease payments under operating leases in respect of land and buildings	1,205	1,246
Auditors' remuneration	1,670	1,732
Exchange (gain)/loss	(3,855)	1,687
Direct operating expenses arising from investment properties that generated rental income	–	51
Loss/(gain) arising from change in fair value of held for trading investments	1,140	(1,215)
Loss on disposal of property, plant and equipment	26	1,517
Share of tax of a joint venture (included in share of results of joint venture)	34,947	19,712

8. Directors' remuneration and emoluments of the five highest paid individuals

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Performance bonuses *HK$'000*	Provident fund contributions *HK$'000*	Total *HK$'000*
For the year ended 31 December 2013:					
Mr. Or Wai Sheun	**–**	**–**	**–**	**–**	**–**
Mr. Yeung Kwok Kwong	**–**	**2,080**	**237**	**191**	**2,508**
Ms. Wong Yuk Ching	**–**	**1,257**	**115**	**116**	**1,488**
Mr. Lam Chi Chung, Tommy	**–**	**1,769**	**75**	**18**	**1,862**
Ms. Chio Koc Ieng	**–**	**1,266**	**223**	**–**	**1,489**
Mr. Lai Ka Fai	**160**	**–**	**–**	**–**	**160**
Ms. Or Pui Ying, Peranza	**160**	**–**	**–**	**–**	**160**
Mr. Liu Kwong Sang	**160**	**–**	**–**	**–**	**160**
Mr. Siu Leung Yau	**160**	**–**	**–**	**–**	**160**
Dr. Tsui Wai Ling, Carlye	**160**	**–**	**–**	**–**	**160**
Prof. Dr. Teo Geok Tien Maurice	**160**	**–**	**–**	**–**	**160**
	960	**6,372**	**650**	**325**	**8,307**
For the year ended 31 December 2012:					
Mr. Or Wai Sheun	–	–	–	–	–
Mr. Yeung Kwok Kwong	–	2,011	450	185	2,646
Ms. Wong Yuk Ching	–	1,195	220	110	1,525
Mr. Lam Chi Chung, Tommy	–	1,730	150	18	1,898
Ms. Chio Koc Ieng	–	1,195	420	–	1,615
Mr. Lai Ka Fai	160	–	–	–	160
Ms. Or Pui Ying, Peranza	160	–	–	–	160
Mr. Anthony Francis Martin Conway	100	–	–	–	100
Mr. Liu Kwong Sang	160	–	–	–	160
Mr. Siu Leung Yau	160	–	–	–	160
Dr. Tsui Wai Ling, Carlye	11	–	–	–	11
Prof. Dr. Teo Geok Tien Maurice	8	–	–	–	8
	759	6,131	1,240	313	8,443

8. Directors' remuneration and emoluments of the five highest paid individuals *(continued)*

The five highest paid individuals during the year ended 31 December 2013 included four (2012: four) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining one (2012: one) non-director highest paid individual are as follows:

	2013 *HK$'000*	2012 *HK$'000*
Salaries and other benefits	2,760	2,040
Performance bonuses	–	9,223
Provident fund contributions	–	–
	2,760	11,263

9. Income tax expenses

	2013 *HK$'000*	2012 *HK$'000*
Current tax		
– Hong Kong Profits Tax	2,648	3,164
– Overseas income tax	14,399	2,110
– Over provision for prior years	(10)	(12)
	17,037	5,262
Deferred tax	(41,383)	(36,394)
	(24,346)	(31,132)

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdictions.

9. Income tax expenses *(continued)*

The tax charge for the year can be reconciled to the profit before tax per the income statement as follows:

	2013 *HK$'000*	2012 *HK$'000*
Profit before tax	**8,573**	259,453
Tax charges at the average income tax rate	**(28,916)**	40,470
Tax effect of share of results of joint venture	**(34,947)**	(19,712)
Tax effect of expenses not deductible in determining taxable profit	**4,867**	11,465
Utilisation of tax losses previously not recognised	**–**	(57,684)
Tax effect of tax losses not recognised	**34,072**	1,336
Over provision for prior years	**(10)**	(12)
Others	**588**	(6,995)
Income tax expense for the year	**(24,346)**	(31,132)

The average income tax rate represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before tax and the relevant statutory rates.

10. Profit attributable to equity holders of the company

The profit attributable to equity holders of the Company for the year ended 31 December 2013 dealt with in the financial statements of the Company was a loss of HK$332,169,000 (2012: loss of HK$26,921,000).

11. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2013 *HK$'000*	2012 *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	4,380	287,990
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	4,438,967,838	4,438,967,838

12. Dividends

(a) Dividends payable to equity holders of the Company attributable to the year:

	2013 *HK$'000*	2012 *HK$'000*
Interim dividend declared and paid of HK$0.009 per ordinary share (2012: HK$0.009)	39,951	39,951
Final dividend proposed after the balance sheet date of HK$0.005 per ordinary share (2012: HK$0.015)	22,195	66,584
	62,146	106,535

The final dividend declared after the year end has not been recognised as a liability at 31 December.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2013 *HK$'000*	2012 *HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.015 per ordinary share (2012: HK$0.015)	66,584	66,584

13. Property, plant and equipment

	Leasehold land HK$'000	Buildings HK$'000	Oil production assets HK$'000	Other assets HK$'000	Total HK$'000
Cost:					
At 1 January 2013	120,210	32,790	1,455,425	27,803	1,636,228
Additions	–	–	20,776	13,759	34,535
Disposals	–	–	(50)	(52)	(102)
At 31 December 2013	120,210	32,790	1,476,151	41,510	1,670,661
At 1 January 2012	120,210	32,790	1,275,707	17,773	1,446,480
Additions	–	–	182,474	10,056	192,530
Disposals	–	–	(2,756)	(26)	(2,782)
At 31 December 2012	120,210	32,790	1,455,425	27,803	1,636,228
Accumulated depreciation and impairment losses:					
At 1 January 2013	22,914	6,250	188,448	13,308	230,920
Charge for the year	2,820	770	21,553	4,739	29,882
Impairment loss	–	–	273,200	–	273,200
Disposals	–	–	(11)	(46)	(57)
At 31 December 2013	25,734	7,020	483,190	18,001	533,945
At 1 January 2012	20,094	5,481	32,460	10,399	68,434
Charge for the year	2,820	769	156,029	2,920	162,538
Disposals	–	–	(41)	(11)	(52)
At 31 December 2012	22,914	6,250	188,448	13,308	230,920
Carrying values:					
At 31 December 2013	94,476	25,770	992,961	23,509	1,136,716
At 31 December 2012	97,296	26,540	1,266,977	14,495	1,405,308

Key sources of estimation uncertainty relating to oil production assets are disclosed in note 32.

The leasehold land of the Group is held in Hong Kong under medium term lease.

14. Oil exploitation assets

	2013 HK$'000	2012 HK$'000
Cost:		
At 1 January	129,060	129,060
Additions during the year	1,097	–
At 31 December	130,157	129,060
Accumulated amortisation and impairment losses:		
At 1 January	20,046	8,275
Amortisation during the year	2,589	11,771
Impairment loss	23,200	–
At 31 December	45,835	20,046
Carrying value	84,322	109,014

Key sources of estimation uncertainty relating to oil exploitation assets are disclosed in note 32.

15. Interests in property development

	2013 HK$'000	2012 HK$'000
At 1 January	10,198,258	10,190,981
Change in fair value recognised in other comprehensive income	415,843	7,277
At 31 December	10,614,101	10,198,258

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the Ultimate Holding Company. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the development projects which is subject to an aggregate maximum amount. In return, the two wholly owned subsidiaries of the Ultimate Holding Company will pay to the Group cash flows from the development projects according to the formulas set out in the co-investment agreements. The basis and estimations for arriving at the fair value of the interests in property development are further described in note 32.

16. Interest in joint venture

	2013 HK$'000	2012 HK$'000
Investment cost	12	12
Share of post acquisition profit	996,990	730,106
Share of net assets	997,002	730,118

Particulars of the joint venture at 31 December 2013 are as follows:

Name	Business structure	Place of incorporation and operations	Percentage of equity interest attributable to the Group	Principal activities
South Bay Centre Company Limited	Corporate	Macau	50%	Property investment and trading

The followings are the financial information of the Group's joint venture:

	2013 HK$'000	2012 HK$'000
Income	618,855	372,735
Profit for the year	533,768	314,404
Depreciation	54	86
Income tax expense	34,947	19,712
Non-current assets	2,312,154	1,804,106
Current assets	7,898	6,578
Current liabilities	(107,043)	(193,205)
Non-current liabilities	(219,005)	(157,243)
Equity	1,994,004	1,460,236
Group's share of net assets/carrying amount in consolidated financial statements	997,002	730,118

The above unlisted investment in joint venture is indirectly held by the Company.

