KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 0184

ANNUAL REPORT 2013 ANNUAL REPORT 2013

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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Total Assets	4,475,488	4,337,624
Capital and Reserves	3,120,478	2,910,514
Issued Share Capital	340,200	340,200
Turnover	1,260,458	1,363,943
Profit Before Taxation	537,258	573,908
Profit Attributable to Equity Shareholders	326,231	355,585
Basic Earnings Per Share (cents)	95.9	104.5
Dividends Attributable to the year (cents per share)	18.0	20.0

CORPORATE INFORMATION

DIRECTORS

HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
* HO Kian Cheong
** CHAN Yau Hing Robin
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela
** YU Hon To David (appointment with effect from 1 April 2013)
HO Chung Kain (Alternate to HO Chung Hui)

* *Non-executive Director*
** *Independent Non-executive Director*

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David

REMUNERATION COMMITTEE

WANG Poey Foon Angela – *Chairman*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
YU Hon To David
TSE See Fan Paul
YU Yuet Chu Evelyn

NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*
CHAN Yau Hing Robin
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul
HO Chung Tao

AUDITORS

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

SHARE REGISTRARS & TRANSFER OFFICE

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

COMPANY SECRETARY

NG Sing Beng

REGISTERED OFFICE

Room 2902 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.keckseng.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2013.

RESULTS

The consolidated Group net profit attributable to equity shareholders for the year 2013 amounted to HK$326.2 million, a reduction of 8% as compared to HK$355.5 million in 2012. Earnings per share for the year 2013 amounted to HK$0.959 per share as compared to HK$1.045 per share in 2012.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.15 per share be paid for the year ended 31 December 2013. An interim dividend of HK$0.03 has already been paid. Total dividends for the year will be HK$0.18 per share.

REVIEW OF OPERATIONS

The Group's turnover for 2013 was HK$1,260.5 million, a drop of 8% as compared to HK$1,363.9 million in 2012.

A summary and analysis of the operations are as follows.

Vietnam

During the year 2013, there were no new supplies of 5-star hotel rooms in Ho Chi Minh City. Several hotel development projects were progressing at a slow speed or were suspended as the Vietnamese economy went through a period of adjustment. Overall tourism arrivals to the city have increased marginally in 2013. Investment and commercial activity in Ho Chi Minh City, however, remained at a low level.

Sheraton Saigon Hotel and Towers The hotel has reported an increase in occupancy ratio to 72.4% in 2013, as compared to 69.4% in 2012. With a view towards optimizing revenue per room, average room rate dropped marginally to US$164 per room night in 2013, as compared to US$166 in 2012. The hotel has continued to be recognised as a top luxury hotel in the city and has during the year received accolades and awards for its outstanding facilities and quality service to customers.

As previously announced to shareholders on 3 January 2014, a court in Ho Chi Minh City, Vietnam has accepted an application from the plaintiff to withdraw a lawsuit previously filed against a subsidiary of the Group in Vietnam in the amount of approximately US$55 million. This followed the filing of an appeal by the subsidiary seeking reversal of a verdict made on 7 January 2013 by the court in favour of the plaintiff. With this latest court verdict, which resulted in a cancellation of the previous verdict and no order of payment by the subsidiary, we are happy to report that the lawsuit is now completely and satisfactorily settled. The Group has not incurred any financial costs for the case or the First Instance Decision except for legal fees.

During 2013, the hotel has won numerous international and local hotel awards and accolades from agencies and government departments such as TripAdvisor and the Ho Chi Minh City People's Committee for its excellent service and quality standards.

Caravelle Hotel For 2013, average room rate has decreased to US$130, as compared to US$139 in 2012. Occupancy rate has increased marginally to 67% in 2013, as compared to 66% in 2012. Share of contribution to profit from Vietnam was HK$11.4 million for 2013, a drop of 6% from the 2012 level of HK$12.1 million.

The United States ("US")

W San Francisco The economy is continuing on track towards gradual recovery, with modest gains in employment and growth. W continues to leverage on the strength of the Californian economy, particularly the IT and other sectors in the Silicon Valley and the San Francisco area. Occupancy ratio for the hotel increased to 88% for 2013, as compared to 84% in 2012. Average room rate also increased to US$302 per room night during 2013, as compared to US$278 in 2012. Contribution to profits also increased to HK$43 million in 2013, as compared to HK$34 million in 2012.

CHAIRMAN'S STATEMENT (continued)

Not only has the hotel consolidated its position as one of the trendiest hotel in US, the property has also enhanced its reputation as a green hotel. It was listed number 7 in the TripAdvisor 2013 Green Leaders List, and is one of the only eight LEED Gold-Level hotels in all of San Francisco.

Macau

The Macau SAR continues to report robust economic growth and low unemployment on the back of strong tourism arrivals and gaming receipts. When statistics for 2013 full year are published, it is expected that GDP per capita will be close to US$80,000, with unemployment remaining at around 1.6%. The SAR has further cemented its position as the premier gaming hub of the world, registering total gaming receipts of MOP360 billion in 2013, an increase of 19% over the previous year. Total retail sales also climbed 23% to MOP66 billion in 2013.

As construction of new hotels, gaming facilities and shopping centres continue in COTAI over the course of the next four years and beyond, and as more visitors flow into the territory, it is expected that economic growth will continue to be driven by the gaming and tourism industries, and with significant and multiplier and spill-over effects into all sectors of the economy, including the property sector. In fact, in anticipation of the continuing COTAI boom, capital value of retail space has risen dramatically in the second half of 2013.

Further, with the estimated completion of the Hong Kong-Zhuhai-Macau Bridge in 2016/2017, significant improvement in access to Macau from China via high-speed trains, and general improvement in infrastructure in Macau itself with the construction of the light rail trains, property values in general are expected to hold steady and increase in line with economic growth.

Against this background, and with an objective to enhance shareholders' value, the Group has decided to continue its policy of adopting a flexible approach towards pricing and marketing of its properties held for sale in Macau. Specifically, the Group will continue to be vigilant in monitoring market developments and price movements in the luxurious residential sector with a view towards sale at price points that will optimise profits for the Group. In the meantime, the Group will continue to take advantage of the strength of the leasing market in Macau residential properties and lease out as many of the vacant units as possible to ensure that there is a good return from these properties.

Profits contributed by the Group's properties in Macau was HK$210.9 million in 2013, as compared to HK$182.1 million in 2012 including mainly increase in fair value of investment properties of HK$183.3 million as compared to HK$77.4 million in 2012 and profits from sale of properties of HK$19.1 million as compared to HK$96.4 million in 2012.

The People's Republic of China

Holiday Inn Wuhan Riverside Despite a change in consumption pattern due to vigorous austerity measures imposed by the Central Government, aggressive selling and promotion campaign by the hotel management has resulted in revenue growth of 10% in 2013. During the year, average room rate increased to Rmb455, as compared to Rmb434 in 2012, whilst occupancy rate has also improved during the same period to 67% from 62% in 2012. Contribution to profit for 2013 was HK$3.7 million as compared to HK$0.34 million in 2012.

During the year, the hotel has won numerous awards of excellence for its service and standards by international organizations such as TripAdvisor, as well as by private rating agencies and government departments.

Canada

Economic activity in Canada remained flat in 2013 with a GDP growth rate of 1.6%. During the year, the Canadian associated companies reported a loss of HK$6.3 million, as compared to a gain of HK$1.2 million in 2012. The loss is primarily due to a reduction in revenue and increase in renovation and operating expenses at the International Plaza Hotel in Toronto.

The Sheraton Ottawa Hotel In 2013, the hotel reported an occupancy ratio of 69%, a small drop as compared to 70% in 2012. Average room rate remained the same at C$163 in 2013.

International Plaza Hotel, Toronto In 2013, the hotel decided not to renew the DoubleTree licence in view of the extensive renovation required by the brand. As from 27 August 2013, the hotel has been operating as an independent hotel. During 2013, the hotel reported occupancy ratio of 62%, a drop as compared to the 2012 occupancy ratio of 70%. Average room rate also dropped to C$102 in 2013, as compared to C$105 in 2012. In 2014, the hotel will focus on upgrading of facilities and building of a new customer base.

Japan

During 2013, the hotel reported contribution to profit of HK$5.5 million, as compared to HK$2.1 million in 2012. Occupancy during 2013 was 89%, as compared to 79% in 2012. Average room rate in 2013 was Yen7,080 per room night, as compared to Yen6,512 in 2012.

Other net gains

Net exchange gain for 2013 amounted to HK$10.9 million, as compared to a net exchange gain of HK$21.1 million in 2012.

Net unrealized gains on trading securities for 2013 amounted to HK$491,000, as compared to a loss of HK$194,000 in 2012.

There was a loss of disposal of fixed assets in 2013 amounting to HK$8.9 million, as compared to a gain of HK$9.9 million in 2012. These were related to disposal of furnitures, fixtures and equipment by the hotels during renovations.

