丹楓控股有限公司

Dan Form Holdings Company Limited

Stock Code: 271

ANNUAL REPORT | 2014

CONTENTS

Corporate Information

DIRECTORS	:	Dai Xiaoming *(Chairman and Chief Executive)* Kenneth Hiu King Kon* Jesse Nai Chau Leung** Xiang Bing** Edward Shen** * Non-Executive Director ** Independent Non-Executive Directors
AUDIT COMMITTEE	:	Jesse Nai Chau Leung *(Chairman)* Xiang Bing Edward Shen
REMUNERATION COMMITTEE	:	Edward Shen *(Chairman)* Jesse Nai Chau Leung Xiang Bing
NOMINATION COMMITTEE	:	Dai Xiaoming *(Chairman)* Jesse Nai Chau Leung Edward Shen
FINANCIAL CONTROLLER	:	Fung Man Yuen
COMPANY SECRETARY	:	Chen Si Ying, Cynthia
AUDITOR	:	PricewaterhouseCoopers
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Asia) Limited Standard Chartered Bank (Hong Kong) Limited
SOLICITORS	:	Stephenson Harwood Hampton, Winter & Glynn
REGISTRARS	:	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
REGISTERED OFFICE	:	33/F., Tower A, Billion Centre 1 Wang Kwong Road, Kowloon Bay, Hong Kong
WEBSITE	:	http://www.danform.com.hk

Board of Directors

Back row (from left to right) :
Mr. Edward Shen, Mr. Kenneth Hiu King Kon, Mr. Jesse Nai Chau Leung
Front row (from left to right) :
Mr. Dai Xiaoming (Chairman and Chief Executive) , Dr. Xiang Bing

Chairman's Statement

Mr. Dai Xiaoming
Chairman and Chief Executive

RESULTS

Dan Form Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") recorded a revenue of HK$49,745,000 for the year ended 31 December 2014, which represented an increase of approximately HK$2,240,000 or 5% as compared with last year. The increase in revenue was mainly due to increase in rental income from investment properties.

The Group's profit attributable to equity holders in this year was HK$247,203,000, as compared to profit of HK$234,997,000 in last year. The increase in profit of HK$12,206,000 or 5% was mainly attributable to increase in fair value of investment properties held by its associates.

DIVIDEND

The Board of the Company have resolved to declare a final dividend for the year ended 31 December 2014 of HK$0.02 per share (2013: HK$Nil) to shareholders whose names appeared on the Register of Member of the Company on 3 June 2015. The proposed final dividend will be paid on 30 June 2015 following approval at the 2015 Annual General Meeting.

Chairman's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Hong Kong Business

Property

The Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the properties rental income was performed satisfactory.

The Group's residential properties situated at Redhill Peninsula held by an associate (33.33% owned) recorded an average occupancy level of approximately 30%. During the year, the Group's net rental income at Redhill Peninsula from the associate remained the same as last year. As from 2015 onwards, the Group and its associate have started launching the sales of 117 apartments at the Redhill Peninsula again. As at the date of this report, 53 apartments and 75 car parking spaces were sold out at a consideration of approximately HK$1,491,017,000, which approximately HK$497,006,000 is attributable to the Group. If the sales of 53 apartments and 75 car parking spaces are completed, it is expected that the Group will entitle to receive net proceeds of approximately HK$352,874,000 after payments of profits tax and sales expenses.

The Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.3% owned) recorded an average occupancy level of approximately 90% and the properties have been improving in leasing out.

Beijing Business

The Wangfujing Project
Dan Yao Building (85% owned)

Up to the end of the year 2014, by reasons of the changes in tax policies, and the history of the project, the liquidation matter has become complicated. Because of the change of persons in the Court to look after this liquidation case, leading to the settlement of the land appreciation tax for the liquidation has not yet been completed, the transfer of ownership of the Use of State-Owned Land of Dan Yao Building to the purchaser cannot be completed.

After communicating with the concerned parties several times, the Court now fully understands Beijing Dan Yao Property Co., Ltd ("Dan Yao") liquidation works, the current situations, and the difficulties and obstacles that Dan Yao is now facing. The liquidation administrators are now liasing with the relevant Government Departments to settle this matter.

If the transfer of ownership of the Use of State-Owned Land to the purchaser is completed, the purchaser will pay the remaining balance.

Chairman's Statement

The Xidan Project (29.4% owned)

During the year 2014, according to the board of directors' resolution to apply for the liquidation of Beijing Jing Yuan Property Development Co., Ltd ("Jing Yuan") being carried out has not been approved by the relevant Government Departments.

Jing Yuan has completed all the property development projects. Looking for the year 2015, management will try to liquidate the company as soon as possible.

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have increased from HK$4,940,649,000 last year to HK$5,204,157,000 in this year. The net assets of the Group have also increased from HK$4,790,022,000 to HK$5,043,016,000. At 31 December 2014, the investment properties of the Group in Hong Kong of HK$872,800,000 were pledged as securities for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK$150,627,000 as at 31 December 2013 to HK$161,141,000 as at 31 December 2014. The Group had cash and bank balances of HK$368,887,000 as at 31 December 2014 (2013: HK$325,906,000). The ratio of total liabilities to total assets was approximately 3% (2013: 3%). As at 31 December 2014, the Group had no bank loans (2013: Nil) and the total equity was HK$5,043,016,000 (2013: HK$4,790,022,000).

As at 31 December 2014, the current assets of the Group, amounting to HK$530,083,000 (2013: HK$514,099,000, exceeded its current liabilities by HK$492,810,000 (2013: HK$482,253,000).

For the year ended 31 December 2014, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

EMPLOYEES

As at 31 December 2014, the Group, excluding associates, employed 56 (2013:53) people of which 41 (2013:42) were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme. Employees in the Mainland China are provided with medical insurance, elderly insurance, loss of job insurance, injury insurance and provident fund for housing. Some of them are also provided with birth insurance.

Chairman's Statement

PROSPECTS

The uncertainties of the global economy will inevitably pose challenge to the Group. The sales of Redhill Peninsula held by an associate may improve the assets structures and liquidity of the Group upon receiving the sale proceeds from an associate.

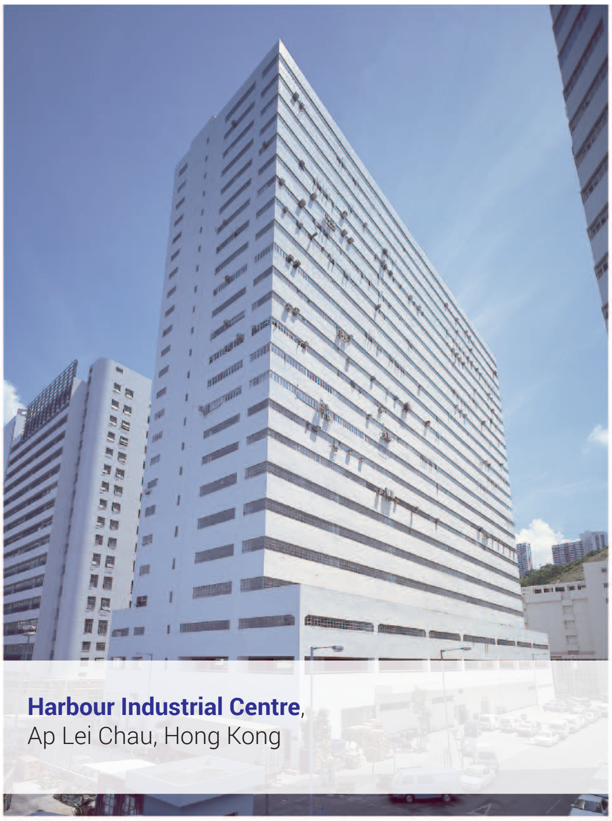
The Group will be cautious and prudent in handling the challenge ahead. The Group intends to enter a new business sector — golf business. With the advanced technology, our Group's enterprise value can be further enhanced by launching a wide range of golf related products/services which meet the customers' need.

Finally, I would like to take this opportunity to express my sincere thanks to my fellow Directors for their guidance and support and to all members of the staff for their loyalty and dedication during the year.

Dai Xiaoming
Chairman

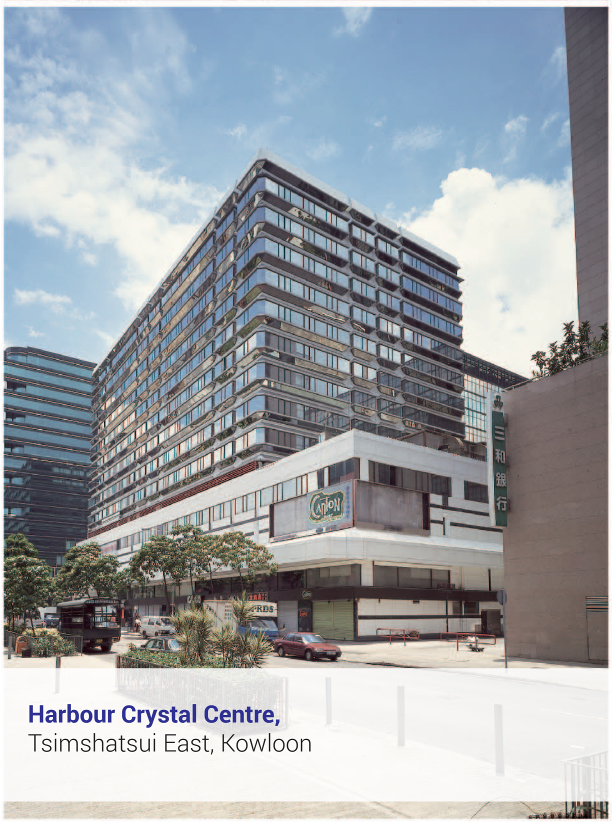
Hong Kong, 30 March 2015

Properties Information



Harbour Industrial Centre,
Ap Lei Chau, Hong Kong

Oceanic Industrial Centre,
Ap Lei Chau, Hong Kong



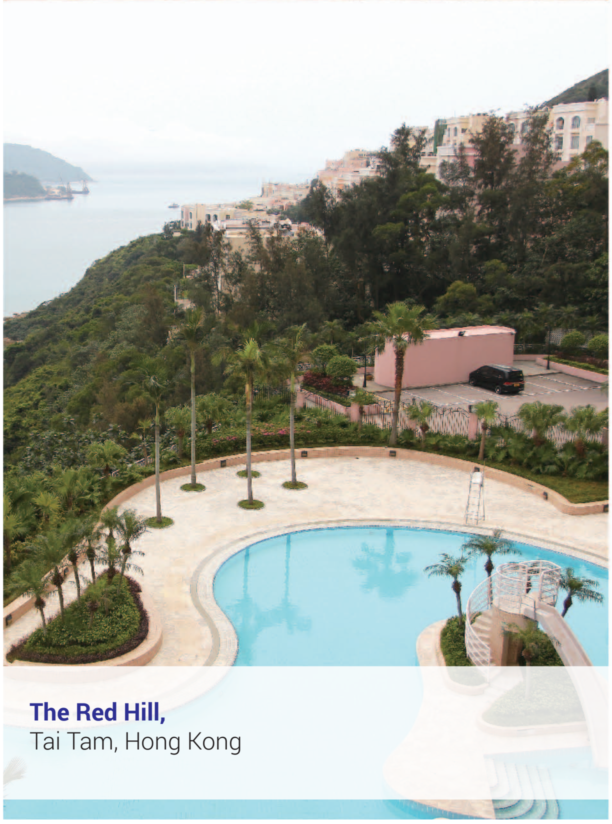
Harbour Crystal Centre,
Tsimshatsui East, Kowloon