17. Goodwill

For the purposes of impairment testing, the goodwill has been allocated to an individual cash-generating unit (the "CGU") in the ice and cold storage segment. During the year ended 31 December 2013, management of the Group determined that there is no impairment of the CGU containing goodwill.

18. Amount due from joint venture

The amount is unsecured, interest-free and repayable within one year. The carrying amount approximates its fair value at the balance sheet date.

19. Held for trading investments

	2013 *HK$'000*	2012 *HK$'000*
Equity securities held for trading listed in Hong Kong	8,685	9,825

The fair values of the above equity securities held for trading are determined based on the quoted market bid prices available on the relevant exchanges.

20. Inventories

	2013 *HK$'000*	2012 *HK$'000*
Properties held for sale	69,285	82,255
Properties under development for sale *(Note)*	25,200	24,958
Crude oil	1,037	4,456
Consumables	9,984	9,024
	105,506	120,693

Note: The Group has entered into a joint agreement in the form of a joint operation to construct certain low-rise houses in Hong Kong. At 31 December 2013, the aggregate amount of assets recognised in the financial statements in relation to the joint operation is HK$25,200,000 (2012: HK$24,958,000).

21. Trade and other receivables

	2013 *HK$'000*	2012 *HK$'000*
Ageing analysis of trade receivables:		
Within 30 days	**124,653**	3,668
31 days to 60 days past due	**2,788**	2,808
61 days to 90 days past due	**1,748**	1,944
Over 90 days past due	**1,657**	1,169
Amounts past due	**6,193**	5,921
Trade receivables	**130,846**	9,589
Other receivables	**26,148**	52,057
	156,994	61,646

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

Trade and other receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade and other receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The fair value of the Group's trade and other receivables at the balance sheet date was approximate to the corresponding carrying amount.

22. Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates their fair value at the balance sheet date.

23. Other payables

	2013 *HK$'000*	2012 *HK$'000*
Government fees and levies	51,721	104,445
Other payables	68,825	106,895
	120,546	211,340

24. Bank loan

	2013 *HK$'000*	2012 *HK$'000*
Repayable within one year	–	80,000

As at 31 December 2012, the secured bank loan was subject to review from time to time and bearing interest as determined by a premium over the Hong Kong Interbank Offering Rates (the "HIBOR"), which was equal to the effective interest rate. The fair value of the Group's bank loan approximated to the corresponding carrying amount.

25. Deferred taxation

The following are the components of deferred tax (assets)/liabilities recognised and movements thereon during the current year and the prior year:

	Accelerated depreciation allowances HK$'000	Revaluation of assets HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013	**(11,622)**	**14,487**	**(24,099)**	**(21,234)**
(Credit)/charge to the income statement	**(51,538)**	**2,404**	**7,751**	**(41,383)**
At 31 December 2013	**(63,160)**	**16,891**	**(16,348)**	**(62,617)**
At 1 January 2012	8,715	23,464	(17,019)	15,160
Credit to the income statement	(20,337)	(8,977)	(7,080)	(36,394)
At 31 December 2012	(11,622)	14,487	(24,099)	(21,234)

	2013 ***HK$'000***	2012 *HK$'000*
Representing:		
Deferred taxation – asset	**(82,702)**	(41,014)
Deferred taxation – liability	**20,085**	19,780
	(62,617)	(21,234)

No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams. At the balance sheet date, the Group has unrecognised tax losses of HK$271,634,000 (2012: HK$97,649,000) available for offset against future profits, of which HK$228,542,000 (2012: HK$67,226,000) will expire within 9 years from the balance sheet date and the remaining losses may be carried forward indefinitely.

26. Share capital

	2013 *HK$'000*	2012 *HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	1,000,000	1,000,000
5,000,000,000 convertible preference shares of HK$0.01 each	50,000	50,000
	1,050,000	1,050,000
Issued:		
4,438,967,838 fully paid ordinary shares of HK$0.1 each	443,897	443,897

(a) Share premium

The application of the share premium account is governed by Section 34 of the Cayman Islands Companies Law.

(b) Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of bank borrowings, borrowings from holding companies, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital and maintains an appropriate gearing ratio determined as the Group's borrowings (bank borrowings plus amounts due to holding companies) over equity attributable to equity holders of the Company. In view of this, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as raising new debts or redemption of existing debts. The Group's overall strategy remains unchanged from prior year and the gearing ratio as at 31 December 2013 was 20.6% (2012: 19.6%).