PROSPECTS

The Group continues to adopt an optimistic view of the fundamental strength of the economies in which our major assets are located, viz. Macau, US and Vietnam. The Group also believes that these assets will continue to provide anchor and stability to the Group's profits in the coming years. Whilst improvements in the US, the world's leading economy, are duly noted, there is simply too much potential disruptions to global finance in the short term for anyone to state categorically that there will be smooth sailings ahead. The Group, however, enjoys strong cash inflow from its business operations and will be well poised to take advantage of any short-term disruptions to deploy its cash towards worthwhile acquisitions. We have and will continue to maintain an investment policy that creates long-term value.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of our Group for their diligence, dedication and loyalty. The independent non-executive directors have continued to dispense their advice generously and in a professional manner. To them, we owe our sincere gratitude.

Ho Kian Guan
Executive Chairman

Hong Kong, 21 March 2014

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") are hotel and club operations, property investment and development and the provision of management services.

The principal activities of the Company are investment holding and those of its subsidiaries are set out in Note 13 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013:

(i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

(ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2013 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 25 to 87.

TRANSFER TO RESERVES

Profits attributable to equity shareholders, before dividends, of HK$326,231,000 (2012: HK$355,585,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 25 to the financial statements.

An interim dividend of HK$0.03 per share (2012: HK$0.03 per share) was paid on 17 October 2013. The directors now recommend the payment of a final dividend of HK$0.15 per share (2012: HK$0.17 per share) in respect of the year ended 31 December 2013.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$1,664,000 (2012: HK$40,000).

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in Note 12 to the financial statements.

DIRECTORS

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

Executive directors

HO Kian Guan *(Executive Chairman)*
HO Kian Hock *(Deputy Executive Chairman)*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain (alternate director to Ho Chung Hui)

Non-executive directors

HO Kian Cheong
CHAN Yau Hing Robin*
KWOK Chi Shun Arthur*
WANG Poey Foon Angela*
YU Hon To David* (appointment with effect from 1 April 2013)

* *Independent non-executive directors*

Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan Paul and Ms WANG Poey Foon Angela shall retire from the Board of directors at the forthcoming annual general meeting in accordance with article 116 of the Company's articles of association, being eligible, offer themselves for re-election.

Ms WANG Poey Foon Angela who has been serving as an independent non-executive director of the Company for more than 9 years, has confirmed her independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Company considers Ms WANG is still independent in accordance with the independence guidelines as set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Company has not entered into service contracts with any of the above directors except for Mr CHAN Lui Ming Ivan, Mr HO Chung Tao, Mr HO Chung Hui, Mr HO Chung Kain and Ms YU Yuet Chu Evelyn.

The non-executive directors are not appointed for a fixed period of term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with Company's articles of association.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 31 December 2013 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests(1)	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	374,480	197,556,320(2)	197,930,800	58.18
	Ho Kian Hock	480	197,556,320(2)	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000(3)	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774(4)	32,410,774	99.70
	Ho Kian Hock	–	32,410,774(4)	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052(5)	83,052	83.05
	Ho Kian Hock	–	83,052(5)	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US$	Ho Kian Guan	–	13,163,880(6)	13,163,880	80.76
	Ho Kian Hock	–	13,163,880(6)	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000(7)	489,000	3.00
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000(8)	56,675,000	80.96
	Ho Kian Hock	–	56,675,000(8)	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000(9)	100,000	100.00
	Ho Kian Hock	–	100,000(9)	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305(10)	4,305	43.05
	Ho Kian Hock	–	4,305(10)	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500(11)	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	Ho Kian Guan	–	9,010,000(12)	9,010,000	100.00
	Ho Kian Hock	–	9,010,000(12)	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000(13)	24,000,000	100.00
	Ho Kian Hock	–	24,000,000(13)	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000(14)	4,950,000	55.00
	Ho Kian Hock	–	4,950,000(14)	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,485,000(15)	1,485,000	55.00
	Ho Kian Hock	–	1,485,000(15)	1,485,000	55.00

Notes:

(1) This represents interests held by the relevant directors as beneficial owners.

(2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.

(4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(6) This represents US$8,965,000 (55%) indirectly contributed by the Company and US$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.

(8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.

(12) This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 4,505,001 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(13) This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(14) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(15) This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 31 December 2013, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or 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 Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS (continued)

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2013, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	Capacity in which shares were held	Number of ordinary shares held	% of total issued share capital of the Company
Ocean Inc. *(Note 1, 2)*	Interests of controlled corporations	197,556,320	58.1
Pad Inc *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Lapford Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 2)*	Beneficial owner	100,909,360	29.7
Goodland Limited *(Note 1)*	Beneficial owner	96,646,960	28.4

Notes:

(1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.

(2) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 31 December 2013, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year ended 31 December 2013, there existed the following arrangements for an indefinite period:

(1) Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.

(2) Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

DIRECTORS' INTERESTS IN CONTRACTS

For the year ended 31 December 2013, certain subsidiaries of the Company had transactions with Goodland as set out in Note 28 to the financial statements.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

Apart from the foregoing and the management arrangements set out above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Wuhan Riverside, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr Ho Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr Ho Kian Hock is his alternate on the board of SAL.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2013 are set out in Note 20, Note 23 and Note 28 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88 of the annual report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 89 of the annual report.

PERSONNEL AND RETIREMENT SCHEMES

At 31 December 2013, the Group had approximately 1,798 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, the People's Republic of China, Vietnam and the United States.

CONFIRMATION OF INDEPENDENCE

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

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Ho Kian Guan
Executive Chairman

Hong Kong, 21 March 2014

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's turnover was HK$1,260.5 million for the year ended 31 December 2013; a decrease of 8% as compared to year 2012. The decrease was primarily attributable to the combined effects of decrease in sales of properties held for sale situated in Macau, which partly offset by the growth of regional hotel revenue from improvement in average room rates and occupancy rates.

The Group's operating profit was HK$354.1 million for the year ended 31 December 2013 as compared to HK$497.9 million in 2012. Profit attributable to equity shareholders amounted to HK$326.2 million (2012: HK$355.6 million).

At 31 December 2013, the Group has total bank loans of HK$293.4 million (2012: HK$383.1 million) and deposits and cash of HK$1,939.3 million (2012: HK$1,846.2 million). Of the total bank borrowings, HK$71.6 million are repayable within one year, HK$40.3 million are repayable after one year but within two years and the remaining of HK$181.5 million are repayable after two years but within five years. All the bank loans at 31 December 2012 are repayable within one year or on demand.

The Group's bank borrowings are denominated in United States dollars and Japanese Yen. Bank deposits and cash are mostly in Hong Kong dollars, Chinese Yuan, United States dollars and Canadian dollars. The Group's bank borrowings are on floating rate. Taking into account cash at bank and in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 31 December 2013, a hotel property and certain properties held for sale with an aggregate value of HK$687.8 million (2012: HK$728.1 million), bank deposits of HK$185.6 million (2012: HK$307.3 million) and equity securities with fair value of HK$1.7 million (2012: HK$1.9 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2013, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8.2 million (2012: HK$8.2 million).

At 31 December 2013, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$36.4 million (2012: HK$38.9 million).

PROFILES OF DIRECTORS

Mr HO Kian Guan, aged 68, is the executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. Mr Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")) and serves on the board of Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Tao, brother of Mr Ho Kian Hock and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Kian Hock, aged 66, is the deputy executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 19 December 1979. Mr Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB) and an alternate director of Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Kain and Mr Ho Chung Hui, brother of Mr Ho Kian Guan and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr TSE See Fan Paul, aged 59, is an executive director of the Company, a remuneration committee and a nomination committee member of the Board and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. He is also a director of Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr Tse is also a member of the Chinese People's Political Consultative Committee of Yunnan Province, China.