Billion Centre,
Kowloon Bay

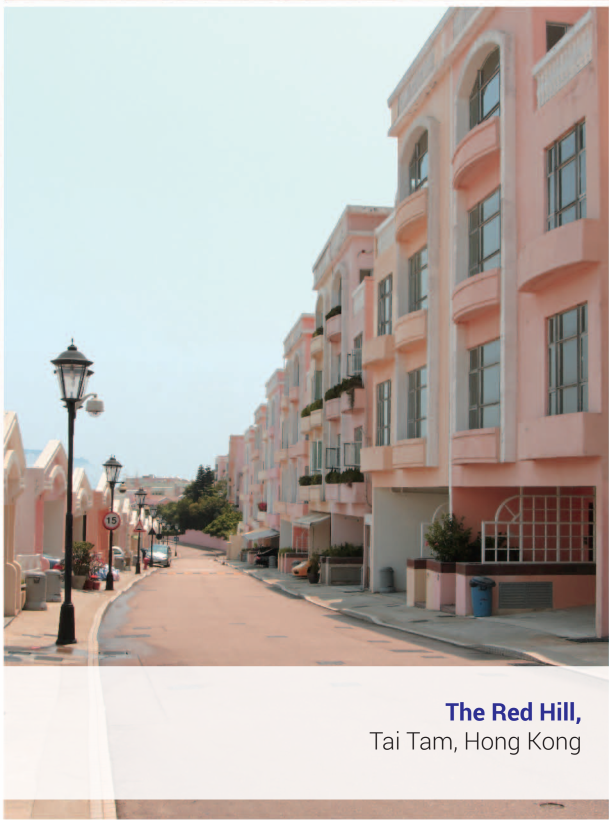
Properties Information

One Unit at Forfar,
Kowloon City

One Unit at The Wings,
Tseung Kwan O



The Red Hill,
Tai Tam, Hong Kong



The Red Hill,
Tai Tam, Hong Kong

Biographic Details of Directors and Senior Management

DIRECTORS

Mr. Dai Xiaoming, *Chairman and Chief Executive*
Aged 68. Appointed as a Director, Chairman and Chief Executive in October, 1994. Mr. Dai was awarded a Master's Degree in Engineering from The China University of Science and Technology. He has involved for the past twenty-nine years in property developments and investments in the PRC and Hong Kong and has over twenty-nine years' experience in property investments and corporate management. Currently, he is also a major shareholder and a managing director of Fabulous Investments Limited ("Fabulous") and the sole shareholder of Harlesden Limited, which is the ultimate holding company of Fabulous.

Mr. Kenneth Hiu King Kon, *Non-Executive Director*
Aged 53. Appointed as a Director in October, 1994 and redesignated as Non-Executive Director on 1 October, 2012. Mr. Kon graduated from Middlesex University in the United Kingdom with a Bachelor's Degree in Business Studies. He has been involved in the planning of many large-scale investments and development projects in the PRC and Hong Kong and has over twenty-eight years' experience in investments and management in manufacturing industries and property developments. He also has extensive experience in securities trading, corporate finance, mergers and acquisitions and corporate restructuring. Mr. Kon was appointed as an Independent Non-Executive Director of North Asia Strategic Holdings Limited (Stock Code: 8080) with effect from 19 February 2013.

Mr. Jesse Nai Chau Leung, *Independent Non-Executive Director*
Aged 64. Appointed as a Director in May, 1993. Mr. Leung holds a Master's Degree in Business Administration. He is a fellow of the Institute of Chartered Accountants in England and Wales as well as the Hong Kong Institute of Certified Public Accountants. He has extensive experience in public practice, finance and commerce. He is also a member of the Supervisory Board of The Macau Chinese Bank.

Dr. Xiang Bing, *Independent Non-Executive Director*
Aged 52. Appointed as a Director in May, 1995. Dr. Xiang graduated with a University Golden Medal from Xi'an Jiaotong University, the People's Republic of China, in 1983 and obtained his Ph.D. in Management from the University of Alberta, Canada in 1991. Dr. Xiang is currently the founding dean of Cheung Kong Graduate School of Business. Before joining the Beijing University, Dr. Xiang has served as a faculty at the Hong Kong University of Science and Technology and the China Europe International Business School in Shanghai. Dr. Xiang is a well-known management expert, especially in finance, and he is very familiar with management theories and practice in the East and West. He has extensive experience in executive training and has conducted seminars for several leading executive programs. He has worked with many Chinese and multinational corporations on executive training, merger and acquisition strategies and managerial control systems. He has also been consulted by the China's government organizations responsible for formulating and implementing state enterprise reform in China.

Biographic Details of Directors and Senior Management

Mr. Edward Shen, *Independent Non-Executive Director*
Aged 64. Appointed as a Director in October, 1995. Mr. Shen graduated from Washington State University in the United States with a Bachelor's Degree in Science in Architectural Studies as well as Bachelor's Degree in Architecture. He is a PRC Class 1 Registered Architect and a member of the Royal Architectural Institute of Canada, the Ontario Association of Architects, the Architectural Society of China, the Royal Institute of British Architects, Asia-Pacific Economic Cooperation Registered Architect and the Chartered Institute of Arbitrators. He is also a fellow of the Hong Kong Institute of Architects and the Architects Regional Council of Asia. He has been registered as an authorised person under the Buildings Ordinance and a professional architect under the Architects Registration Ordinance since 1982 and 1990 respectively. He is also a member of Hong Kong General Chamber of Commerce. He was the President of the Hong Kong Institute of Architects in 2004. In 2014, he attained a Master of Science Degree in Sustainable and Environmental Design at the Chinese University of Hong Kong.

SENIOR MANAGEMENT

Mr. Albert Man Yuen Fung, *Financial Controller*
Aged 66. Joined the Company in September, 1988. Mr. Fung is a holder of Master's Degree in International Accounting (City University of Hong Kong). He is an associate of the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Management Accountants, and a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has over thirty-eight years' experience in finance and accounting.

Mr. Ge Xiaoguo, *Assistant to Chief Executive*
Aged 63. Joined the Company in May, 1996. He graduated from Beijing Foreign Studies University. He has been involved in the management of the computer technology development and operation for many years during which time he has worked in Germany for more than four years. He has over thirty years' experience in enterprises management.

Ms. Cynthia Si Ying Chen, *Company Secretary*
Aged 48. Joined the Company in April, 2011. Ms. Chen holds a Bachelor's Degree in Business Administration and a Master's Degree in Corporate Governance. She is an Associate of The Hong Kong Institute of Chartered Secretaries and an Associate of The Institute of Chartered Secretaries and Administrators. She has more than thirteen years' extensive experience in the company secretarial practice and has over nineteen years' experience in large well-known enterprises management, and she has worked in Singapore for more than three years.

Ms. Lily Lee Li, *Human Resources Director*
Aged 42. Joined the Company in March, 2012. Ms. Li holds a Bachelor's Degree in Business Administration and a Postgraduate Certificate in Commercial Law (PRC Law). She is a Senior Human Resources Professional of PRC. She has more than fourteen years' working experience in human resources and administration management with a publicly listed company and other enterprises in Hong Kong.

Mr. Ye Jianqiang, *Operation Director*
Aged 37. Joined the Company in July, 2001. Mr. Ye studied at Tsinghua University. He was engaged in the development and management of computer technology. In October 2011, he was redesignated as Corporate Planning Manager to meet the Company's business needs and was promoted as Operation Director. He has over thirteen years' experience in enterprises management.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance within a sensible framework.

During the year ended 31 December 2014, the Company has complied with all code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except with a deviation from Code Provision A.2.1 whereby, due to the current situation, the Group has no separation of the role of the chairman and chief executive. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. It is the best interest of the Group to have Mr. Dai Xiaoming remained to be the chairman and chief executive, and a deviation from Code Provision A.6.7, where independent non-executive directors and other non-executive directors should also attend general meetings. One of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 16 May 2014 as he was in overseas due to having business trips.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. Following specific enquiry made with all directors, the Company has confirmed that they have complied with the Model Code for the year ended 31 December 2014.

Written guidelines on no less exacting terms than the Model Code relating to securities transaction for employees have been distributed to all employees of the Group.

BOARD OF DIRECTORS

The Board of the Company comprises a total of five directors, of whom one is the executive director. The chairman and the chief executive is Mr. Dai Xiaoming and the non-executive director is Mr. Kenneth Hiu King Kon. The three independent non-executive directors ("INEDs") are Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen. Mr. Jesse Nai Chau Leung has contributed to the Board his appropriate professional qualifications in accounting and related financial management expertise. Dr. Xiang Bing and Mr. Edward Shen have also contributed to the Board their respective expertise and experience. On 27 March 2015, the Company issued an appointment letter to Mr. Kenneth Hiu King Kon pursuant to which his appointment would be valid for a period of three years ending 26 March 2018. On 13 May 2014, the Company issued an appointment letter to each of Mr. Jesse Nai Chau Leung and Mr. Edward Shen pursuant to which their appointments would be valid for a period of three years ended 12 May 2017. On 10 May 2013, the Company issued an appointment letter to Dr. Xiang Bing pursuant to which his appointment would be valid for a period of three years ending 9 May 2016. However, these appointments are subject to retirement by rotation at each general meeting pursuant to Article 102 of the Articles of Association of the Company. The Directors participates in the affairs of the Board and the Board always acts in the best interests of the Group as a whole.