27. Share options

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Pursuant to the share option scheme adopted by the Company on 9 January 2004, eligible participants include any employees (including full-time and part-time employee), directors (including executive, non-executive and independent non-executive director), suppliers of goods and services, customers, business partners or business associates of the Group, consultants or advisers providing consultancy or advisory services in relation to the businesses, trading agents or holders of any securities issued by any member of the Group or any entity in which the Group holds an equity interest. The share option scheme became effective on 9 January 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The share option scheme is expired in January 2014.

The maximum number of unexercised share options permitted to be granted under the share option scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the share option scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Under the share option scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the share option scheme may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences from the date the grantee accepts the share options and ends on the expiry date of the share option scheme. The exercise price of the share options granted under the share option scheme is determinable by the directors, but may not be less than the highest of (i) closing price of the Company's shares on the Stock Exchange on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no share option granted under the share option scheme during the current and prior years or remaining outstanding as at 31 December 2013.

28. Note to consolidated statement of changes in equity

As at 31 December 2013, loans from minority shareholders of a subsidiary of HK$5,490,000 (2012: HK$5,490,000) were classified as equity being the capital contribution on such subsidiary by those minority shareholders.

29. Operating lease arrangements and capital commitments

(a) Operating lease arrangements

As Lessee

The Group leases certain of its office properties and factory premises under operating lease arrangements. Leases for properties are negotiated for terms from three months to two years. As at 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013 *HK$'000*	2012 *HK$'000*
Within one year	177	707
In the second to fifth years inclusive	–	177
	177	884

As Lessor

The Group leases certain of its inventories under operating lease arrangements with lease terms for not exceeding six years. As at 31 December 2013, total future minimum lease receivables under non-cancellable operating leases are as follows:

	2013 *HK$'000*	2012 *HK$'000*
Within one year	3,815	1,498
In the second to fifth years inclusive	1,309	–
	5,124	1,498

(b) Capital commitments

Capital commitments outstanding at 31 December 2012 not provided but contracted for in the financial statements amounted to HK$3,467,000.

30. Related party transactions

During the year ended 31 December 2013, the Group had the following transactions with related parties:

(a) The amount due to immediate holding company was unsecured, interest bearing at a premium over the HIBOR and with no fixed repayment terms. During the year, interest of HK$8,728,000 (2012: HK$17,617,000) was payable to the Immediate Holding Company.

(b) The amount due to ultimate holding company was unsecured and interest bearing at a premium over the HIBOR and repayable after more than one year. During the year, interest of HK$20,898,000 (2012: HK$9,305,000) was payable to the Ultimate Holding Company.

(c) During the year, the Group paid rental expenses and building management fees amounting to HK$801,000 (2012: HK$868,000) in aggregate to an intermediate holding company of the Company for the leasing of an administrative office in Hong Kong.

(d) During the year, management fees totalling HK$3,492,000 (2012: HK$2,645,000) were payable to an intermediate holding company of the Company for the administrative expenses shared by the Group.

31. Pledge of assets

As at 31 December 2013, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:

(a) legal charge over all of the Group's medium term leasehold land with an aggregate net book value of HK$94,476,000 (2012: HK$97,296,000); and

(b) legal charge over all of the Group's buildings with an aggregate net book value of HK$25,770,000 (2012: HK$26,540,000).

32. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation and amortisation

The Group depreciates the plant and equipment, other than certain oil production assets, on a straight-line basis over an estimated useful life of 2 to 10 years, and after taking into account of their estimated residual value, using the straight-line method, commencing from the date the plant and equipment is placed into intended use. The estimated useful life and dates that the Group places the plant and equipment into productive use reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment.

Certain oil production assets and oil exploitation assets are depreciated and amortised based on a unit of production method based upon the estimated proved and probable oil reserves. The estimates of the Group's oil reserves are the best estimates based on the information currently available to the management and represent only approximate amounts because of the subjective judgements involved in developing such information. Oil reserve estimates are subject to revision, either upward or downward, based on new relevant information. Changes in oil reserves will affect unit of production depreciation, amortisation and depletion recorded in the Group's consolidated financial statements for property, plant and equipment and oil exploitation assets related to oil production activity. A reduction in oil reserves will increase depreciation, amortisation and depletion charges.