Mr CHAN Lui Ming Ivan, aged 44, is an executive director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of Ocean Inc, Lapford Limited and Kansas Holdings Ltd (all being substantial shareholders of the Company). He is a nephew of Mr Ho Kian Guan, Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Ms YU Yuet Chu Evelyn, aged 58, is an executive director of the Company, a remuneration committee member of the Board and director of various companies of the Group. She joined the Company in 1994 to oversee the Group's investments in China and was appointed as a director of the Company on 1 July 2006. Ms Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr HO Chung Tao, aged 39, is an executive director of the Company and a nomination committee member of the Board. He was appointed as a director of the Company on 15 October 2008. Before joining the Group, Mr Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. Mr Ho is the son of Mr Ho Kian Guan, nephew of Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Chung Hui, aged 37, is an executive director of the Company. He was appointed as a director of the Company on 15 October 2008. Mr Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr Ho holds a Bachelor of Science in Economics from the London School of Economics. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Kain, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr HO Kian Cheong, aged 64, is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979 and was re-designated as non-executive director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the brother of Mr Ho Kian Guan and Mr Ho Kian Hock and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

PROFILES OF DIRECTORS (continued)

Dr CHAN Yau Hing Robin, *GBS, LLD, JP*, aged 81, is an independent non-executive director of the Company since 8 September 1988. He is also the chairman of the audit committee, a remuneration committee member and a nomination committee member of the Board. Dr Chan is the chairman of Asia Financial Holdings Limited and an independent non-executive director of K. Wah International Holdings Limited and Chong Hing Bank Limited (all listed on The Hong Kong Stock Exchange). He is also a director of and an adviser to numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star by the Government of the HKSAR in 2000. Dr Chan was conferred with the Honorary University Fellowships by Hong Kong Baptist University and the University of Hong Kong in 2010 and 2011 respectively and the Honorary Fellowship by The Hong Kong University of Science ad Telenology in June 2013. He is the Life Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong and the Vice Chairman of All-China Federation of Returned Overseas Chinese. He is also the Founding Chairman and President of the Hong Kong Federation of Overseas Chinese Associations Limited, the Honorary Chairman of the China Federation of Overseas Chinese Entrepreneurs and the Executive Vice Chairman of the China Overseas Chinese Entrepreneurs Association. Dr Chan had been a Deputy to The National People's Congress of the People's Republic of China from March 1988 to February 2008.

Mr KWOK Chi Shun Arthur, aged 68, is an independent non-executive director of the Company since 3 January 1995. He is also the Chairman of the nomination committee, an audit committee member and a remuneration committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms WANG Poey Foon Angela, aged 56, is an independent non-executive director of the Company since 28 September 2004. She is also the chairman of the remuneration committee, an audit committee member and a nomination committee member of the Board. Ms Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

Mr YU Hon To David, aged 66, is an independent non-executive director of the Company. He was appointed as a director of the Company on 1 April 2013. He is also an audit committee member, a remuneration committee member and a nomination committee member of the Board. He is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of Institute of Chartered Accountants in England and Wales. Mr Yu has over 30 years' experience in the fields of auditing, corporate finance (including IPO advisory, mergers and acquisitions and financial restructuring), financial investigation and corporate management and has been appointed as independent non-executive directors of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Great China Holdings Limited, Haier Electronics Group Company Limited, Media Chinese International Limited, One Media Group Limited, Playmates Holdings Limited, Sateri Holdings Limited, Synergis Holdings Limited, VXL Capital Limited, New Century Asset Management Limited, Mr. Yu retired from the position of independent non-executive director of China Datang Corporation Renewable Power Co., Limited and TeleEye Holdings Limited with effect from 20 August 2013 and 25 October 2013 respectively, all listed on The Stock Exchange of Hong Kong Limited. Mr Yu is also the member of Internal Audit Committee and Investment Committee of Employees' Retraining Board and the disciplinary panel of HKICPA.

Mr HO Chung Kain, aged 39, is an alternate director to Mr Ho Chung Hui. He was appointed as a director of the Company on 15 October 2008. Mr Ho joined the Group in 2001 as a director of a subsidiary. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Hui, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Businesses of the Group are under the direct responsibilities of the executive directors who are regarded as members of the Group's senior management.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has applied with the principles set out in the CG Code for the year ended 31 December 2013, contained in Appendix 14 of the Listing Rules.

The Board is of the view that throughout the year under the year ended 31 December 2013, the Company has complied with most of the code provisions as set out in the CG Code, save and except for deviations as explained below.

1. Code Provision A.2.1, as the role of chairman and chief executive officer of the Company is not segregated;

2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term;

3. Code Provision D.1.2, as the Company did not formalise functions reserved to the Board and those delegated to management and did not conduct review periodically;

4. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the Board and management;

5. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and

6. Code Provision E.1.4, as the Board did not establish a shareholders' communication policy and review it on a regular basis.

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 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2013.

BOARD OF DIRECTORS

The Board of the Company comprises the following directors:

Executive Directors:
HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain *(Alternate to HO Chung Hui)*

Non-executive Directors:
HO Kian Cheong

Independent Non-executive Directors:
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David (appointed on 1 April 2013)

The Board currently comprises 12 members, consisting of 7 executive directors (having 1 alternate director), 1 non-executive director and 4 independent non-executive directors. The biographical information of the directors are set out in the section headed “Profiles of Directors” on pages 13 to 14 of the annual report for the year ended 31 December 2013.

There is no relationship between members of the Board other than that Mr HO Kian Guan is the father of Mr HO Chung Tao, Mr HO Kian Hock is the father of Messrs HO Chung Kain and HO Chung Hui while Messrs HO Kian Guan, HO Kian Hock and HO Kian Cheong are brothers who are also uncles of Mr CHAN Lui Ming Ivan.

Executive Chairman and Chief Executive Officer

Pursuant to Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

Non-executive Directors

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the non-executive directors of the Company were not appointed for a specific term, all directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a director will not exceed three years.

Independent Non-executive Directors

During the year ended 31 December 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The independent non-executive directors also serve the important functions of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director to be independent in character and judgment and that they all meet the specific independence criteria as required under the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

Responsibilities, Accountabilities and Contributions of the Board and Management

The principal function of the Board is on setting the overall strategic direction and investment focus of the Group. The Board also monitors the financial performance and the internal controls of the Group's business activities. Day-to-day management of the Group's business is delegated to the management and the responsibilities and powers so delegated are periodically reviewed to ensure that they remain appropriate.

With wide respective professional experience in financial, architectural and legal fields, the independent non-executive directors bring and contribute to the Board a balance of skills, independent judgment and insight into the setting of strategic direction, investment focus, performance evaluation, risk management of the Group through attendance at meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and general discussions with the executive directors.

All directors are updated on governance and regulatory matters. All directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. Directors can obtain independent advice at the expense of the Company for the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its directors.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board meets to review the overall strategic direction of the Group, to monitor the operations and to deal with any corporate and policy matters in respect of which its attention is required. The executive directors are responsible for drawing up and approving the agenda for each Board meeting. Notices of at least 14 days have been given to all directors for all Board meetings. Directors can include matters for discussion in the agenda if necessary. Agenda and board papers in respect of Board meetings are sent out in full to all directors at least 3 business days prior to the meetings. Draft minutes of all Board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of the Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decisions on matters under discussion.

Pursuant to Code Provisions D.1.2, D.1.3 and D.1.4, the Company should formalise functions reserved to the Board and those delegated to management and should conduct review periodically. The Company should disclose the respective responsibilities, accountabilities and contributions of the Board and management. The Company should also have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As the executive directors have been closely involved in the day-to-day management to the Company and its major subsidiaries, the Company considers that it is not necessary at this time to have a distinction between the respective responsibilities, accountabilities and contributions of the Board and management. The Company is now planning to have formal letters of appointment for directors.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Since 2004, new director has been given on appointment an orientation package, including information on the Group's company structure, details of major investments, the Company's Memorandum and Articles of Association, and other relevant information to familiarise the new director with the corporate affairs and operations of the Group. They will receive formal, comprehensive and tailored induction to ensure full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2013, the training records of the Directors of the Company are as follows:–

Directors	**Attending seminars and/or conferences and/or forums**	**Reading journals, updates, articles and/or materials, etc**
Executive Directors		
HO Kian Guan	✓	✓
HO Kian Hock	✓	✓
TSE See Fan Paul	✓	✓
CHAN Lui Ming Ivan	✓	✓
YU Yuet Chu Evelyn	✓	✓
HO Chung Tao	✓	✓
HO Chung Hui	✓	✓
HO Chung Kain *(Alternate to HO Chung Hui)*	✓	✓
Non-executive Directors		
HO Kian Cheong	✓	✓
Independent Non-executive Directors		
CHAN Yau Hing Robin	✓	✓
KWOK Chi Shun Arthur	✓	✓
WANG Poey Foon Angela	✓	✓
YU Hon To David	✓	✓

Under Code Provision A.6.5, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and have regular updates on the changes of Listing Rules and industry sectors as continuous professional development. In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the directors for their reference and studying.

BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out below.

Audit Committee

The Audit Committee of the Company was established in 1999. Its current members are:

CHAN Yau Hing Robin *(Chairman of the Committee)*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David

All the members are independent non-executive directors. The Board considers that each of the Audit Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering legal, business, accounting and financial management disciplines on the Committee. The composition and the membership of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference covering the authority and duties of the Audit Committee conform to the provisions of the Code.

The Audit Committee deliberates and meets to review the reporting of financial and other relevant information to shareholders, the scheme of internal controls, the risk management, and the effectiveness and objectivity of the audit process. The Audit Committee also provides one of the important links between the Company and the Company's external auditors in matters within the Committee's terms of reference, and keep in view the independence and objectivity of the external auditors.

The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed financial reporting matters and internal controls including a review of the financial statements for the year ended 31 December 2013.