Corporate Governance Report

The chairman ensures that the Board works effectively and that all key and appropriate issues are discussed in a timely manner. Members of the Board have been provided with appropriate and sufficient information at an opportune moment so that they would be updated with the latest development of the Group to discharge of their duties. Any matters proposed for inclusion in the agenda has been consulted with all directors. The chairman has delegated to the Company Secretary the responsibility for drawing up the agenda for each Board meeting. The chairman ensures that all directors have received complete and reliable information in a timely manner and are properly briefed on issues arising at the Board meetings. In addition, in order to protect the directors and officers of the Group from their risk exposure arising from the business of the Group, appropriate insurance cover on directors' and officers' liability has been in force.

The Board delegates the day-to-day management and operations of the Group's businesses to the management under the supervision of the chief executive. The chief executive is responsible for managing the businesses of the Group, including implementation of the annual budget and strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.

As at the date of this Report for the year 2014, the Board held four meetings on 28 March 2014, 25 June 2014, 29 August 2014 and 9 December 2014.

Members of the Board	**Attendance**
Executive Director	
Dai Xiaoming *(Chairman and Chief Executive)*	4/4
Non-Executive Director	
Kenneth Hiu King Kon	4/4
Independent Non-Executive Directors	
Jesse Nai Chau Leung	4/4
Xiang Bing	3/4
Edward Shen	4/4

As at the date of this Report for the year 2013 annual general meetings was held on 16 May 2014. The attendance records of the members of the Board is set out as below.

Members of the Board	**Attendance**
Executive Director	
Dai Xiaoming *(Chairman and Chief Executive)*	1/1
Non-Executive Director	
Kenneth Hiu King Kon	1/1
Independent Non-Executive Directors	
Jesse Nai Chau Leung	1/1
Xiang Bing	0/1
Edward Shen	1/1

Apart from the directorship with the Company, there is no other relationship, including financial, business, family or other material/relevant relationship(s), among the five directors of the Board.

Each of the INEDs has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independence requirements in accordance with the terms of the guidelines.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 13 September 2005. The Remuneration Committee comprises the chairman, Mr. Edward Shen, being an INED, and the two INEDs, namely Mr. Jesse Nai Chau Leung and Dr. Xiang Bing.

The principle responsibility of the Remuneration Committee includes making recommendation to the Board on the policy and structure of the Company for all remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board. The emoluments of directors are based on the skill and contribution to the Company's affairs and are determined by reference to the duties and responsibilities of the executive and non-executive directors after considering the performance of the Group and prevailing market conditions including salaries paid by comparable companies. The terms of reference for the Remuneration Committee are maintained on the websites of the Company and Stock Exchange.

The Company has adopted the model to make recommendations to the Board on the remuneration packages of the individual executive director and senior management.

Particulars of the emoluments to the Directors are set out in note 12 of the financial statements.

As at the date of this Report for the year 2014, one Remuneration Committee Meeting was held on 9 December, 2014. The attendance records of each member of the Remuneration Committee are set out as below.

Members of the Remuneration Committee	**Attendance**
Independent Non-Executive Directors	
Edward Shen *(Chairman)*	1/1
Xiang Bing	1/1
Jesse Nai Chau Leung	1/1

The Remuneration Committee reviewed the remuneration of all staff, including the one executive director, of the Company and its subsidiaries in the Remuneration Committee Meeting held on 9 December 2014.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

The Company has established the Nomination Committee on 29 March 2012. The Nomination Committee comprises the chairman, Mr. Dai Xiaoming, being the chairman of the Board and an executive Director, and the two INEDs, namely Mr. Jesse Nai Chau Leung and Mr. Edward Shen. The Committee meets at least once a year.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The Committee develops selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The Committee also reviews the size, structure and composition of the Board and assesses the independence of the Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense if necessary. The terms of reference for the Nomination Committee are maintained on the websites of the Company and Stock Exchange.

The Nomination Committee has set up a policy concerning diversity of board members whereby the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, age, cultural and educational background, or professional experience, or any other factor. In forming its perspective, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Nomination Committee ensures that the Board of the Company has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board, and will review the Board diversity policy on a regular basis to ensure its continued effectiveness.

As at the date of this Report for the year 2014, one Nomination Committee Meeting was held on 9 December 2014. The attendance records of each member of the Nomination Committee is set out as below.

Members of the Nomination Committee	Attendance
Executive Director	
Dai Xiaoming *(Chairman)*	1/1
Independent Non-Executive Directors	
Jesse Nai Chau Leung	1/1
Edward Shen	1/1

EMPLOYEES

The long-term remuneration policy of the Group for all employees is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under defined contribution provident fund scheme and mandatory provident fund scheme.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for the Group.

Management has provided adequate explanations and information to the Board on a timely basis which enables the Board to make an informed assessment on the financial statements of the Group. In addition, with the assistance of the Finance Department and under the supervision of the Financial Controller of the Company, the directors ensures that financial statements of the Group, which is prepared on a going concern basis, are in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is on a timely basis.

AUDIT COMMITTEE

The Audit Committee was established on 15 September 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises the Chairman, Mr. Jesse Nai Chau Leung, and other two INEDs, namely Dr. Xiang Bing and Mr. Edward Shen. The terms of reference for the Audit Committee are maintained on the websites of the Company and Stock Exchange.

As at the date of this Report for the year 2014 two Audit Committee Meetings were held on 28 March 2014 and 29 August 2014 respectively. The attendance records of each member of the Audit Committee is set out as below.

Members of the Audit Committee	**Attendance**
Independent Non-Executive Directors	
Jesse Nai Chau Leung *(Chairman)*	2/2
Xiang Bing	2/2
Edward Shen	2/2

The following is a summary of the work of the Audit Committee:

(i) review and supervision of the financial reporting system of the Group;

(ii) review of the procedures and effectiveness of internal control of the Group;

(iii) review of the Group's financial information;

(iv) review of the relationship between the Auditor and the Company;

(v) review of the financial reports for the year ended 31 December 2013 and for the six months ended 30 June 2014 and for the year ended 31 December 2014;

(vi) review of the annual report of the Group for the year ended 31 December 2014; and

(vii) consideration and approval of the 2014 audit fees.

The Audit Committee has regular meetings twice a year and additional meetings are held as the work of the committee demands.

INTERNAL CONTROL

The Financial Controller of the Group submitted an annual internal control review of the Group to the Board on 25 August 2014. The Board reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial operation and compliance controls and risk management functions, and considers the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board considers that the internal control system are effective and adequate.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update his skills and knowledge.

SHAREHOLDERS ENGAGEMENT

Shareholder(s) holding not less than one-twentieth of the total voting rights of all members may request the Board to convene an extraordinary general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance Section of the Company's website.

Pursuant to the Company's Articles of Association, if a shareholder wishes to propose resolution relating to all matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the Corporate Governance Section of the Company's website.

SHAREHOLDERS COMMUNICATION POLICY

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company Secretary at the Company's principal place of business at 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

OTHER INFORMATION FOR SHAREHOLDERS

No amendment has been made to the Company's Memorandum and Articles of Association during the year.

AUDITOR'S REMUNERATION

For the year ended 31 December 2014, the Auditor of the Company will receive approximately HK$1,050,000 for the audit of the Group's financial statements.

Report of the Directors

The Directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are property investment, property rental and estate management.

BUSINESS REVIEW

Details of the review of the Group's business for the year ended 31 December 2014 are set out in the Chairman's Statement under Management Discussion and Analysis, Review of Operations on pages 5 to 6.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 27.

An analysis of the performance of the Group for the year by principal activities are set out in note 6 to the financial statements.

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 84.

DIVIDEND

The Board of the Company have resolved to declare a final dividend for the year ended 31 December 2014 of HK$0.02 per share (2013: HK$Nil) to shareholders whose names appeared on the Register of Member of the Company on 3 June 2015. The proposed final dividend will be paid on 30 June 2015 following approval at the 2015 Annual General Meeting.

SHARE CAPITAL AND RESERVES

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

Movements in the reserves of the Group and the Company during the year are set out in note 27 to the financial statements.

PRINCIPAL PROPERTIES

Details of the major properties of the Group are set out on page 83.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 18 to the financial statements.

Report of the Directors

DIRECTORS

The Directors of the Company during the year:

Mr. DAI Xiaoming
Mr. Kenneth Hiu King KON*
Mr. Jesse Nai Chau LEUNG**
Dr. XIANG Bing**
Mr. Edward SHEN**

* *Non-Executive Director*
** *Independent Non-Executive Directors*

In accordance with Article 102 of the Articles of Association of the Company, Mr. Dai Xiaoming and Mr. Kenneth Hiu King Kon will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

In addition, Mr. Dai Xiaoming, and the following persons are also directors of the Company's subsidiaries during the year:

Mr. Albert Man Yuen Fung
Mr. Ge Xiaoguo
Ms. Cynthia Si Ying Chen

For details of the persons being the directors of the Company's subsidiaries, please refer to the Company's website.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 10 to 11.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party, and in which any Director or controlling shareholder had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATES

As at 31 December 2014, the interests and short positions of each Director, Chief Executive and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which require notification pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO), or which are required to be entered into the register maintained by the Company under Section 352 of the Part XV of the SFO, or which are required to be 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 Issuers (the "Model Code"):

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

	Number of ordinary shares				
Name of Director	**Personal Interest**	**Family Interest**	**Corporate Interest**	**Other Interest**	**Total Interest**
DAI Xiaoming (Note)	25,300,000	–	427,592,969	–	452,892,969

Note: Being the beneficial owner of shares representing 95% of the issued share capital of Dan Form International Limited ("DFIL"), the ultimate holding company of Fabulous Investments Limited ("Fabulous"), Mr. Dai Xiaoming ("Mr. Dai") is deemed to be interested in the 2,926,000 and 424,666,969 ordinary shares in the Company beneficially held by DFIL and Fabulous respectively.

Save as disclosed above, none of the Chief Executive, Directors or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Chief Executive, Directors or their respective associates had short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations.

At no time during the year was the Company, its subsidiaries, its associates, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Chief Executive or Directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Chief Executive, Directors or their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

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

1. Aggregate long position in the shares and underlying shares of the Company

As at 31 December 2014, so far as is known to the Chief Executive and Directors of the Company, the interests of the substantial shareholders, being 5% or more of the issued share capital of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Note	Number of ordinary shares held	Percentage of the issued share capital of the Company
DAI Xiaoming	(1)	452,892,969	36.31
Harlesden Limited	(2)	427,592,969	34.28
DFIL	(2)	427,592,969	34.28
Value Plus Holdings Limited	(2)	424,666,969	34.05
Fathom Limited	(2)	424,666,969	34.05
Fabulous	(2)	424,666,969	34.05
Estate of Nina KUNG also known as Nina T.H. Wang	(3)	287,989,566	23.09
Greenwood International Limited	(3)	269,603,616	21.61
Talbot Investments Limited	(3)	18,385,950	1.48
JONG Yat Kit	(4)	287,989,566	23.09
LAM Hok Chung Rainier	(4)	287,989,566	23.09
YU Sai Hung	(4)	287,989,566	23.09
Sinotrans & CSC Holdings Co., Ltd.	(5)	72,441,668	5.80
Focus-Asia Holdings Limited	(5)	72,441,668	5.80

Notes:

(1) Mr. Dai was beneficially interested in a total of 452,892,969 ordinary shares in the Company, including the interests held through various companies under his control (see note (2) below). These interests are the same as those disclosed under "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above.