Estimation of provision for properties under development for sale and held for sale

Management determines the net realisable value of properties under development for sale and held for sale by using the prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers.

Management's assessment of net realisable value of properties under development for sale and held for sales requires judgement as to the anticipated sale prices with reference to the recent sale transaction in nearby locations, rate of new property sales, marketing costs and the expected costs to completion of properties and legal and regulatory framework and general market conditions.

32. Key sources of estimation uncertainty *(continued)*

Estimated impairment of oil production and exploitation assets

Oil production and exploitation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may exceed the recoverable amounts, which is considered to be the higher of the fair value less costs of disposal and value in use. The fair value of oil production and exploitation assets is determined based on the present value of estimated future cash flows arising from the continued use of the assets. Cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the assets. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future crude oil price, discount rate used in discounting the projected cash flows and production profile. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan and that all relevant licences and permits are obtained. However, the business environment, such as the crude oil price, is affected by a wide range of global and domestic factors, which are all beyond the control of the Group. Any adverse change in the key assumptions could increase the impairment provision.

The normal crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of the Company, in Kazakhstan has been temporarily suspended since 1 January 2013, as the gas flaring permit to flare associated gas for the South Alibek Oilfield expired on 31 December 2012. Caspi Neft TME applied to the Kazakhstan Government for the gas flaring permit in October 2012. Caspi Neft TME provided the information as requested by the Kazakhstan Government. Up to the date of approval of these financial statements, it has obtained the approvals from the Ecology Committee and the Geology Committee of the Kazakhstan Government for the gas flaring permit. Further approvals from other local authorities are now required to obtain the gas flaring permit in order to resume normal crude oil production. Caspi Neft TME has been taking all necessary steps to obtain the permit. Caspi Neft TME is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of associated gas permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the alternatives. Based on advice received from its technical experts and external legal advisor and the alternatives under consideration, the Group considers that there is no indication that the gas flaring permit will not be renewed. Normal crude oil production will be resumed as soon as practicable upon obtaining the permit.

Due to the above issue, the normal crude oil production of the Group has been suspended for an unexpected prolonged period. The Group has reassessed the operation and the risk exposures of its oil exploration and production business as a whole and estimated that at 31 December 2013, the carrying amount of the oil production and exploitation assets exceeded their estimated recoverable amount by HK$296,400,000 (2012: Nil). Accordingly, impairment losses for oil production assets and oil exploitation assets amounting to HK$273,200,000 (2012: Nil) and HK$23,200,000 (2012: Nil) respectively, were recognised as a separate line item in the Group's consolidated income statement. The recoverable amount was determined based on the value in use calculations applying a discount rate of 12.5%.

Crude oil price assumptions were based on market expectations. At 31 December 2013, it is estimated that an increase/decrease of 5% in the estimated crude oil price used in the assessment, with all other variables held constant would have increased/decreased the carrying amounts of the oil production assets and the oil exploitation assets by totalling HK$118,492,000/HK$119,920,000.

32. Key sources of estimation uncertainty *(continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Estimated fair value of interests in property development

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements.

Estimated impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries and amounts due from subsidiaries, the recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to the subsidiaries. The Company uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items.

33. Financial risk management

The Group is exposed to interest rate, credit, liquidity, price and currency risks arisen in the normal course of the Group's business as set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner and these risks are limited by financial policies and practices undertaken by the Group.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing bank borrowings and borrowings from holding companies. All the borrowings are on a floating rate basis. The risk is mainly concentrated on the fluctuation in Hong Kong dollar interest rates arising from the Group's Hong Kong dollar denominated borrowings.

Interest rate risk is managed by the Group's senior management with defined policies through regular review to determine the strategy as to funding in floating/fixed rate mix appropriate to its current business profile, and engaging in relevant hedging arrangements in appropriate time.

If interest rates had increased/decreased by 100 basis points, with all other variables held constant, the Group's result attributable to the equity holders of the Company and retained profits would have decreased/increased by HK$22,477,000 (2012: HK$20,935,000).

The sensitivity analysis has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared assuming the amount of interest-bearing borrowings outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease in Hong Kong dollar interest rates is used when reporting interest rate risk. The analysis is performed on the same basis for 2012.

Credit risk

The Group's maximum exposure to credit risk in the event of the counter-parties failure to perform their obligations as at 31 December 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's credit risk is significantly reduced.