During the year, three Audit Committee meetings were held. The Audit Committee also met the Company's external auditors twice during 2013. The Audit Committee has also met twice with the independent accounting firm engaged to conduct reviews of the Group's internal control framework and systems.

Remuneration Committee

The Remuneration Committee was established in 2005. Its current members are:

WANG Poey Foon Angela *(Chairman of the Committee)*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
YU Hon To David
TSE See Fan Paul
YU Yuet Chu Evelyn

Membership of the Remuneration Committee is appointed by the Board. The majority of the members are independent non-executive directors. The principal duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of service contracts and remuneration packages of the executive directors, non-executive directors and senior management. The Remuneration Committee review and make recommendations to the Board on the Company's policy and structure for the remuneration of all directors and senior management. The Remuneration Committee ensures that no director or any of his/her associate is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee conform to the provisions of the Code.

In 2013, the Remuneration Committee held two meetings, during which the committee reviewed and discussed matters related to the remuneration policy and structure of the Company, and the remuneration packages of the executive directors and senior management and other related matters.

Nomination Committee

The Nomination Committee was established in 2012. Its current members are:

KWOK Chi Shun Arthur *(Chairman of the Committee)*
CHAN Yau Hing Robin
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul
HO Chung Tao

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee met twice to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each director at the Board and Board Committee meetings and the general meeting of the Company held during the year ended 31 December 2013 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**
Executive Directors					
HO Kian Guan	4/4	–	–	–	1/1
HO Kian Hock	4/4	–	–	–	1/1
TSE See Fan Paul	4/4	2/2	2/2	3/3*	1/1
CHAN Lui Ming Ivan	3/4	–	–	–	1/1
YU Yuet Chu Evelyn	4/4	–	2/2	3/3*	1/1
HO Chung Tao	4/4	2/2	2/2*	3/3*	1/1
HO Chung Hui	4/4	–	–	–	1/1
HO Chung Kain *(alternate to HO Chung Hui)*	0/4	–	–	–	0/1
Non-executive Director					
HO Kian Cheong	4/4	–	–	–	1/1
Independent Non-executive Directors					
CHAN Yau Hing Robin	4/4	2/2	2/2	3/3	1/1
KWOK Chi Shun Arthur	3/4	2/2	2/2	3/3	1/1
WANG Poey Foon Angela	4/4	2/2	2/2	3/3	1/1
YU Hon To David#	3/3	1/1	1/1	2/2	1/1

* Director is not the member of the Committee, only acts as the attendee of the Committee Meeting.

\# Appointed on 1 April 2013

Apart from regular Board meetings, the Chairman also held meetings with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors during the year.

DIRECTORS' RESPONSIBILTY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

In preparing the financial statements for the year ended 31 December 2013, the directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are fair and reasonable, and have prepared the financial statements on the going concern basis.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on page 24.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2013 are set out below:

	2013 HK$'000	2012 HK$'000
Auditor's remuneration		
– Audit Services	2,445	2,539
– Other Services	913	1,769
	3,358	4,308

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the Group's assets and the interests of the shareholders. The executive directors are responsible for the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The internal controls system is being and will continue to be reviewed and updated to ensure that the Group's assets are safeguarded against loss and misappropriation, that proper accounting records are maintained to produce reliable financial information, that reasonable but not absolute assurance is provided against material fraud and errors, and that policies and procedures are in place to ensure compliance with applicable laws, regulations and relevant industry standards.

The Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

In respect of the year 2013, the Group has engaged an accounting firm to conduct an independent review of the operation of the Company and its major subsidiaries. This is done to supplement the internal audit reviews conducted by these subsidiaries.

On the basis of the review, the Board and the Audit Committee are satisfied as to the effectiveness of the Group's internal control, and concluded that:

1. the Company during the year has complied with the Code on internal control;

2. the Group has a framework of prudent and effective controls to identify, evaluate and manage the risks;

3. the Group has internal control and accounting systems which are efficient and adequate;

4. the Group has ongoing monitoring processes which identified, evaluated and managed significant risks that may influence its business operations; and

5. material transactions are excluded with management's authorisation.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Convening an Extraordinary General Meeting by Shareholders

Extraordinary general meetings may be convened by the Board on requisition of shareholders holding not less than 5% of the paid up capital of the Company or by such shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong) (the "old Companies Ordinance"), which has been replaced by the new Companies Ordinance (Chapter 622 of the laws of Hong Kong) with effect from 3 March 2014. The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in section 113 of the old Companies Ordinance for convening an extraordinary general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Section 115A of the old Companies Ordinance, shareholders representing not less than 2.5% of the total voting rights of all shareholders; or not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than $2,000, may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in Section 115A of the old Companies Ordinance for putting forward a proposal at a general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company at the Company's address in Hong Kong or by email.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 2902, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Email: enquiry@keckseng.com.hk

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including non-executive directors, independent non-executive directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

Under Code Provision E.1.4, the Board should establish a shareholders' communication policy and review it on a regular basis. The Company is now planning to set up the relevant policy in order to comply with the Code.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year 2013 and up to and including the date of this Annual Report as required by the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 25 to 87, which comprise the consolidated and the Company statements of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

KPMG
Certified Public Accountants

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

21 March 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	3	1,260,458	1,363,943
Cost of sales		(136,098)	(161,511)
		1,124,360	1,202,432
Other revenue	4(a)	29,228	92,867
Other net gains	4(b)	21,157	30,511
Direct costs and operating expenses		(433,490)	(447,363)
Marketing and selling expenses		(66,505)	(54,821)
Depreciation of fixed assets	12(a)	(89,847)	(94,186)
Administrative and other operating expenses		(230,795)	(231,524)
Operating profit		354,108	497,916
Increase in fair value of investment properties	12(a)	183,335	77,425
		537,443	575,341
Finance costs	5(a)	(5,280)	(14,732)
Share of profits less losses of associates		5,095	13,299
Profit before taxation	5	537,258	573,908
Income tax	6(a)	(106,987)	(100,718)
Profit for the year		430,271	473,190
Attributable to:			
Equity shareholders of the Company	9	326,231	355,585
Non-controlling interests		104,040	117,605
Profit for the year		430,271	473,190
Earnings per share, basic and diluted (cents)	10	95.9	104.5

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(c).

The notes on pages 32 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	430,271	473,190
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	(33,995)	(16,955)
Available-for-sale securities:		
– changes in fair value recognised during the year	6,995	11,857
– transferred to consolidated income statement on disposal	(18,563)	–
Other comprehensive income for the year	(45,563)	(5,098)
Total comprehensive income for the year	384,708	468,092
Attributable to:		
Equity shareholders of the Company	283,846	351,835
Non-controlling interests	100,862	116,257
Total comprehensive income for the year	384,708	468,092

There is no tax effect relating to the above components of the comprehensive income.

The notes on pages 32 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Fixed assets	12(a)		
– Investment properties		606,000	422,665
– Other properties and fixed assets		1,140,315	1,203,342
– Interests in leasehold land held for own use under operating lease		228,138	239,851
		1,974,453	1,865,858
Interest in associates	14	204,720	205,775
Available-for-sale securities	15	5,294	65,317
		2,184,467	2,136,950
Current assets			
Trading securities	16	12,189	1,938
Properties held for sale	17	280,658	283,527
Inventories		4,870	4,876
Trade and other receivables	18	54,024	57,553
Derivative financial assets	26(c)	–	459
Pledged deposits		185,614	307,399
Deposits and cash	19(a)	1,753,666	1,538,874
Taxation recoverable	24(a)	–	6,048
		2,291,021	2,200,674
Current liabilities			
Bank loans, secured	20(a)	71,602	383,145
Trade and other payables	21	212,991	214,061
Loan from an associate	14	464	464
Loans from non-controlling shareholders	23	30,372	30,664
Amount due to an affiliated company	28(a)	20,963	19,441
Derivative financial liabilities	26(c)	–	563
Taxation payable	24(a)	37,526	65,891
		373,918	714,229
Net current assets		1,917,103	1,486,445
Total assets less current liabilities		4,101,570	3,623,395

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Bank loans, secured	20(a)	221,793	–
Deferred revenue	22	6,667	7,055
Loans from non-controlling shareholders	23	49,588	45,889
Loan from an affiliated company	28(a)	50,941	48,160
Deferred tax liabilities	24(b)	90,091	84,670
		419,080	185,774
NET ASSETS		3,682,490	3,437,621
CAPITAL AND RESERVES	25		
Share capital		340,200	340,200
Reserves		2,780,278	2,570,314
Total equity attributable to equity shareholders of the Company		3,120,478	2,910,514
Non-controlling interests		562,012	527,107
TOTAL EQUITY		3,682,490	3,437,621