(2) By virtue of SFO, Harlesden Limited, DFIL, Value Plus Holdings Limited and Fathom Limited, being holding companies of Fabulous, are deemed to be interested in the 424,666,969 ordinary shares in the Company beneficially held by Fabulous. Harlesden Limited, being the holding company of DFIL, is also deemed to be interested in the 2,926,000 ordinary shares in the Company beneficially held by DFIL. Mr. Dai has a controlling interest in each of the aforesaid companies.

(3) The Estate of Nina KUNG also known as Nina T.H. Wang (the "Estate") is beneficially interested in a total of 287,989,566 ordinary shares of the Company, including 269,603,616 ordinary shares of the Company held by Greenwood International Limited ("Greenwood") and 18,385,950 ordinary shares of the Company held by Talbot Investments Limited ("Talbot"). All issued shares of Greenwood and Talbot are held, directly and indirectly, by the Estate.

(4) Mr. JONG, Yat Kit, Mr. LAM Hok Chung Rainier and Mr. YU Sai Hung are joint and several administrators of the Estate. Hence, each of Mr. JONG, Yat Kit, Mr. LAM Hok Chung Rainier and Mr. YU Sai Hung is deemed to be interested in the ordinary shares of the Company beneficial owned by the Estate.

(5) Focus-Asia Holdings Limited ("Focus-Asia") was beneficially interested in a total of 72,441,668 ordinary shares in the Company. Sinotrans & CSC Holdings Co., Ltd., being the holding company of Focus-Asia, is deemed to be interested in the 72,441,668 ordinary shares in the Company beneficially held by Focus-Asia.

2. Aggregate short position in the shares and underlying shares of the Company

As at 31 December 2014, the Company had not been notified of any short position being held by any substantial equity holders or other persons in the shares or underlying shares of the Company.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

MANAGEMENT CONTRACTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the largest and the five largest customers accounted for 19% and 73% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for 66% and 99% respectively of the total purchases of the Group for the year.

None of the Directors, their associates or those shareholders who, to the knowledge of the Directors, own more than 5% of the Company's share capital, had interest in any of the five largest customers or suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen. During the year, the Audit Committee has discussed financial reporting matters with management, including the review of the Group's financial reporting process, the adequacy and effectiveness of the system of internal control of the Group, and the interim and annual financial statements of the Group.

The annual results of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee.

Report of the Directors

CORPORATE GOVERNANCE

The Company's corporate governance report are set out on pages 12 to 18 of this Annual Report.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

DAI XIAOMING
Chairman

Hong Kong, 30 March 2015

Independent Auditor's Report

TO THE SHAREHOLDERS OF DAN FORM HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Dan Form Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 27 to 82, which comprise the consolidated and Company balance sheets as at 31 December 2014, and 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 consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Revenue	6	**49,745**	47,505
Other income	7	**2,722**	14,566
Other losses, net	8	**(2,784)**	(755)
Rent and rates		**(470)**	(338)
Building management fees		**(5,808)**	(5,750)
Staff costs, including directors' remuneration	9	**(18,776)**	(18,213)
Depreciation and amortisation		**(7,178)**	(6,182)
Repairs and maintenance		**(1,783)**	(3,129)
Administrative expenses		**(9,946)**	(9,566)
Change in fair value of investment properties	19	**39,613**	51,229
Operating profit	10	**45,335**	69,367
Share of profits of associates	13	**209,300**	175,672
Profit before income tax		**254,635**	245,039
Income tax expenses	14	**(7,432)**	(10,042)
Profit for the year		**247,203**	234,997
Dividends	16		
Interim paid		**–**	–
Final proposed		**24,946**	–
		24,946	–
		HK cents	HK cents
Earnings per share			
Basic and diluted	17	**19.82**	18.84

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Profit for the year		**247,203**	234,997
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Surplus on revaluation of buildings	18	**–**	149
Available-for-sale financial assets:			
Fair value gain arising during the year		**6,346**	1,709
Exchange differences		**(555)**	405
Other comprehensive income for the year, net of tax		**5,791**	2,263
Total comprehensive income for the year		**252,994**	237,260

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	**31 December 2014 HK$'000**	31 December 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**135,717**	95,041
Investment properties	19	**910,375**	919,067
Land use rights	20	**25,646**	25,570
Associates	22	**3,558,411**	3,349,111
Available-for-sale financial assets	23	**43,925**	37,761
		4,674,074	4,426,550
Current assets			
Debtors, prepayments, deposits and other receivables	24	**9,796**	11,049
Amounts due from associates	22	**150,915**	177,144
Income tax recoverable		**485**	–
Cash and bank balances	25	**368,887**	325,906
		530,083	514,099
Total assets		**5,204,157**	4,940,649
EQUITY			
Share capital	26	**681,899**	623,649
Reserves	27	**4,361,117**	4,166,373
Total equity		**5,043,016**	4,790,022
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	28	**123,868**	118,781
Current liabilities			
Creditors and accruals	29	**25,248**	25,166
Amounts due to associates	22	**11,500**	5,524
Income tax payable		**525**	1,156
		37,273	31,846
Total liabilities		**161,141**	150,627
Total equity and liabilities		**5,204,157**	4,940,649
Net current assets		**492,810**	482,253
Total assets less current liabilities		**5,166,884**	4,908,803

Dai Xiaoming
Director

Kenneth Hiu King Kon
Director

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2014

	Note	31 December 2014 HK$'000	31 December 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**893**	3,728
Subsidiaries	21	**347,569**	404,814
Available-for-sale financial assets	23	**8,920**	6,961
		357,382	415,503
Current assets			
Debtors, prepayments, deposits and other receivables	24	**511**	502
Amount due from a subsidiary	21	**140,000**	140,000
Income tax recoverable		**471**	–
Cash and bank balances	25	**285,957**	186,623
		426,939	327,125
Total assets		**784,321**	742,628
EQUITY			
Share capital	26	**681,899**	623,649
Reserves	27	**84,483**	112,605
Total equity		**766,382**	736,254
LIABILITIES			
Current liabilities			
Creditors and accruals	29	**6,741**	5,718
Amounts due to subsidiaries	21	**11,198**	333
Income tax payable		**–**	323
Total liabilities		**17,939**	6,374
Total equity and liabilities		**784,321**	742,628
Net current assets		**409,000**	320,751
Total assets less current liabilities		**766,382**	736,254

Dai Xiaoming
Director

Kenneth Hiu King Kon
Director

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Share capital HK$'000	Reserves HK$'000	Total HK$'000
At 31 December 2012		623,649	3,941,586	4,565,235
Total comprehensive income for the year		–	237,260	237,260
Final dividend paid relating to 2012	16	–	(12,473)	(12,473)
At 31 December 2013		623,649	4,166,373	4,790,022
At 31 December 2013		623,649	4,166,373	4,790,022
Total comprehensive income for the year		—	252,994	252,994
Transition to no-par value regime on 3 March 2014	26	58,250	(58,250)	–
At 31 December 2014		681,899	4,361,117	5,043,016

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	30	**13,154**	7,612
Hong Kong profits tax paid		**(3,461)**	(81)
Net cash generated from operating activities		**9,693**	7,531
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment		**–**	3
Proceeds from disposals of investment properties		**–**	8,701
Purchases of property, plant and equipment		**(126)**	(4,441)
Purchase of land use rights		**–**	(344)
Interest received		**2,665**	2,052
Decrease in amounts due from associates		**26,229**	13,544
Increase in amounts due to associates		**5,976**	4,213
Decrease/(increase) in non-pledged time deposits with Original maturity of more than three months when acquired		**108**	(38,922)
Dividends received from available-for-sale financial assets		**1,200**	1,200
Net cash generated from/(used in) investing activities		**36,052**	(13,994)
Cash flow from an financing activity			
Dividend paid	16	**–**	(12,473)
Net cash used in an financing activity		**–**	(12,473)
Increase/(decrease) in cash and cash equivalents		**45,745**	(18,936)
Cash and cash equivalents at beginning of the year		**286,984**	304,561
Effect of foreign exchange rate changes		**(2,656)**	1,359
Cash and cash equivalents at end of the year		**330,073**	286,984
Analysis of cash and cash equivalents			
Cash and bank balances		**54,951**	90,377
Non-pledged time deposits with original maturity of less than three months when acquired		**275,122**	196,607
	25	**330,073**	286,984

The notes on pages 33 to 82 are integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Dan Form Holdings Company Limited (the "Company") is a limited liability company incorporated in Hong Kong and is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activity of the Company and its subsidiaries (together the "Group") is property investment, property rental and estate management.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2015.

2 BASIS OF PREPARATION

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

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), " Accounts and Audit" as set out in section 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2013, except as stated otherwise.

2 BASIS OF PREPARATION (Continued)

Changes in accounting policies and disclosures

(a) New and amended standards

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosure for non-financial assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement — Novation of assets
HK(IFRIC) — Int 21	Levies

The adoption of these new standards and amendments to existing standards has not had significant impact on the Group's reported results and financial position nor any substantial changes in the Group's accounting policies or presentation of the financial statements.

(b) New and amended standards not yet adopted by the Group

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions [1]
Annual improvements Project	Annual improvements 2010 — 2012 cycle [1]
Annual improvements Project	Annual improvements 2011 — 2013 cycle [1]
Annual improvements Project	Annual improvements 2012 — 2014 cycle [2]
HKFRS 14	Regulatory deferral accounts [2]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations [2]
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation [2]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements [2]
HKFRS 15	Revenue from Contracts with Customers [3]
HKFRS 9	Financial Instruments [4]

1 Effective for the Company for annual periods beginning on or after 1 July 2014
2 Effective for the Company for annual periods beginning on or after 1 January 2016
3 Effective for the Company for annual periods beginning on or after 1 January 2017
4 Effective for the Company for annual periods beginning on or after 1 January 2018

2 BASIS OF PREPARATION (Continued)

Changes in accounting policies and disclosures (Continued)

(b) New and amended standards not yet adopted by the Group (Continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application and is not yet in a position to state whether these new and revised HKFRSs will have any significant impact on the Group's result of operations and financial position.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622) and is not yet in a position to state whether these changes in the Companies Ordinance will have any significant impact on the presentation and the disclosure of information in the consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

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

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post acquisition results and reserves of its associates attributable to the Group.