Cash at bank, deposits placed with financial institutions and investments are with counterparties with sound credit ratings to minimise credit exposure.

The Group has no significant concentration of credit risk, with exposure spread over a number of counter-parties and customers, except for, as at 31 December 2013, 69% of the trade and other receivables being due from one customer of which the sale was made in late 2013. The receivable has been fully settled subsequent to the balance sheet date.

33. Financial risk management *(continued)*

Liquidity risk

Cash management of the Group is centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flows			Balance sheet carrying amount
	Within 1 year or on demand	Undated	Total	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2013				
Other payables	**120,546**	**–**	**120,546**	**120,546**
Amount due to ultimate holding company	**–**	**2,247,683**	**2,247,683**	**2,247,683**
	120,546	**2,247,683**	**2,368,229**	**2,368,229**
At 31 December 2012				
Other payables	211,340	–	211,340	211,340
Bank loan	80,032	–	80,032	80,000
Amount due to immediate holding company	–	1,170,611	1,170,611	1,170,611
Amount due to ultimate holding company	–	842,884	842,884	842,884
	291,372	2,013,495	2,304,867	2,304,835

33. Financial risk management *(continued)*

Price risk

At the balance sheet date, the Group has the following financial instruments measured at fair value across the three levels of fair value hierarchy based on the degree to which fair value is observable:

	2013	2012
	HK$'000	*HK$'000*
Assets		
Level 1 *(Notes)*		
– Held for trading investments	**8,685**	9,825
Level 3 *(Notes)*		
– Interests in property development	**10,614,101**	10,198,258

Notes:

Level 1: Assets/liabilities carrying at fair values measured using unadjusted quoted prices in active markets for identical financial instruments

Level 2: Assets/liabilities carrying at fair values using quoted prices in active markets for similar financial instruments or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: Assets/liabilities carrying at fair values measured using valuation techniques in which any significant input is not based on observable market data

Equity price risk

The Group is exposed to equity security price risk through its held-for-trading investments. Appropriate measures are implemented under risk management policies on a timely and effective manner. These measures cover macroeconomic analysis, securities analysis, trade execution control and portfolio evaluation. The Group controls this exposure by maintaining a diversified investment portfolio of securities with high market liquidity and different risk profiles.

At 31 December 2013, it is estimated that an increase/decrease of 5% in market value of the Group's held-for-trading investments, with all other variables held constant, would have increased/decreased the Group's result attributable to the equity holders of the Company and retained profits by HK$434,000 (2012: HK$491,000).

The sensitivity analysis above has been determined assuming that the changes in the equity price had occurred at the balance sheet date and had been applied to the exposure to equity security price risk in existence at that date. It is also assumed that the fair values of the Group's held-for-trading investments would change in accordance with the historical correlation with the relevant equity price and that all other variable remain constant. The analysis is performed on the same basis for 2012.

33. Financial risk management *(continued)*

Price risks *(continued)*

Other price risk

The Group is also exposed to property price risk through its interests in property development classified as non-current assets. The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financial reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the valuation model includes estimated selling prices of the underlying properties which are derived from observable market data, including average market prices of residential properties in Macau, with certain adjustments to reflect the impacts of those factors on the development. The adjustments to the selling price range from –10% to +10%. The fair value measurement is positively correlated to adjustments to the selling prices of the underlying properties. At 31 December 2013, it is estimated that an increase/decrease of 5% in the selling price of the underlying properties of the Group's interests in property development classified as non-current assets, with all other variables held constant, would have increased/decreased the Group's fair value reserve by HK$1,047,623,000/HK$1,038,571,000 (2012: HK$446,140,000/HK$446,167,000).

The analysis has been determined assuming that the changes in the selling price of the underlying properties had occurred at the balance sheet date and had been applied to the exposure to property price risk in existence at that date. The analysis is performed on the same basis for 2012.

Currency risk

The Group conducts its oil exploration and production business primarily in Kazakhstan. Currency exposure arises from sales of crude oil in a currency other than the local currency of the domicile of the Group entity making the sale. The sales are substantially denominated in United States Dollars, whilst the costs are substantially denominated in Kazakhstan Tenge. Subsequent to the balance sheet date, Kazakhstan Tenge is pegged to a basket of currencies, including United States Dollars, Euros and Russian Rubles. Management considers this risk is insignificant to the Group as a whole but still manages and monitors this risk to ensure that its net exposure is kept to an acceptable low level.