Approved and authorised for issue by the board of directors on 21 March 2014.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 32 to 87 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Fixed assets	12(b)	3,217	3,307
Investments in subsidiaries	13	906,213	759,397
Interest in associates	14	20,548	20,548
Available-for-sale securities	15	5,294	65,317
		935,272	848,569
Current assets			
Trading securities	16	12,189	1,938
Properties held for sale	17	10,727	10,727
Trade and other receivables	18	1,016	12,438
Derivative financial assets	26(c)	–	447
Pledged deposits		185,614	307,399
Deposits and cash	19(a)	421,880	489,764
		631,426	822,713
Current liabilities			
Bank loans	20(a)	51,439	90,507
Trade and other payables	21	6,500	2,808
Derivative financial liabilities	26(c)	–	563
Taxation payable	24(a)	66	99
		58,005	93,977
Net current assets		573,421	728,736
Total assets less current liabilities		1,508,693	1,577,305
Non-current liabilities			
Amounts due to subsidiaries	13	467,174	471,050
NET ASSETS		1,041,519	1,106,255
CAPITAL AND RESERVES	25		
Share capital		340,200	340,200
Reserves		701,319	766,055
TOTAL EQUITY		1,041,519	1,106,255

Approved and authorised for issue by the board of directors on 21 March 2014.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 32 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	340,200	158,105	12,758	91,812	16,271	13,864	2,277,504	2,910,514	527,107	3,437,621
Profit for the year	–	–	–	–	–	–	326,231	326,231	104,040	430,271
Other comprehensive income	–	–	–	(30,817)	(11,568)	–	–	(42,385)	(3,178)	(45,563)
Total comprehensive income for the year	–	–	–	(30,817)	(11,568)	–	326,231	283,846	100,862	384,708
Dividends approved in respect of the previous year (note 25(c))	–	–	–	–	–	–	(57,834)	(57,834)	–	(57,834)
Dividends declared in respect of the current year (note 25(c))	–	–	–	–	–	–	(10,206)	(10,206)	–	(10,206)
Dividends paid by the subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	(65,957)	(65,957)
Others	–	–	–	–	–	(5,842)	–	(5,842)	–	(5,842)
At 31 December 2013	340,200	158,105	12,758	60,995	4,703	8,022	2,535,695	3,120,478	562,012	3,682,490
At 1 January 2012	340,200	158,105	12,758	107,419	4,414	18,826	1,966,145	2,607,867	474,398	3,082,265
Profit for the year	–	–	–	–	–	–	355,585	355,585	117,605	473,190
Other comprehensive income	–	–	–	(15,607)	11,857	–	–	(3,750)	(1,348)	(5,098)
Total comprehensive income for the year	–	–	–	(15,607)	11,857	–	355,585	351,835	116,257	468,092
Dividends approved in respect of the previous year (note 25(c))	–	–	–	–	–	–	(34,020)	(34,020)	–	(34,020)
Dividends declared in respect of the current year (note 25(c))	–	–	–	–	–	–	(10,206)	(10,206)	–	(10,206)
Dividends paid by the subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	(68,989)	(68,989)
Others	–	–	–	–	–	(4,962)	–	(4,962)	5,441	479
At 31 December 2012	340,200	158,105	12,758	91,812	16,271	13,864	2,277,504	2,910,514	527,107	3,437,621

The notes on pages 32 to 87 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Operating activities			
Cash generated from operations	19(b)	388,335	526,387
Overseas tax paid		(123,904)	(123,932)
Net cash generated from operating activities		264,431	402,455
Investing activities			
Payment for investment in available-for-sale and trading securities		(9,760)	(48,454)
Payment for the purchase of fixed assets		(42,653)	(57,479)
Proceeds from disposal of fixed assets		–	479,297
Interest received		35,966	28,514
Decrease in pledged deposits		121,785	235,017
Decrease/(increase) in bank deposits with maturity more than three months		332,897	(188,550)
Dividends received from available-for-sale and trading securities		238	282
Proceeds from disposal of available-for-sale securities		67,018	–
Proceeds from partial disposal of interest in a subsidiary		–	5,441
Net cash generated from investing activities		505,491	454,068
Financing activities			
Repayment of bank loans		(75,268)	(516,333)
Repayment of loans from non-controlling shareholders		(305)	(3,952)
Interest paid		(5,247)	(11,100)
Dividends paid		(68,040)	(44,226)
Dividends paid to non-controlling shareholders		(65,957)	(68,989)
Net cash used in financing activities		(214,817)	(644,600)
Net increase in cash and cash equivalents		555,105	211,923
Cash and cash equivalents at 1 January		1,112,011	893,173
Effect of foreign exchange rate changes		(7,416)	6,915
Cash and cash equivalents at 31 December		1,659,700	1,112,011
Analysis of the balances of cash and cash equivalents at 31 December			
Deposits and cash	19	1,753,666	1,538,874
Less: Bank deposits with maturity more than three months		(93,966)	(426,863)
		1,659,700	1,112,011

The notes on pages 32 to 87 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 29.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liabilities.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate (note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(j)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (note 1(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 1(e)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (note 1(j)).

(e) Investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investments in equity securities *(continued)*

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any interest earned or dividends on these investments as these are recognised in accordance with the policies set out in notes 1(s)(v) and (vi).

Investments in securities which do not fall into trading securities or held-to-maturity securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)). Dividend income from equity securities and interest income from these interest-bearing investments calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 1(s)(vi) and (v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Fixed assets

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(s)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(i).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets *(continued)*

(ii) Hotel property

Hotel properties are stated at cost less accumulated depreciation (note 1(h)) and impairment losses (note 1(j)).

(iii) Other property, plant and equipment

Other items of property, plant and equipment are stated at cost less accumulated depreciation (note 1(h)) and impairment losses (note 1(j)).

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(h) Depreciation

(i) Hotel property

Depreciation on hotel properties is provided using the straight line method over the shorter of the joint venture period, the estimated useful lives and the unexpired term of the lease for hotel properties situated on leasehold land.

(ii) Other property, plant and equipment

Depreciation is calculated to write off the cost of these assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful life of 25 years.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives.
- Furniture, fixtures and equipment — 3 to 5 years
- Motor vehicles — 7 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (note 1(g)(i)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (note 1(g)(i)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investments in equity securities and current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates accounted for under the equity method in the consolidated financial statements (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

  For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in equity securities and receivables *(continued)*

– For available-for-sale securities, the cumulative loss that has been recognised in fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included in trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than investment properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets *(continued)*

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

(i) Hotel and club operations

Inventories are carried at the lower of cost and net realisable value. Cost represents purchase cost computed on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value for completed property held for sale. Cost and net realisable values for completed property held for sale are determined as follows:

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables (including interest-free loans from non-controlling shareholders and affiliated companies) are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

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

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(ii) Provisions and contingent liabilities

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

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

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the later of signing of the sale and purchase agreement and the issue of an occupation permit by the relevant government authorities. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under trade and other payables.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel and club operations

Hotel and club revenue from room rental, food and beverage sales and other ancillary services is recognised when the services are rendered. The slot machine income represents proceeds earned from the operation of slot machines at one of the Group's hotels and is recognised based on net receipts from the machines.

(iv) Management fee income

Management fee income is recognised when the services are rendered.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue recognition *(continued)*

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Affiliated companies

An affiliated company is a company, not being a subsidiary or an associate, in which a director of the Company has a significant beneficial interest.

(w) Related parties

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

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

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

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(x) Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– HKFRS 10, *Consolidated financial statements*

– HKFRS 12, *Disclosure of interests in other entities*

– HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 13 and 14.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 12 and 26. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 TURNOVER

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services.

Turnover represents income from hotel and club operations, the proceeds from the sale of properties, rental income and the provision of management services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 HK$'000	2012 HK$'000
Hotel and club operations		
– Rooms	563,650	522,001
– Food and beverage	267,135	251,870
– Slot machine income	294,494	331,825
– Other	44,925	46,634
	1,170,204	1,152,330
Proceeds from the sale of properties	24,686	129,597
Rental income	59,872	76,971
Management fee income	5,696	5,045
	1,260,458	1,363,943

4 OTHER REVENUE AND OTHER NET GAINS

(a) Other revenue

	2013 HK$'000	2012 HK$'000
Interest income from bank deposits	24,292	35,132
Dividend income from listed available-for-sale and trading securities	238	282
Other revenue from hotel and club operations	4,698	57,453
	29,228	92,867

Other revenue from hotel and club operations in 2012 included HK$53 million of discounts granted by the third party service providers of the Group's Club in Vietnam in respect of prior year management fees charged to the Group.