Results attributable to subsidiaries and associates acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or to the date of disposal, as applicable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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

Business Combination

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of subsidiaries has been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

(b) Separate financial statements

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

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

(c) Associates

An associate is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management, generally accompanying a shareholding of between 20 to 50% of the voting rights.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investments in associates of the Group include goodwill identified on acquisition, net of any accumulated impairment loss. The financial information of associates has been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The share of post-acquisition profits or losses of associates attributable to the Group is recognised in the consolidated income statement, and the share of post-acquisition reserves is recognised in equity. The cumulative post-acquisition reserves are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits of associates' in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the interest in the associates held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill on acquisitions of subsidiaries is recognised separately as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisitions of subsidiaries is tested for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

Transactions included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, which is the functional and presentation currency of the Company.

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

Foreign exchange gains and losses are presented in the income statement within 'other gains'.

Translation differences on non-monetary financial assets held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in other comprehensive income.

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

(a) assets and liabilities for each balance sheet are translated at the closing rates at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates; and

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity under exchange reserve. When a foreign operation is sold, or partially disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:.

Leasehold land	Remaining lease term
Buildings	30 to 50 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 to 5 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised as other gains/(losses), net in the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is then accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Changes in fair values are recognised in the income statement. The fair value of investment property reflects, among other things, rentals from current leases and assumptions about rentals from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

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

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to completed properties held for sale at its fair value at the date of change in use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

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

If a self occupied property becomes an investment property because its use has changed, any difference between the carrying amount and its fair value at the date of transfer is recognised in equity as a revaluation reserve. Any resulting gain is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised as other comprehensive income. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income statement.

(h) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from lessors, under operating leases are charged to the income statement on a straight line basis over the period of the leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-currents assets are credited to the income statement on a straight-line basis over the lease terms.

Prepayments of land use rights represent non-refundable rental payments for the lease of land and are stated at cost less accumulated amortisation (note 3(f)) and impairment. Amortisation is calculated to write off the prepayments over the period of the lease on a straight-line basis. When there is impairment, the impairment is expensed in the income statement. The amortisation of land use rights is capitalised as part of the costs of the property when the land use rights is under development.

(i) Impairment of associates and other non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments

The Group classifies its investments as loans and receivables, or available-for-sale financial assets. Management determines the classification of its investments at initial recognition according to the purpose for which the investments were acquired.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the balance sheet under non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value.

Regular way purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Unrealised gains and losses arising from changes in the fair value of non-monetary available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from available-for-sale financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the financial assets below its cost is considered as an indicator in determining whether the financial assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in the income statement is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on available-for-sale financial assets (equity instruments only) are not reversed through the income statement.

(k) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the debtor and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the income statement within administrative expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with banks and financial institutions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Share capital

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(n) Trade and other payables

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

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the outflow of resources is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

(p) Current and deferred income tax

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Current and deferred income tax (Continued)

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

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

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

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

(q) Employee benefits

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expenses in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leave and long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payments as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

Provision for bonus plans due are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate can be made.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Contingent liabilities

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

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

(s) Revenue recognition

Revenue comprises the fair value of the consideration for sales of goods and rendering of services in the normal course of business activities of the Group. Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Rental income net of any incentives given to the lessees is recognised on a straight-line basis over the period of the leases. Revenue from the sale of completed properties is recognised when the relevant sales contracts are concluded and the risk and rewards of the property have been passed to the purchasers. Estate management income is recognised when services are provided. Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the effective interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(t) Segment reporting

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

(u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankrupt of the company or the counterparty.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the financial period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

4 FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as price risk, foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments, and investing excess liquidity.

(a) Price risk

The Group and the Company are exposed to price risk arising from unlisted equity securities and club debentures which are classified as available-for-sale financial assets. The Group and the Company are not exposed to commodity price risk.

The carrying amount of available-for-sale financial assets of the Group would be an estimate of HK$2,196,000 (2013: HK$1,888,000) higher or lower if the year end prices of the above mentioned financial assets were to differ by 5% (2013: 5%) and the carrying amount of available-for-sale financial assets of the Company would be an estimate of HK$446,000 (2013: HK$348,000) higher or lower if the year end prices of the above mentioned financial assets were to differ by 5% (2013:5%).

(b) Foreign exchange risk

The Group operates primarily in Hong Kong and has limited exposure to foreign exchange risk, mainly from certain properties and cash and bank balances denominated in Renminbi ("RMB"). The Group monitors foreign currency risk and considers entering into forward foreign exchange contracts to reduce exposure when necessary.

At 31 December 2014, if Hong Kong dollar had weakened or strengthened by 3% (2013: 3%) against RMB with all other variables held constant, profit before taxation for the year would have been higher or lower by approximately HK$2,576,000 (2013: HK$2,663,000), mainly as a result of foreign exchange gains or losses arising from translation of cash and bank balances.

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

The Group has no fixed rate borrowings and is exposed to cash flow interest rate risk principally due to the fluctuation of the prevailing market interest rate on bank deposits.

If interest rates had increased or decreased by 1% (2013: 1%) with all other variables held constant, the profit before taxation for the year would increase or decrease by approximately HK$3,139,000 (2013: HK$2,355,000), mainly as a result of higher or lower interest income from bank deposits.

(d) Credit risk

The Group's credit risk is primarily attributable to trade and other debtors, bank deposits and amounts due from associates.

The Group has policies in place to ensure that properties are rented and property management services are provided to customers with appropriate credit histories. The Group reviews the recoverable amount of debtors on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. Amounts due from associates and an investee company are generally supported by the underlying assets and the Group monitors the credibility of associates and the investee company continuously.

At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

The credit risk on liquid funds is limited because 99% of the funds are placed in banks with high credit rankings, ranging from AA to A by reference to Standard and Poor and Moody's credit ratings. Management does not expect any losses from the non-performance of these banks.

4 FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group mainly relies on cash inflows from rental of properties and property management to fund its operations. The Group has sufficient cash on hand and also has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping credit lines available, if necessary.

The Group does not have any borrowings and all creditors and accruals are due for settlement within one year.

(f) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group does not have any borrowings as at 31 December 2014 and uses equity to finance its operations.

(g) Fair value estimation

The financial instruments that are measured in the balance sheet at fair value are required to disclose their valuation method. The different levels have been defined as follows:

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

4 FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair value estimation (Continued)

The following represents the Group's financial assets that are measured at fair value at 31 December 2014. See note 19 for disclosure of the investment properties that are measured at fair value.

At 31 December 2014, the Group's assets measured at fair value are available-for-sale instruments, of which HK$10,501,000 (2013: HK$8,098,000) represents Level 2 instruments and HK$33,424,000 (2013: HK$29,663,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the year ended 31 December 2014 was HK$3,761,000 (2013: HK$1,709,000).

At 31 December 2014, the Company's financial instruments are available-for-sale financial assets which are measured using Level 2 methods.

There were no transfers between level 1, 2 and 3 during the year.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities of the Group are discussed below.

(i) Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, the independent valuers consider information from a variety of sources including:

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

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

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

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques.

The principal assumptions underlying the estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. These assumptions are mainly based on market conditions existing at each balance sheet date. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(ii) Available-for-sale financial assets

The fair value of each asset is reviewed at each accounting date and whenever events or changes in circumstances indicate that the carrying amount of the asset has been affected. The fair value also reflects the market conditions existing at each balance sheet date. For unlisted equity investments, the Group establishes fair value by using valuation techniques, including the use of arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, or the underlying net assets to reflect the specific circumstances.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iii) Accounts receivable

Impairment of accounts receivable is established when there is objective evidence on the ultimate recoverability of the amount due according to the original terms. Estimates are made based on the assessments of the financial position of the debtors, probability of the debtor being bankrupt, default or delinquent. The provision takes into account the present value of the estimated future cash flows, discounted at the effective interest rate.

(iv) Taxation

The Group is subject to taxation in Hong Kong and Mainland China. Significant judgement is required in determining the provision for taxation for each entity in the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation payable and deferred taxation in the financial period in which such determination is made.

6 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, is shown as follows:

	2014 **HK$'000**	2013 HK$'000
Rental from investment properties	**36,815**	35,353
Estate management fees	**11,730**	10,952
Dividend from unlisted investments	**1,200**	1,200
	49,745	47,505

The chief operating decision-maker has been identified as the executive director of the Company. The executive director regards the Group's business as a single operating segment, which is property rental and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue and contribution to operating profit is presented.

The total of non-current assets other than associates and available-for-sale financial assets located in Hong Kong is HK$1,039,695,000 (2013: HK$1,006,412,000), and the total of non-current assets located in Mainland China is HK$32,043,000 (2013: HK$33,266,000).

7 OTHER INCOME

	2014 HK$'000	2013 HK$'000
Interest income	**2,665**	2,052
Write-back of provision for doubtful debt (Note)	**–**	12,448
Others	**57**	66
	2,722	14,566

Note:

During the year ended 31 December 2013, the first cash distribution proposal in respect of the liquidation of a then associate, Beijing Jing Yuan Property Development Company Limited ("Jing Yuan"), was approved in the fourth board of directors meeting of Jing Yuan. Accordingly, the provision for doubtful debt on Jing Yuan was written back to the consolidated income statement for the year ended 31 December 2013, to the extent of the distribution.

8 OTHER LOSSES, NET

	2014 HK$'000	2013 HK$'000
Net exchange (losses)/gains	**(2,495)**	1,333
Loss on disposal of investment properties	**–**	(1,974)
Loss on disposal of property, plant and equipment	**(139)**	(114)
Write off of available-for-sale financial assets	**(150)**	–
	(2,784)	(755)

9 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2014 HK$'000	2013 HK$'000
Wages and salaries	**17,696**	16,763
Social security costs	**523**	315
Provision for long service payments	**265**	344
Retirement benefit costs — Defined contribution plans (note 11)	**292**	791
	18,776	18,213

10 OPERATING PROFIT

	2014 **HK$'000**	2013 HK$'000
Operating profit is arrived at after charging:		
Direct operating expenses of investment properties that generate rental income	**7,479**	9,140
Direct operating expenses of investment properties that did not generate rental income	**227**	252
Loss on disposal of property, plant and equipment	**139**	114
Auditor's remuneration		
Audit services	**1,050**	1,030
Non-audit services	**86**	85

11 RETIREMENT BENEFIT COSTS

The Group operates a defined contribution provident fund scheme (the "Scheme"), which is available to certain employees who joined the Group before 1 December 2000, and a mandatory provident fund scheme (the "Fund"), which is available to all employees in Hong Kong effective 1 December 2000. The assets of the Scheme and the Fund are held separately from those of the Group in independently administered funds. Contributions to the Scheme and the Fund by the Group and the employees are calculated as a percentage of the monthly salaries of the employees. Contributions to the Scheme are reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions. During the year, no forfeited contributions in respect of the Scheme (2013: Nil) were utilised and there were no forfeited contributions available to reduce future contributions at 31 December 2014 (2013: Nil).