34. Particulars of subsidiaries

Particulars of the subsidiaries at 31 December 2013 are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Noble Prime International Limited	British Virgin Islands	US$1	100%	Investment holding
Power Charm International Limited	British Virgin Islands	US$1	100%	Investment holding
Power Mighty Limited	British Virgin Islands	US$1	100%	Investment holding
Sinocharm Trading Limited	British Virgin Islands	US$1	100%	Investment holding
Indirectly held:				
Acestart Investments Limited	British Virgin Islands/ Macau	US$1	70.5%	Property trading and investment
Aquatic & Agriculture (HK) Company Limited	Hong Kong	HK$1	100%	Inactive
Caspi Neft TME	Kazakhstan	50,000,000 Tenge	100%	Oil exploration and production
Coöperatieve Power Mighty U.A.	Netherlands	Euro30,000	100%	Investment holding
Eastford Development Limited	Hong Kong	HK$100	100%	Property development and investment
Equal Talent Limited	British Virgin Islands	US$1	100%	Investment holding

34. Particulars of subsidiaries *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held: (continued)				
Glentech International Company Limited	Hong Kong	HK$2	100%	Property investment and development and provision of consultancy services
Kam Yuen Property Investment Limited	Macau	MOP30,000	58%	Property investment and development
Marvel Talent Corporation	British Virgin Islands	US$200	70.5%	Inactive
Melosa Limited	British Virgin Islands	US$1	100%	Inactive
Mission Geronimo Enterprises Limited	British Virgin Islands/ Macau	US$1	58%	Provision of consultancy services
New Bedford Properties Limited	British Virgin Islands	US$1	100%	Investment holding
New Cosmos Holdings Limited	British Virgin Islands	US$100	58%	Investment holding
Newest Luck Enterprises Limited	British Virgin Islands/ Macau	US$1	58%	Provision of consultancy services
Noble Gainer Limited	Hong Kong	HK$2	100%	Ice manufacturing
Power Giant Limited	British Virgin Islands/ Macau	US$1	100%	Property trading and investment
Power Mighty A N.V.	Curacao	US$6,000	100%	Investment holding
Power Mighty B N.V.	Curacao	US$6,000	100%	Investment holding

34. Particulars of subsidiaries *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held: (continued)				
Power Mighty B.V.	Netherlands	Euro18,000	100%	Investment holding
Profit Sphere International Limited	British Virgin Islands	US$1	100%	Investment holding
Richstone International Limited	Hong Kong	HK$1	100%	Property development and investment
Sheen Concord Enterprises Limited	Hong Kong	HK$2	100%	Inactive
Success Ever Limited	British Virgin Islands	US$1	100%	Investment holding
Sunpark International Limited	British Virgin Islands/ Macau	US$10	58%	General trading
The Hong Kong Ice & Cold Storage Company Limited	Hong Kong	HK$500,000	100%	Ice manufacturing and provision of cold storage
Think Bright Limited	British Virgin Islands/ Macau	US$200	70.5%	Property trading and investment
Top Vision Assets Limited	British Virgin Islands	US$1	100%	Investment holding
Wide Universe International Limited	British Virgin Islands	US$1	100%	Financial investment

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

35. Notes on the Company's balance sheet

(a) Investments in subsidiaries

	2013 *HK$'000*	2012 *HK$'000*
Cost	1	1

The followings are the financial information of Think Bright Limited, a material subsidiary of the Group which has non-controlling interests:

	2013 *HK$'000*	2012 *HK$'000*
Non-controlling interests' percentage	29.5%	29.5%
Income	130,112	6,212
Profit for the year	96,328	5,439
Profit for the year attributable to non-controlling interests	28,417	1,604
Non-current assets	2	2
Current assets	136,825	34,256
Current liabilities	(44,884)	(24,643)
Net assets	91,943	9,615
Carrying amount of non-controlling interests	27,123	2,836
Dividend paid to non-controlling interests	4,130	1,475
Cash flows from operating activities	20,607	5,399
Cash flows from financing activities	(14,000)	(5,000)

35. Notes on the Company's balance sheet *(continued)*

(b) Amounts due from subsidiaries

	2013 *HK$'000*	2012 *HK$'000*
Amounts due from subsidiaries	11,136,791	11,068,470
Less: Impairment	(315,250)	(13,690)
	10,821,541	11,054,780

Amounts due from subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts approximate their fair values at the balance sheet date.

(c) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts approximate their fair values at the balance sheet date.