(b) Other net gains

	2013 HK$'000	2012 HK$'000
Gain on disposal of available-for-sale securities		
– transferred from the fair value reserve	18,563	–
Net exchange gains	10,930	21,169
Net unrealised gains/(losses) on trading securities	491	(194)
(Loss)/gain on disposal of fixed assets	(8,974)	9,982
Others	147	(446)
	21,157	30,511

5 PROFIT BEFORE TAXATION

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

	2013 HK$'000	2012 HK$'000
(a) Finance costs		
Interest on bank loans wholly repayable within five years	5,247	14,718
Interest paid on amount due to an affiliated company	33	14
	5,280	14,732
(b) Staff costs		
Salaries, wages and other benefits	282,472	264,557
Contributions to defined contribution retirement plans	5,014	4,629
	287,486	269,186
(c) Other items		
Cost of properties sold (note 17)	2,869	19,857
Cost of inventories	133,229	141,654
Net gain on forward foreign currency contracts	(5,824)	(522)
Auditors' remuneration		
– Audit services	2,445	2,539
– Other services	913	1,769
Operating lease charges for hire of premises	3,783	3,659
Rentals receivable from investment properties less direct outgoings of HK$556,000 (2012: HK$4,036,000)	(11,859)	(32,482)
– Macau	(11,859)	(11,611)
– Japan	–	(20,871)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK$2,795,000 (2012: HK$2,578,000)	(44,662)	(37,875)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2013 HK$'000	2012 HK$'000
Current tax – Overseas		
Provision for the year	102,441	87,917
Over-provision in respect of prior years	(925)	(1,887)
	101,516	86,030
Deferred tax (note 24(b))		
Origination and reversal of other temporary differences	5,471	14,688
	106,987	100,718

Notes:

(i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income during 2012 and 2013.

(ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(iii) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 15% (2012: 15%) of the estimated taxable profits for the year. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation in 2003 and at a rate of 25% on taxable income thereafter. This tax reduction is not applicable to slot machine operation, which is taxed at 25%.

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2012: 25%) of the estimated taxable profits for the year. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purpose or had unutilised tax loss to set-off against taxable income during 2012 and 2013.

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiary operating in the United States are calculated at a rate of 34% (2012: 34%) and 8.84% (2012: 8.84%) respectively determined by income ranges.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% (2012: 20%) on all gross profit distributions from the subsidiary.

(vii) Share of associates' tax for the year ended 31 December 2013 of HK$9,067,000 (2012: HK$10,617,000) is included in the share of profits less losses of associates.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2013 HK$'000	2012 HK$'000
Profit before taxation	537,258	573,908
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	93,600	100,031
Tax effect of non-deductible expenses	21,724	10,653
Tax effect of non-taxable revenue	(6,482)	(7,993)
Tax effect of previously unrecognised prior years' tax losses utilised this year	(930)	(86)
Over-provision in respect of prior years	(925)	(1,887)
Actual tax expense	106,987	100,718

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2013 Total HK$'000	2012 Total HK$'000
Executive directors						
HO Kian Guan	150	1,212	202	–	1,564	1,625
HO Kian Hock	95	1,212	202	–	1,509	1,585
TSE See Fan, Paul	190	–	–	–	190	148
CHAN Lui Ming Ivan	60	360	90	–	510	510
YU Yuet Chu Evelyn	120	840	202	15	1,177	1,111
HO Chung Tao	130	960	180	15	1,285	1,241
HO Chung Hui	65	240	60	–	365	360
HO Chung Kain (alternate director to HO Chung Hui)	–	240	60	–	300	300
Non-executive director						
HO Kian Cheong	65	–	–	–	65	60
Independent non-executive directors						
CHAN Yau Hing Robin	235	–	–	–	235	208
KWOK Chi Shun Arthur	230	–	–	–	230	198
WANG Poey Foon Angela	235	–	–	–	235	203
YU Hon To David (appointed with effect from 1 April 2013)	141	–	–	–	141	–
	1,716	5,064	996	30	7,806	7,549

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2013 (2012: HK$ Nil).

During the years ended 31 December 2013 and 2012, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, none (2012: two) are directors whose emoluments are disclosed in note 7.

The aggregate emoluments in respect of the five (2012: three) individuals is as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other emoluments	6,613	4,756
Discretionary bonuses	2,249	793
Retirement scheme contributions	109	149
	8,971	5,698

The emoluments of the five (2012: three) individuals with the highest emoluments are within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK$1,500,001 – HK$2,000,000	4	3
HK$2,000,001 – HK$3,000,000	1	–

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$14,872,000 (2012: HK$15,476,000) which has been dealt with in the financial statements of the Company.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$326,231,000 (2012: HK$355,585,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2013 and 2012.

There are no potential dilutive ordinary shares during the years ended 31 December 2013 and 2012.

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following three reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

(i) Hotel segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.

(ii) Property segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau and residential properties in Japan, and of development, sales and marketing of the Group's trading properties in Macau.

(iii) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

Segment results, assets and liabilities

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

Segment liabilities include all trade and other payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

11 SEGMENT REPORTING *(continued)*

(a) Analysis of segment results of the Group

	External turnover HK$'000	Inter-segment turnover HK$'000	Total turnover HK$'000	Depreciation of fixed assets HK$'000	Finance costs HK$'000	Share of results of associates HK$'000	Income tax HK$'000	Contribution to profit HK$'000
2013								
Hotel	1,164,294	–	1,164,294	(84,867)	(4,930)	5,096	(77,533)	191,785
– Vietnam	603,133	–	603,133	(33,236)	–	11,403	(48,111)	145,806
– United States	452,778	–	452,778	(29,870)	(4,930)	–	(27,820)	43,016
– The People's Republic of China	73,304	–	73,304	(15,623)	–	–	–	3,718
– Canada	–	–	–	–	–	(6,307)	–	(6,307)
– Japan	35,079	–	35,079	(6,138)	–	–	(1,602)	5,552
Property	93,341	1,417	94,758	(4,890)	(32)	–	(29,167)	210,986
– Macau #	93,341	1,417	94,758	(4,890)	(32)	–	(29,167)	210,986
Investment and corporate	2,823	–	2,823	(90)	(318)	(1)	(287)	27,500
Inter-segment elimination	–	(1,417)	(1,417)	–	–	–	–	–
Total	1,260,458	–	1,260,458	(89,847)	(5,280)	5,095	(106,987)	430,271

	External turnover HK$'000	Inter-segment turnover HK$'000	Total turnover HK$'000	Depreciation of fixed assets HK$'000	Finance costs HK$'000	Share of results of associates HK$'000	Income tax HK$'000	Contribution to profit HK$'000
2012								
Hotel	1,146,360	–	1,146,360	(86,003)	(7,082)	13,300	(72,351)	241,940
– Vietnam	638,038	–	638,038	(35,098)	–	12,110	(50,955)	204,228
– United States	405,479	–	405,479	(28,710)	(7,082)	–	(20,561)	33,995
– The People's Republic of China	66,828	–	66,828	(13,360)	–	–	–	345
– Canada	–	–	–	–	–	1,190	–	1,190
– Japan	36,015	–	36,015	(8,835)	–	–	(835)	2,182
Property	214,679	1,430	216,109	(8,093)	(6,492)	–	(28,050)	190,411
– Macau #	190,291	1,430	191,721	(8,093)	(15)	–	(25,208)	182,177
– Japan	24,388	–	24,388	–	(6,477)	–	(2,842)	8,234
Investment and corporate	2,904	–	2,904	(90)	(1,158)	(1)	(317)	40,839
Inter-segment elimination	–	(1,430)	(1,430)	–	–	–	–	–
Total	1,363,943	–	1,363,943	(94,186)	(14,732)	13,299	(100,718)	473,190

External turnover from property segment in Macau included rental income from investment properties of HK$12,415,000 (2012: HK$12,130,000), rental income from properties held for sale of HK$42,756,000 (2012: HK$36,044,000), proceeds from the sale of properties held for sale of HK$24,686,000 (2012: HK$129,597,000) and club operations and others of HK$13,484,000 (2012: HK$12,520,000).

11 SEGMENT REPORTING *(continued)*

(a) Analysis of segment results of the Group *(continued)*

Note:

The Group previously reported separate "Property development" and "Property investment" segments. In accordance with the way in which information is now reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the financial results of the Group's property sale and leasing activities are now reported within the "Property" segment. Comparative figures have been restated accordingly.

The amount of each significant category of revenue recognised in turnover during the year is analysed in note 3 to the financial statements.