The Group also participates in the employee pension schemes of the municipal governments in Mainland China where the Group operates. The Group is required to make monthly defined contributions at rates calculated as a percentage of the monthly payroll. The respective municipal government will assume the retirement benefit obligations of the PRC existing and future retired employees in Mainland China of the Group.

The cost charged to the consolidated income statement (note 9) represents contributions payable by the Group to the above schemes.

12 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Name	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Total HK$'000
2014					
DAI Xiaoming (note)	**10**	**3,037**	**200**	**–**	**3,247**
Kenneth Hiu King KON	**200**	**–**	**–**	**–**	**200**
Jesse Nai Chau LEUNG	**240**	**–**	**–**	**–**	**240**
XIANG Bing	**230**	**–**	**–**	**–**	**230**
Edward SHEN	**240**	**–**	**–**	**–**	**240**
	920	**3,037**	**200**	**–**	**4,157**

Name	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Total HK$'000
2013					
DAI Xiaoming (note)	10	3,037	200	–	3,247
Kenneth Hiu King KON	200	–	–	–	200
Jesse Nai Chau LEUNG	240	–	–	–	240
XIANG Bing	230	–	–	–	230
Edward SHEN	240	–	–	–	240
	920	3,037	200	–	4,157

None of the Directors of the Company has waived the right to receive their emoluments during the year ended 31 December 2014 (2013: Nil). The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

Note:

Mr. DAI Xiaoming is also the Chief Executive of the Group.

12 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) Directors whose emoluments are reflected in note (a) above. The emoluments for the remaining four (2013: four) highest paid individuals are as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and allowances	**3,034**	3,245
Discretionary bonuses	**190**	190
Retirement benefit costs — Defined contribution plans	**50**	56
	3,274	3,491

The emoluments of these individuals fell within the following bands:

Emolument bands	**Number of individuals**	
	2014	2013
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

13 SHARE OF PROFITS OF ASSOCIATES

Share of profit of associates include the following:

	2014 **HK$'000**	2013 HK$'000
Change in fair value of investment properties (Note)	**220,333**	181,633
Taxation	**(36,355)**	(29,969)

Note:

The investment properties of the associates were valued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, to determine the fair value of the investment properties as at 31 December 2014 and 2013 based on current prices in an active market for the properties.

14 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

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

	2014 HK$'000	2013 HK$'000
Current income tax		
Hong Kong	2,345	2,260
Deferred income tax (note 28)	5,087	7,782
	7,432	10,042

The taxation on the profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Group principally operates, as follows:

	2014 HK$'000	2013 HK$'000
Profit before income tax	254,635	245,039
Adjusted for:		
Share of profits of associates	(209,300)	(175,672)
	45,335	69,367
Tax charge at the rate of 16.5% (2013: 16.5%)	7,480	11,446
Effect of different taxation rates	(338)	(196)
Over provision of taxation in prior year	(40)	(75)
Income not subject to taxation	(809)	(3,646)
Expenses not deductible for taxation purposes	1,750	1,812
Utilisation of previously unrecognised tax losses	(99)	(10)
Tax losses not recognised	197	840
Temporary differences not recognised	(709)	(129)
Income tax expenses	7,432	10,042

15 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$ 28,019,000 (2013: loss of HK$577,000).

16 DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Interim dividend paid of HK$Nil (2013: HK$Nil) per ordinary share	**–**	–
Proposed final dividend of HK$0.02 (2013: HK$Nil) per ordinary share	**24,946**	–
	24,946	–

The board of directors recommended a final dividend of HK2 cent (2013: Nil) per ordinary share in respect of 2014. This dividend will be accounted for as an appropriation of the retained profits for the year ending 31 December 2015.

17 EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the following:

	2014	2013
	HK$'000	HK$'000
Profit attributable to equity holders	**247,203**	234,997
Weighted average number of shares for calculating basic earning per share ('000)	**1,247,299**	1,247,299
Basic earnings per share (HK cents)	**19.82**	18.84

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK$247,203,000 (2013: profit of HK$234,997,000) and the weighted average number of 1,247,298,945 ordinary shares in issue during the year (2013: 1,247,298,945).

The diluted earnings per share equals the basic earnings per share since there were no dilutive potential shares in issue during both years.

Notes to the Consolidated Financial Statements

18 PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2013	90,131	2,540	13,121	2,568	108,360
Surplus on revaluation	149	–	–	–	149
Transfer from investment properties (note 19)	1,701	–	–	–	1,701
Transfer to investment properties (note 19)	(38,064)	–	–	–	(38,064)
Additions	39,654	131	4,187	–	43,972
Disposals	–	(18)	(211)	–	(229)
At 31 December 2013	93,571	2,653	17,097	2,568	115,889
Transfer from investment properties (note 19)	**47,442**	**–**	**–**	**–**	**47,442**
Additions	**–**	**126**	**–**	**–**	**126**
Disposals	**–**	**(90)**	**–**	**(1,074)**	**(1,164)**
Currency translation differences	**(34)**	**(4)**	**(17)**	**–**	**(55)**
At 31 December 2014	**140,979**	**2,685**	**17,080**	**1,494**	**162,238**
Accumulated depreciation					
At 1 January 2013	5,017	1,485	7,490	2,204	16,196
Transfer to investment properties (note 19)	(1,064)	–	–	–	(1,064)
Charge for the year	2,476	405	2,834	113	5,828
Disposals	–	(12)	(100)	–	(112)
At 31 December 2013	6,429	1,878	10,224	2,317	20,848
Charge for the year	**2,975**	**431**	**3,219**	**77**	**6,702**
Disposals	**–**	**(59)**	**–**	**(966)**	**(1,025)**
Currency translation differences	**(2)**	**(1)**	**(1)**	**–**	**(4)**
At 31 December 2014	**9,402**	**2,249**	**13,442**	**1,428**	**26,521**
Net book value					
At 31 December 2013	87,142	775	6,873	251	95,041
At 31 December 2014	**131,577**	**436**	**3,638**	**66**	**135,717**

18 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2013, additions of property, plant and equipment included an amount of HK$39,531,000 transferred from deposit for acquisition of a property.

Land and buildings are analysed as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Hong Kong		
Leases of over 50 years	**300**	303
Leases of between 10 to 50 years	**125,488**	81,185
Mainland China		
Leases of over 50 years	**4,171**	3,982
Lease of between 10 to 50 years	**1,618**	1,672
	131,577	87,142

18 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 January 2013	2,042	12,513	2,568	17,123
Additions	36	–	–	36
At 31 December 2013	2,078	12,513	2,568	17,159
Additions	**23**	**–**	**–**	**23**
Disposals	**(36)**	**–**	**(1,073)**	**(1,109)**
At 31 December 2014	**2,065**	**12,513**	**1,495**	**16,073**
Accumulated depreciation				
At 1 January 2013	1,190	7,251	2,204	10,645
Charge for the year	335	2,338	113	2,786
At 31 December 2013	1,525	9,589	2,317	13,431
Charge for the year	**334**	**2,338**	**75**	**2,747**
Disposals	**(32)**	**–**	**(966)**	**(998)**
At 31 December 2014	**1,827**	**11,927**	**1,426**	**15,180**
Net book value				
At 31 December 2013	553	2,924	251	3,728
At 31 December 2014	**238**	**586**	**69**	**893**

19 INVESTMENT PROPERTIES

Group

	2014 HK$'000	2013 HK$'000
At beginning of the year	**919,067**	845,963
Disposal	**–**	(10,675)
Transfer to property, plant and equipment (note 18)	**(47,442)**	(1,701)
Transfer to land use rights (noted 20)	**(848)**	(2,830)
Transfer from property, plant and equipment (note 18)	**–**	37,000
Changes in fair value	**39,613**	51,229
Currency translation differences	**(15)**	81
At end of the year	**910,375**	919,067
Comprising:		
Hong Kong		
Leases of over 50 years	**901,500**	862,400
Leases of between 10 to 50 years	**8,875**	55,500
Mainland China		
Leases of over 50 years	**–**	1,167
	910,375	919,067

An independent valuation of the Group's investment properties was performed by the valuer, DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, to determine the fair value of the investment property as at 31 December 2014 and 2013 based on current prices in an active market for the property.

At 31 December 2014, investment properties of the Group in Hong Kong with fair value of HK$872,800,000 (2013: HK$833,300,000), were pledged as securities for the banking facilities which expired in November 2010. The Group underwent a discussion with the bank for the renewal of banking facilities and the bank agreed to provide banking facilities if necessary. At 31 December 2013 and 2014, the Group did not have bank borrowings.

Fair value hierarchy

	Fair value measurements at 31 December 2014 using		
Description	**Quoted prices in active markets for identical asset (Level 1) HK$'000**	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**
Recurring fair value measurements			
Investment properties:			
— Commercial building — Hong Kong	**–**	**864,500**	**–**
— Residential building — Hong Kong	**–**	**45,875**	**–**

19 INVESTMENT PROPERTIES (Continued)

Description	Fair value measurements at 31 December 2013 using Quoted prices in active markets for identical asset (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements			
Investment properties:			
—Commercial building — Hong Kong	–	872,500	–
—Residential building — Hong Kong	–	45,400	–
—Residential building — PRC	–	1,167	–

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For the investment properties, its current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the group's interim and annual reporting dates. As at 31 December 2014, the fair values of the properties have been determined by DTZ Debenham Tie Leung Limited.

At each financial year end the finance department:

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

Valuation technique

The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

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

20 LAND USE RIGHTS

	Group	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**25,570**	22,451
Additions	**–**	344
Transfer from investment properties (note 19)	**848**	2,830
Amortisation	**(476)**	(354)
Currency translation difference	**(296)**	299
At end of the year	**25,646**	25,570
Comprising:		
Mainland China		
Leases of over 50 years	**22,955**	22,786
Leases of between 10 to 50 years	**2,691**	2,784
	25,646	25,570

21 SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**1,904**	1,904
Less: provisions	**(722)**	(719)
	1,182	1,185
Amounts due from subsidiaries (Note (a))	**1,358,733**	1,453,892
Less: provisions	**(1,012,346)**	(1,050,263)
	346,387	403,629
Total investments	**347,569**	404,814
Amount due from a subsidiary (Note (b))	**140,000**	140,000
Amounts due to subsidiaries (Note (c))	**11,198**	333

21 SUBSIDIARIES (Continued)

Note:

(a) Amounts due from subsidiaries represent funding by the Company to the respective subsidiaries and are regarded as part of the Company's investments in accordance with the Company's accounting policy.