(d) Reserves of the Company

	Share premium account *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2013	5,912,600	2,126,849	8,039,449
Loss and other comprehensive income for the year	–	(332,169)	(332,169)
Dividends paid *(note 12)*	–	(106,535)	(106,535)
At 31 December 2013	5,912,600	1,688,145	7,600,745
At 1 January 2012	5,912,600	2,260,305	8,172,905
Loss and other comprehensive income for the year	–	(26,921)	(26,921)
Dividends paid *(note 12)*	–	(106,535)	(106,535)
At 31 December 2012	5,912,600	2,126,849	8,039,449

35. Notes on the Company's balance sheet *(continued)*

(e) Liquidity risk and contingent liabilities of the Company

The following tables detail the remaining contractual maturities at the balance sheet date of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

	Contractual undiscounted cash flows			Balance sheet carrying amount
	Within 1 year or on demand	Undated	Total	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2013				
Other payables	**5,699**	**–**	**5,699**	**5,699**
Amounts due to subsidiaries	**689,395**	**–**	**689,395**	**689,395**
Amount due to ultimate holding company	**–**	**2,247,683**	**2,247,683**	**2,247,683**
	695,094	**2,247,683**	**2,942,777**	**2,942,777**
At 31 December 2012				
Other payables	8,152	–	8,152	8,152
Amounts due to subsidiaries	721,937	–	721,937	721,937
Amount due to immediate holding company	–	1,170,611	1,170,611	1,170,611
Amount due to ultimate holding company	–	842,884	842,884	842,884
	730,089	2,013,495	2,743,584	2,743,584

The Company is exposed to liquidity risk that arises from guarantees in respect of a banking facility of a subsidiary. The guarantees are callable if the subsidiary is unable to meet its obligation and the maximum amount callable as at 31 December 2013 was HK$180,000,000 (2012: HK$375,000,000) of which none of the facility (2012: HK$80,000,000) was utilised.

Particulars of Properties

31 December 2013

Property	Purpose	Gross floor area	Group interest (%)	Stage of completion
Properties held for sale of the Group:				
3 carparking spaces of Pacifica Garden, Lots TN25b and TN26d near Estrada Coronel Nicolau de Mesquita, Taipa, Macau	Commercial	3 carparking spaces	58	Completed
35 shop units and 59 carparking spaces of China Plaza at Avenida da Praia Grande Nos. 730-804 and Avenida de D. Joao IV Nos. 2-6–B, Macau	Commercial	1,939.99 square metres and 59 carparking spaces	70.5	Completed
13 carparking spaces of Va Iong at Praca da Amizade Nos. 6-52, Avenida do Infante D. Henrique Nos. 25-31 and Avenida Doutor Mario Soares Nos. 227-259 Macau	Commercial	13 carparking spaces	100	Completed
Lot no. 725 in Demarcation District no. 171 and Lot No. 67 in Demarcation District no. 175, Kau To Shan, Shatin, New Territories, Hong Kong	Residential	1,122.26 square metres	100	Completed

Particulars of Properties

31 December 2013

Property	Purpose	Gross floor area	Group interest (%)	Category of lease
Investment properties of the joint venture:				
208 shop units, 208 office units and 265 carparking spaces of The Macau Square at Rua do Dr. Pedro Jose Lobo No.2-16A, Avenida do Infante D. Henrique No. 43-53A and Avenida Doutor Mario Soares No. 81-113, Macau	Commercial	36,553.05 square metres and 265 carparking spaces	50	Medium term lease

Property	Purpose	Gross floor area/ site area	Group interest (%)	Stage of completion	Expected completion date
Properties held for development for sale of the Group:					
Lots nos. 3753G, 3753H, 3753J, 3753K, 3753L, 3753M, 3753N, 3779C, 3779D, 3780B, 3781A, 3781B, 3781C, 3782A, and 3782RP in Demarcation District No. 124, Tuen Mun, New Territories Hong Kong	Residential	2,870.70 square metres/ 1,770.00 square metres	60	Superstructure completed	2014
Pearl Horizon and Lotes T+T1 at The Orient Pearl District Novos Aterros da Areia Preta, Macau*	Residential/ Commercial	895,317.00 square metres/ 85,970.00 square metres	80	Foundation work commenced	From 2017 to 2018

* *The development of these properties is under the co-investment agreements with wholly owned subsidiaries of the ultimate holding company of the Company.*

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