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2013				
Hotel				
– Vietnam	438,138	120,476	558,614	5,023
– United States	725,564	–	725,564	13,808
– The People's Republic of China	243,327	–	243,327	22,642
– Canada	–	80,107	80,107	–
– Japan	120,924	–	120,924	194
Property				
– Macau	1,604,201	–	1,604,201	986
Investment and corporate	1,138,614	4,137	1,142,751	–
Total	4,270,768	204,720	4,475,488	42,653
At 31 December 2012				
Hotel				
– Vietnam	485,298	109,074	594,372	4,405
– United States	730,579	–	730,579	16,688
– The People's Republic of China	236,883	–	236,883	34,270
– Canada	–	92,565	92,565	–
– Japan	156,067	–	156,067	1,090
Property				
– Macau	1,208,966	–	1,208,966	789
Investment and corporate	1,314,056	4,136	1,318,192	–
Total	4,131,849	205,775	4,337,624	57,242

11 SEGMENT REPORTING *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2013			
Hotel			
– Vietnam	102,436	–	102,436
– United States	79,534	241,956	321,490
– The People's Republic of China	118,947	–	118,947
– Japan	2,707	–	2,707
Property			
– Macau	132,215	–	132,215
Investment and corporate	63,764	51,439	115,203
Total	499,603	293,395	792,998
At 31 December 2012			
Hotel			
– Vietnam	127,631	–	127,631
– United States	77,013	292,638	369,651
– The People's Republic of China	110,383	–	110,383
– Japan	2,403	–	2,403
Property			
– Macau	115,268	–	115,268
Investment and corporate	84,160	90,507	174,667
Total	516,858	383,145	900,003

12 FIXED ASSETS

(a) The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2013	422,665	1,426,438	96,964	569,368	304,956	2,820,391
Additions	–	4,901	662	37,090	–	42,653
Disposals	–	–	(339)	(43,118)	–	(43,457)
Reclassification	–	(15,405)	–	15,405	–	–
Surplus on revaluation	183,335	–	–	–	–	183,335
Exchange adjustments	–	(10,470)	40	3,034	(7,170)	(14,566)
At 31 December 2013	606,000	1,405,464	97,327	581,779	297,786	2,988,356
Representing:						
Cost	–	1,405,464	97,327	581,779	297,786	2,382,356
Valuation – 2013	606,000	–	–	–	–	606,000
	606,000	1,405,464	97,327	581,779	297,786	2,988,356
Accumulated depreciation:						
At 1 January 2013	–	413,105	56,128	420,195	65,105	954,533
Charge for the year	–	43,702	3,961	38,524	3,660	89,847
Written back on disposals	–	–	(305)	(34,178)	–	(34,483)
Exchange adjustments	–	1,848	29	1,246	883	4,006
At 31 December 2013	–	458,655	59,813	425,787	69,648	1,013,903
Net book value:						
At 31 December 2013	606,000	946,809	37,514	155,992	228,138	1,974,453

12 FIXED ASSETS *(continued)*

(a) The Group *(continued)*

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2012	823,240	1,427,279	96,644	563,498	310,145	3,220,806
Additions	–	9,331	300	47,611	–	57,242
Disposals	(464,138)	–	–	(41,803)	–	(505,941)
Surplus on revaluation	77,425	–	–	–	–	77,425
Exchange adjustments	(13,862)	(10,172)	20	62	(5,189)	(29,141)
At 31 December 2012	422,665	1,426,438	96,964	569,368	304,956	2,820,391
Representing:						
Cost	–	1,426,438	96,964	569,368	304,956	2,397,726
Valuation – 2012	422,665	–	–	–	–	422,665
	422,665	1,426,438	96,964	569,368	304,956	2,820,391
Accumulated depreciation:						
At 1 January 2012	–	365,532	52,203	422,340	61,195	901,270
Charge for the year	–	52,239	3,908	34,422	3,617	94,186
Written back on disposals	–	–	–	(36,626)	–	(36,626)
Exchange adjustments	–	(4,666)	17	59	293	(4,297)
At 31 December 2012	–	413,105	56,128	420,195	65,105	954,533
Net book value:						
At 31 December 2012	422,665	1,013,333	40,836	149,173	239,851	1,865,858

12 FIXED ASSETS *(continued)*

(a) The Group *(continued)*

(i) Fair value measurement of investment properties

The investment properties were valued by Jones Lang LaSalle Limited, an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by capitalising the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit rent at the capitalisation rate after the existing lease period.

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13. The significant unobservable inputs were average unit rent per month ranging from HK$9.0 to HK$16.5 per square foot and capitalisation rate ranging from 3% to 5% for the investment properties in Macau. The fair value measurement of the investment properties is positively correlated to the average unit rent per month and negatively correlated to the capitalisation rate.

The Group's senior management reviews the valuations performed by the independent valuers for financial reporting purposes. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the executive directors. Discussion of the valuation process and results are held between the senior management and independent valuer twice a year, to coincide with the Group's interim and annual reporting dates.

(ii) The Group leases out properties under operating leases, which generally run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property. The gross amount of investment properties of the Group held for use in operating leases was HK$606,000,000 (2012: HK$422,665,000).

(iii) Land use rights were granted to the subsidiaries for their hotel properties in (a) Wuhan, the PRC with a period of 50 years after receiving an approval for extension of 20 years in 2004 in addition to the initial period of 30 years commencing on 21 August 1995, and (b) Ho Chi Minh City, Vietnam with a period of 48 years commencing on 7 May 1994.

(iv) A club house situated in Ocean Gardens is classified under other properties and fixed assets.

12 FIXED ASSETS *(continued)*

(b) The Company

	Other properties HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:			
At 1 January 2012	4,013	548	4,561
Additions	–	39	39
Disposals	–	(10)	(10)
At 31 December 2012	4,013	577	4,590
At 1 January 2013 and 31 December 2013	4,013	577	4,590
Accumulated depreciation:			
At 1 January 2012	682	512	1,194
Charge for the year	76	15	91
Written back on disposals	–	(2)	(2)
At 31 December 2012	758	525	1,283
At 1 January 2013	758	525	1,283
Charge for the year	75	15	90
At 31 December 2013	833	540	1,373
Net book value:			
At 31 December 2013	3,180	37	3,217
At 31 December 2012	3,255	52	3,307

12 FIXED ASSETS *(continued)*

(c) The analysis of the tenure of title to properties at net book value or valuation is as follows:

The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Interest in leasehold land held for own use HK$'000	Total HK$'000
Net book value or valuation:					
At 31 December 2013					
In Hong Kong					
– long leases	–	–	3,180	–	3,180
Outside Hong Kong					
– freehold	–	555,746	–	118,042	673,788
– medium term lease	–	391,063	–	110,096	501,159
– short term lease	606,000	–	34,334	–	640,334
	606,000	946,809	37,514	228,138	1,818,461
At 31 December 2012					
In Hong Kong					
– long leases	–	–	3,255	–	3,255
Outside Hong Kong					
– freehold	–	585,293	–	127,740	713,033
– medium term lease	–	428,040	–	112,111	540,151
– short term lease	422,665	–	37,581	–	460,246
	422,665	1,013,333	40,836	239,851	1,716,685

The Company

	Other properties and fixed assets	
	2013 HK$'000	2012 HK$'000
Net book value:		
In Hong Kong		
– long leases	3,180	3,255

13 INVESTMENTS IN SUBSIDIARIES

	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	39,667	39,667
Amounts due from subsidiaries	866,546	719,730
	906,213	759,397
Amounts due to subsidiaries	467,174	471,050

Amounts due from/to subsidiaries are unsecured, interest-free and classified as non current as they are not expected to be recovered/settled within the next twelve months.

(a) Subsidiaries

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group, all of which are controlled subsidiaries as defined under note 1(c) and whose results, assets and liabilities have been consolidated into the Group financial statements. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Golden Crown Development Limited ("Golden Crown")	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and investment
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited ("Qing Chuan") *#	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
KSSF Enterprises Limited	USA	1,000,000 common stock and 35,000,000 series A preferred stock of US$1 each	100%	–	100%	Operation of a hotel
Acacio Limited *	British Virgin Islands/ Hong Kong	100 shares of US$1 each	97%	–	97%	Investment holding
Godo Kaisha TSM 107	Japan	JPY500,000	96.46%	0.27%	99.46%	Operation of a hotel

* Companies not audited by KPMG. The financial statements of the subsidiaries not audited by KPMG reflect total net assets and total turnover constituting approximately 2.88% (2012: 4.67%) and 6.23% (2012: 5.28%) respectively of the related consolidated totals.

Qing Chuan was incorporated in the PRC as a Sino-foreign equity joint venture in 1995.

13 INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Subsidiaries *(continued)*

The following table lists out the information relating to Golden Crown and OPJV which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	Golden Crown		OPJV	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
NCI percentage	29.39%	29.39%	35.88%	35.88%
Current assets	652,500	679,980	82,370	100,743
Non-current assets	491,182	347,599	355,768	384,555
Current liabilities	(65,202)	(73,213)	(102,436)	(127,631)
Non-current liabilities	(54,103)	(36,577)	–	–
Net assets	1,024,377	917,789	335,702	357,667
Carrying amount of NCI	301,064	269,738	120,450	128,331
Revenue	77,980	175,823	603,133	638,038
Profit for the year	176,590	154,989	134,403	192,118
Total comprehensive income	176,590	154,989	129,258	196,480
Profit allocated to NCI	51,900	45,552	48,223	68,932
Dividend paid to NCI	20,573	9,258	45,367	43,825
Cash flows from operating activities	12,825	46,437	50,600	48,960
Cash flows from investing activities	(2,198)	29,506	(1,618)	(1,394)
Cash flows from financing activities	(20,624)	(9,282)	(54,508)	(49,885)

14 INTEREST IN ASSOCIATES

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	–	–	20,548	20,548
Share of net assets	201,091	202,146	–	–
Loans to associates	3,629	3,629	–	–
	204,720	205,775	20,548	20,548
Loan from an associate	464	464	–	–

Loans to associates are unsecured, interest-free, have no fixed terms of repayment, and are not expected to be recovered within one year.