(b) As at 31 December 2014 and 2013, the amount due from a subsidiary is unsecured, carries interest at 2% above prime rate, and has no fixed terms of repayment. The amount receivable is denominated in Hong Kong dollar and the carrying amount approximates its fair value.

(c) Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment. The amounts payable are denominated in Hong Kong dollar and the carrying amounts approximate their fair values.

Particulars of the principal subsidiaries as at 31 December 2014 are set out in note 35(a).

Movements on the provisions for amounts due from subsidiaries are as follows:

	2014 HK$'000	2013 HK$'000
At beginning of the year	**1,050,263**	1,045,612
Provision for the year	**6,537**	4,651
Write off during the year	**(44,454)**	–
At end of the year	**1,012,346**	1,050,263

22 ASSOCIATES

	Group	
	2014 HK$'000	2013 HK$'000
Share of net assets	**3,558,411**	3,349,111
Amounts due from associates	**248,221**	274,450
Less: provisions	**(97,306)**	(97,306)
	150,915	177,144
Amounts due to associates	**11,500**	5,524

22 ASSOCIATES (Continued)

The amounts due from/to associates are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due from/to associates approximate their fair values.

The carrying amounts of the amounts due from/to associates are denominated in Hong Kong dollars.

Particulars of the principal associates as at 31 December 2014 are set out in note 35(b).

Set out below is the associate of the Group as at 31 December 2014, which, in the opinion of the directors, is material to the Group. This associate has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

Nature of investment in associate as at 31 December 2014 and 2013

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Zeta Estates Limited ("Zeta Estates")	Hong Kong	$33\,^{1}/_{3}$	Note 1	Equity

Note 1: Zeta Estates Limited is a property investment company, which invests in industrial and residential properties in Hong Kong.

There are no contingent liabilities relating to the Group's interest in the associates.

22 ASSOCIATES (Continued)

Summarised financial information for associates

Set out below are the summarised financial information for Zeta Estates Limited which are accounted for using the equity method.

Summarised balance sheet

	Zeta Estates	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Current		
Cash and cash equivalents	**655**	960
Other current assets (excluding cash)	**31,739**	75,390
Total current assets	**32,394**	76,350
Financial liabilities (excluding trade payables)	**(453,242)**	(536,810)
Other current liabilities (including trade payables)	**(41,979)**	(63,289)
Total current liabilities	**(495,221)**	(600,099)
Non-current		
Assets	**12,259,593**	11,652,387
Liabilities	**(1,892,166)**	(1,792,032)
Total non-current assets	**10,367,427**	9,860,355
Net assets	**9,904,600**	9,336,606

Summarised statement of comprehensive income

	Zeta Estates For the year ended 31 December	
	2014 HK$'000	2013 HK$'000
Revenue	**147,025**	166,491
Other income and gains	**4,203**	2,184
Change in fair value of investment properties	**607,000**	437,451
Administrative expenses	**(78,195)**	(67,242)
Operating profit	**680,033**	538,884
Income tax expenses	**(112,039)**	(88,740)
Profit and total comprehensive income for the year	**567,994**	450,144
Dividends received from associate	**–**	–

22 ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

Reconciliation of summarised financial information

	Zeta Estates	
	2014 HK$'000	2013 HK$'000
Opening net assets 1 January	**9,336,606**	8,886,462
Profit for the year	**567,994**	450,144
Closing net assets 31 December	**9,904,600**	9,336,606
Interest in associates (33 $^{1}/_{3}$%)	**3,301,533**	3,112,202
Carrying value	**3,301,533**	3,112,202

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At beginning of the year	**37,761**	36,016	**6,961**	6,961
Net gains	**6,346**	1,709	**2,109**	–
Write off during the year	**(150)**	–	**(150)**	–
Currency translation differences	**(32)**	36	**–**	–
At end of the year	**43,925**	37,761	**8,920**	6,961

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Unlisted equity securities	**33,424**	29,663	**–**	–
Club debentures	**10,501**	8,098	**8,920**	6,961
	43,925	37,761	**8,920**	6,961

The carrying amounts of the available-for-sale financial assets are denominated in Hong Kong dollars.

24 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtors	**2,895**	2,590	**–**	–
Other debtors	**5,346**	5,420	**116**	112
Prepayments and deposits	**1,555**	3,039	**395**	390
	9,796	11,049	**511**	502

The carrying amounts of the debtors, prepayments, deposits and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**9,645**	10,893	**444**	420
Renminbi	**144**	156	**60**	82
US dollar	**7**	–	**7**	–
	9,796	11,049	**511**	502

Trade debtors of the Group represent rentals and estate management fees receivable and are receivable on presentation of invoices. At 31 December 2014, trade debtors of HK$2,895,000 (2013: HK$2,590,000) were past due but not considered impaired. These debtors relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade debtors of the Group based on invoices date is as follows:

	2014	2013
	HK$'000	HK$'000
Within 30 days	**2,697**	2,493
31 to 60 days	**195**	55
61 to 90 days	**–**	1
Over 90 days	**3**	41
	2,895	2,590

At 31 December 2014 and 2013, no trade debtors were individually determined to be impaired. There is no concentration of credit risk with respect to trade debtors, as the Group has a large number of customers.

Other debtors of the Group represent reimbursable expenses paid on behalf of customers and amounts receivable from investee companies, which are held by the Group under available-for-sale financial assets, of HK$3,936,000 (2013: HK$3,963,000). The amounts receivable from investee companies are unsecured and have no fixed term of repayment. There is no history of default. At 31 December 2014 and 2013, no other debtor was individually determined to be impaired.

24 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The other classes within trade and other debtors do not contain impaired assets. The maximum exposure to credit risk represents the fair value of each class of receivable.

25 CASH AND BANK BALANCES

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Non-pledged time deposits with original maturity of over three months	**38,814**	38,922	**38,814**	38,922
Cash and cash equivalents:				
Cash at bank and in hand	**54,951**	90,377	**2,183**	2,290
Short term bank deposits with original maturity within three months	**275,122**	196,607	**244,960**	145,411
	330,073	286,984	**247,143**	147,701
Total	**368,887**	325,906	**285,957**	186,623

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

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Hong Kong dollar	**241,947**	195,232	**184,470**	134,195
Renminbi	**85,883**	88,776	**62,577**	52,428
United States Dollar	**41,057**	41,898	**38,910**	–
	368,887	325,906	**285,957**	186,623

Note:

As at 31 December 2014, the Group had cash and bank balances denominated in Renminbi ("RMB") of approximately HK$21,021,000 (2013: HK$22,891,000) deposited with the banks in the PRC. RMB is not freely convertible into foreign currencies.

26 SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised: (Note a)				
Ordinary shares of HK$0.50 each (Note b)	**–**	**–**	1,600,000,000	800,000
Issued and fully paid:				
At 1 January	**1,247,298,945**	**623,649**	1,247,298,945	623,649
Transition to no-par value regime on 3 March 2014 (Note c)	**–**	**58,250**	–	–
At 31 December	**1,247,298,945**	**681,899**	1,247,298,945	623,649

Note:

(a) Under Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with Section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the member as a result of transition.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap.622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

27 RESERVES

Group

	Share premium HK$'000	Special capital reserve HK$'000 (Note a)	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2013	58,250	663	21,461	1,805	(4,908)	3,864,315	3,941,586
Profit for the year	–	–	–	–	–	234,997	234,997
Other comprehensive income:							
Surplus on revaluation	–	–	–	149	–	–	149
Change in fair value of available-for-sale financial assets	–	–	1,709	–	–	–	1,709
Currency translation differences	–	–	–	–	405	–	405
Total comprehensive income	–	–	1,709	149	405	234,997	237,260
Transaction with equity holders:							
Final dividend paid relating to 2012	–	–	–	–	–	(12,473)	(12,473)
At 31 December 2013	58,250	663	23,170	1,954	(4,503)	4,086,839	4,166,373
Profit for the year	**–**	**–**	**–**	**–**	**–**	**247,203**	**247,203**
Other comprehensive income:							
Change in fair value of available-for-sale financial assets	**–**	**–**	**6,346**	**–**	**–**	**–**	**6,346**
Currency translation differences	**–**	**–**	**–**	**–**	**(555)**	**–**	**(555)**
Total comprehensive income	**–**	**–**	**6,346**	**–**	**(555)**	**247,203**	**252,994**
Transition to no-par value regime on 3 March 2014 (Note 26)	**(58,250)**	**–**	**–**	**–**	**–**	**–**	**(58,250)**
Transfer from special capital reserve to retained profits (Note a)	**–**	**(30)**	**–**	**–**	**–**	**30**	**–**
At 31 December 2014	**–**	**633**	**29,516**	**1,954**	**(5,058)**	**4,334,072**	**4,361,117**

27 RESERVES (Continued)

Company

	Share premium HK$'000	Special capital reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2013	58,250	663	2,647	64,095	125,655
Loss and total comprehensive loss for the year	–	–	–	(577)	(577)
Transaction with equity holders:					
Final dividend paid relating to 2012	–	–	–	(12,473)	(12,473)
At 31 December 2013	58,250	663	2,647	51,045	112,605
Profit for the year	**–**	**–**	**–**	**28,019**	**28,019**
Other comprehensive income:					
Change in fair value of available-for-sale financial assets	**–**	**–**	**2,109**	**–**	**2,109**
Profit and total comprehensive income for the year	**–**	**–**	**2,109**	**28,019**	**30,128**
Transition to no-par value regime on 3 March 2014 (Note 26)	**(58,250)**	**–**	**–**	**–**	**(58,250)**
Transfer from special capital reserve to retained profits (Note a)	**–**	**(30)**	**–**	**30**	**–**
At 31 December 2014	**–**	**633**	**4,756**	**79,094**	**84,483**

27 RESERVES (Continued)

Note:

(a) On 9 December 2011, an extraordinary general meeting was passed by the shareholders of the Company for approving the share premium reduction of the Company. The purpose of the share premium reduction is to reduce the credit standing to the share premium account of the Company to the extent of HK$579,389,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount. A sealed copy of the order made by the High Court on 3 February 2012 confirming the reduction of share premium account was submitted to the Registrar of Companies in Hong Kong and was duly registered on 8 February 2012.

Under the court order, the Company at the same time has to transfer sum of HK$2,655,000 from retained profits to a special capital reserve account which shall not be treated as realised profits and be treated as an undistributable reserve, so long as the debt of or the claim of HK$2,655,000 against the Company remains outstanding.

During the year ended 31 December 2012, part of the debt on the claim against the Company amounting to HK$1,992,000 was settled, resulting a transfer from the special capital reserve of HK$1,992,000 to retained profits which is available for distribution and the sum of HK$663,000 is remained in the special reserve not available for distribution. There was no further debt settlement during the year ended 31 December 2013. During the year ended 31 December 2014, a further debt of HK$30,000 was settled, resulting the sum of HK$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK$633,000 is remained in the special capital reserve not available for distribution.

28 DEFERRED INCOME TAX LIABILITIES

The gross movements on the deferred income tax liabilities are as follows:

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
At beginning of the year	**118,781**	110,962	**–**	327
Currency translation differences	**–**	37	**–**	–
Charged/(credited) to the income statement (note 14)	**5,087**	7,782	**–**	(327)
At end of the year	**123,868**	118,781	**–**	–

All deferred income tax liabilities are expected to be settled after twelve months.

28 DEFERRED INCOME TAX LIABILITIES (Continued)

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

	Fair value change of investment properties		Others		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At beginning of the year	**117,091**	109,510	**1,690**	1,452	**118,781**	110,962
Currency translation differences	**–**	–	**–**	37	**–**	37
Charged to the consolidated income statement	**5,087**	7,581	**–**	201	**5,087**	7,782
At end of the year	**122,178**	117,091	**1,690**	1,690	**123,868**	118,781

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. On that basis, the Group did not recognise deferred tax assets of HK$3,823,000 (2013: HK$3,725,000) in respect of unused tax losses amounting to HK$23,170,000 (2013: HK$22,576,000) that can be carried forward against future taxable income. These unused tax losses have no expiry date.

29 CREDITORS AND ACCRUALS

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade creditors	**17**	326	**–**	–
Other creditors and deposits	**18,212**	18,066	**2,891**	1,833
Accrued operating expenses	**7,019**	6,774	**3,850**	3,885
	25,248	25,166	**6,741**	5,718

The ageing of trade creditors of the Group is as follows:

	2014 HK$'000	2013 HK$'000
Within 30 days	**17**	326

29 CREDITORS AND ACCRUALS (Continued)

The carrying amounts of creditors and accruals are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**25,119**	25,050	**6,741**	5,706
Renminbi	**129**	116	**–**	12
	25,248	25,166	**6,741**	5,718

The carrying amounts of creditors and accruals approximate their fair values.

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to net cash generated from operations

	2014	2013
	HK$'000	HK$'000
Operating profit	**45,335**	69,367
Depreciation and amortisation	**7,178**	6,182
Net exchange losses/(gains)	**2,495**	(1,333)
Loss on disposal of property, plant and equipment	**139**	114
Loss on disposal of investment properties	**–**	1,974
Write off of available-for-sale financial assets	**150**	–
Write-back of provision for doubtful debt	**–**	(12,448)
Change in fair value of investment properties	**(39,613)**	(51,229)
Dividend income	**(1,200)**	(1,200)
Interest income	**(2,665)**	(2,052)
Operating profit before working capital changes	**11,819**	9,375
Decrease/(increase) in debtors, prepayments, deposits and other receivables	**1,253**	(2,325)
Increase in creditors and accruals	**82**	562
Net cash generated from operations	**13,154**	7,612

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

Reconciliation of operating profit to net cash generated from operations (Continued)

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2014 HK$'000	2013 HK$'000
Net book amount	139	117
Loss on disposal of property, plant and equipment	(139)	(114)
Proceeds from disposal of property, plant and equipment	–	3

In the statement of cash flows, proceeds from sale of investment properties comprise:

	2014 HK$'000	2013 HK$'000
Net book amount	–	10,675
Loss on disposal of investment properties	–	(1,974)
Proceeds from disposal of investment properties	–	8,701

31 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Available-for-sale financial assets	43,925	37,761	8,920	6,961
Loans and receivables				
Debtors and other receivables	8,241	8,010	116	112
Amounts due from associates	150,915	177,144	140,000	140,000
Cash and bank balances	368,887	325,906	285,957	186,623
	528,043	511,060	426,073	326,735
Total	571,968	548,821	434,993	333,696

31 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities at amortised cost				
Financial liabilities in accrued liabilities and other payables	**25,248**	25,166	**6,741**	5,718
Amounts due to associates	**11,500**	5,524	**11,198**	333
Total	**36,748**	30,690	**17,939**	6,051

32 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Investment properties — repairs and maintenance	**3,474**	–

(b) Operating lease rental receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment properties are receivable in the following periods:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**30,204**	28,414
Between one to five years	**29,456**	46,214
	59,660	74,628

33 RELATED PARTY TRANSACTIONS

The Group received estate management fees income from its associates of HK$6,886,000 (2013: HK$6,184,000), which was determined at specified percentages of the gross operating revenues of the relevant companies.

34 ULTIMATE HOLDING COMPANY

The directors regard Fabulous Investment Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company of the Company.

The directors regard Harlesden Limited ("Harlesden"), a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company. The Company is ultimately controlled by Mr. Dai Xiaoming, who is the sole shareholder of Harlesden.

35 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

(a) Subsidiaries

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/ paid up capital	Percentage of attributable equity Company	Percentage of attributable equity Group	Principal activities
AsiaSec Finance Limited	Hong Kong	1,000 Ordinary shares/ HK dollar 10,000	–	100	Financing
AsiaSec Property Management Limited	Hong Kong	300,000 Ordinary shares/ HK dollar 300,000	–	100	Property management
Citigrand Investment Limited	Hong Kong	2 Ordinary shares/ HK dollar 2	–	100	Property investment
Dan Form (China) Limited	Hong Kong	2 Ordinary shares/ HK dollar 2	100	100	Investment holding
Dan Form (Hong Kong) Limited	Hong Kong	1,000,000 Ordinary shares/HK dollar 1,000,000	100	100	Investment holding
Dawna Range Company Limited	Hong Kong	2 Ordinary shares/ HK dollar 20	–	100	Investment holding
Diamond Property Management Company Limited	Hong Kong	1,000 Ordinary shares/ HK dollar 10,000	–	100	Property management
Harcape Limited	Hong Kong	10,000 Ordinary shares/ HK dollar 10,000	–	100	Property investment
Keen Safe Investment Limited	Hong Kong	1,010,000 Ordinary shares/ HK dollar 1,010,000	–	100	Investment holding
Landfine Investment Limited	Hong Kong	2 Ordinary shares/ HK dollar 2	–	100	Property investment

35 PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

(a) Subsidiaries (Continued)

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/ paid up capital	Percentage of attributable equity Company	Percentage of attributable equity Group	Principal activities
Man Lee Offshore Limited	British Virgin Islands	1 Ordinary share/ US dollar 1	–	100	Property investment
Oriental Dragon Investment Limited	British Virgin Islands	1 Ordinary share/ US dollar 1	–	100	Property investment
Smart Golf (International) Limited	Hong Kong	60,000,000 Ordinary shares/ HK dollar 60,000,000	–	100	Investment holding
Top Power Development Limited	Hong Kong	2 Ordinary shares/ HK dollar 2	–	100	Property investment
Winshine Properties Limited	British Virgin Islands	1 Ordinary share/ US dollar 1	–	100	Property investment
深圳隆運諮詢服務有限公司	Mainland China	US dollar 2,150,000 [(2)]	–	100	Business consultant

(b) Associates

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/ paid up capital	Percentage of attributable equity Company	Percentage of attributable equity Group	Principal activities
Beijing Jing Yuan Property Development Company, Limited [(1)]	Mainland China	US dollar 61,220,000 [(2)]	–	29.4	Property development
Ho Pok Investment Company Limited	Hong Kong	100 Ordinary shares/ HK dollar 10,000	–	50	Investment holding
Kin Tong Land Investment Company Limited	Hong Kong	1,000,000 Ordinary shares/ HK dollar 10,000,000	–	50	Property investment
Zeta Estates Limited	Hong Kong	9,900 Ordinary shares/ HK dollar 990,000	–	33.33	Property investment

(1) Sino-foreign joint venture companies
(2) Paid-up registered capital

Particulars of Major Properties

As at 31 December 2014

Location	Lot No.	Use	Total gross floor area (sq. ft.)	Car parking spaces	Percentage owned
Investment properties					
Hong Kong					
Harbour Crystal Centre (portion)	K.I.L. 10600	Commercial	138,663	–	80
100 Granville Road,			8,881	–	40
Tsimshatsui East, Kowloon				30	100
Harbour Industrial Centre (portion) Ap Lei Chau, Aberdeen, Hong Kong	A.I.L.116	Industrial/ Godown	266,126	59	33.33
Oceanic Industrial Centre (portion) Ap Lei Chau, Aberdeen, Hong Kong	A.I.L.116	Industrial/ Godown	741,706	74	33.33
Queen’s Centre (portion) 58-64 Queen’s Road East Wanchai, Hong Kong	I.L.2243R.P.	Commercial/ Offices	27,457	–	50
Red Hill, Phase 1 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	11,001	–	33.33
Red Hill, Phase 2 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	95,818	–	33.33
Red Hill, Phase 3 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	181,698	–	33.33
Red Hill, Phase 4 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	205,639	271	33.33
Wah Shun Industrial Centre (portion) 4 Cho Yuen Street Yau Tong, Kowloon	Y.T.I.L.29	Industrial	134,236	10	50

Summary of The Group's Financial Information

	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**49,745**	47,505	42,538	42,087	38,553
Operating profit	**45,335**	69,367	167,558	155,765	77,756
Share of profits of associates	**209,300**	175,672	781,123	386,810	440,998
Profit before income tax	**254,635**	245,039	948,681	542,575	518,754
Income tax expenses	**(7,432)**	(10,042)	(24,374)	(15,087)	(11,370)
Profit for the year	**247,203**	234,997	924,307	527,488	507,384
Attributable to:					
Equity holders	**247,203**	234,997	924,307	527,488	507,384
	HK cents	HK cents	HK cents	HK cents	HK cents
Earnings per share	**19.82**	18.84	74.10	42.29	40.70
Total assets	**5,204,157**	4,940,649	4,702,112	3,774,086	3,222,612
Total liabilities	**(161,141)**	(150,627)	(136,877)	(127,514)	(109,255)
Net assets	**5,043,016**	4,790,022	4,565,235	3,646,572	3,113,357