Loan from an associate is unsecured, interest-free and has no fixed terms of repayment.

14 INTEREST IN ASSOCIATES *(continued)*

The following list contains the particulars of associates, all of which are unlisted corporate entities, whose quoted market price is not available:

			Proportion of ownership interest			
Name of associate	**Form of business structure**	**Place of incorporation/ operation**	**Group's effective interest**	**Held by the Company**	**Held by subsidiaries**	**Principal activity**
Chateau Ottawa Hotel Inc	Incorporated	Canada	50%	–	50%	Operation of a hotel (note (a))
KSF Enterprises Sdn Bhd ("KSF")	Incorporated	Malaysia	25%	25%	–	Investment holding (note (b))
Porchester Assets Limited ("PAL")	Incorporated	British Virgin Islands	49%	49%	–	Investment holding (note (c))

Notes:

(a) Chateau Ottawa Hotel Inc operates a hotel in Ottawa licensed with Starwood Hotels and Resorts Worldwide Inc. operating as the Sheraton Ottawa Hotel.

(b) KSF holds 100% interest in KSD Enterprises Ltd. ("KSD") which operates the International Plaza Hotel (previously known as Doubletree by Hilton) in Toronto.

(c) PAL holds 51% interest in Chains Caravelle Hotel Joint Venture Company Limited ("CCH") which operates the Caravelle Hotel in Vietnam. The Group's effective interest in CCH is 24.99%.

Notwithstanding the Group's effective interest of 50% and 49% in Chateau Ottawa Hotel Inc and PAL respectively, the Group accounts for these investments as associates as the Group has significant influence, but not control or joint control over their management including participation in the financial and operating policy decisions.

All of the above associates are accounted for using equity method in the consolidated financial statements.

14 INTEREST IN ASSOCIATES *(continued)*

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	CCH	
	2013 HK$'000	2012 HK$'000
Gross amounts of the associate		
Current assets	269,929	220,772
Non-current assets	218,607	237,912
Current liabilities	(43,496)	(61,497)
Non-current liabilities	(19,727)	(22,882)
Equity	425,313	374,305
Revenue	394,565	349,504
Profit for the year	51,008	50,340
Other comprehensive income	–	–
Total comprehensive income	51,008	50,340
Dividend received from the associate	–	–
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	425,313	374,305
Group's effective interest	24.99%	24.99%
Carrying amount in the consolidated financial statements	106,286	93,539

Aggregate information of associates that are not individually material:

	2013 HK$'000	2012 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	94,805	108,607
Aggregate amounts of the group's share of those associates		
(Loss)/profit for the year	(7,652)	719
Other comprehensive income	(4,662)	1,818
Total comprehensive income	(12,314)	2,537

15 AVAILABLE-FOR-SALE SECURITIES

	The Group and the Company	
	2013 HK$'000	2012 HK$'000
Equity securities listed outside Hong Kong, at market value	5,294	65,317

16 TRADING SECURITIES

	The Group and the Company	
	2013 HK$'000	2012 HK$'000
Equity securities listed outside Hong Kong, at market value	12,189	1,938

17 PROPERTIES HELD FOR SALE

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At 1 January	283,527	303,384	10,727	10,727
Properties sold during the year (note 5(c))	(2,869)	(19,857)	–	–
At 31 December	280,658	283,527	10,727	10,727

The title and lease term of the properties held for sale by the Group and the Company is summarised as follows:

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Outside Hong Kong				
– freehold	10,727	10,727	10,727	10,727
– short term lease	269,931	272,800	–	–
	280,658	283,527	10,727	10,727

At 31 December 2013, the carrying value of the short-term leasehold land held outside Hong Kong included in properties held for sale was HK$14,580,000 (2012: HK$14,684,000).

18 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Trade receivables	35,189	31,325	–	–
Other receivables, deposits and prepayments	18,835	26,228	1,016	12,438
	54,024	57,553	1,016	12,438

18 TRADE AND OTHER RECEIVABLES *(continued)*

The Group's credit policy is set out in note 26(a).

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Amounts expected to be recoverable:				
– within one year	53,326	56,855	1,016	12,438
– after one year	698	698	–	–
	54,024	57,553	1,016	12,438

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis (by transaction date) as of the end of the reporting period:

	The Group	
	2013 HK$'000	2012 HK$'000
Within one month	27,541	20,642
One to three months	7,648	10,683
	35,189	31,325

None of the Group's trade receivables are impaired, 78% and 66% of trade receivables at 31 December 2013 and 2012 respectively were neither past due nor more than one month past due.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The balance and the movement of the allowance for doubtful debts as at 31 December 2013 and 2012 are not significant.

19 DEPOSITS AND CASH

(a) Deposits and cash:

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Deposits with banks and other financial institutions	1,576,711	1,360,729	421,390	489,255
Cash at bank	176,955	178,145	490	509
	1,753,666	1,538,874	421,880	489,764

19 DEPOSITS AND CASH *(continued)*

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2013 HK$'000	2012 HK$'000
Profit before taxation		537,258	573,908
Adjustments for:			
Increase in fair value of investment properties	12(a)	(183,335)	(77,425)
Depreciation of fixed assets	12(a)	89,847	94,186
Dividend income from listed available-for-sale and trading securities		(238)	(282)
Finance costs		5,280	14,732
Share of profits less losses of associates		(5,095)	(13,299)
Loss/(gain) on disposal of fixed assets		8,974	(9,982)
Gain on disposal of available-for-sale securities		(18,563)	–
Net unrealised (gains)/losses on trading securities		(491)	194
Interest income		(24,292)	(35,132)
Foreign exchange differences		(14,054)	(32,486)
Operating profit before changes in working capital		395,291	514,414
Decrease in properties held for sale		2,869	19,857
Decrease/(increase) in inventories		6	(43)
(Increase)/decrease in trade and other receivables		(8,444)	2,971
Decrease in trade and other payables		(2,872)	(10,735)
Increase/(decrease) in amount due to an affiliated company		1,485	(77)
Cash generated from operations		388,335	526,387

20 BANK LOANS, SECURED

(a) At 31 December 2013, the secured bank loans were repayable as follows:

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Within one year or on demand	71,602	383,145	51,439	90,507
After one year but within two years	40,326	–	–	–
After two years but within five years	181,467	–	–	–
	221,793	–	–	–
	293,395	383,145	51,439	90,507

At 31 December 2013 and 2012, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

20 BANK LOANS, SECURED *(continued)*

(b) At 31 December 2013, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) properties held for sale with a carrying value of HK$63,898,000 (2012: HK$66,767,000),

(ii) hotel property of the Group with aggregate carrying value of HK$623,882,000 (2012: HK$661,412,000),

(iii) bank deposits of HK$185,614,000 (2012: HK$307,399,000), and

(iv) equity securities with fair value of HK$1,724,000 (2012: HK$1,938,000).

Such banking facilities amounted to HK$730,181,000 (2012: HK$983,088,000) and were utilised to the extent of HK$293,395,000 as at 31 December 2013 (2012: HK$383,145,000).

21 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Payables and accruals	187,041	193,090	6,208	2,577
Deposits and receipts in advance	25,950	20,971	292	231
	212,991	214,061	6,500	2,808

Included in trade and other payables are trade payables with the following ageing analysis:

	The Group	
	2013 HK$'000	2012 HK$'000
Due within one month or on demand	21,920	24,181
Due after one month but within three months	9,367	20,176
Due after three months	16,390	15,108
	47,677	59,465

22 DEFERRED REVENUE

Deferred revenue represents amounts received in advance under service contracts. The amounts expected to be recognised as income after more than one year are included under non-current liabilities.

23 LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 December 2013, loans from non-controlling shareholders are unsecured, interest-free and repayable on demand except for loans with nominal value of HK$53,600,000 (2012: HK$52,583,000) (before the effect of discounting in the amount of HK$4,012,000 (2012: HK$6,694,000)) which are repayable on 30 April 2015 and classified as non-current liabilities.

24 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Provision for overseas tax for the year	102,441	87,917	43	99
Provisional tax paid	(76,031)	(28,909)	–	–
	26,410	59,008	43	99
Balance of overseas tax provision relating to prior years	11,116	835	23	–
	37,526	59,843	66	99
Taxation recoverable	–	(6,048)	–	–
Taxation payable	37,526	65,891	66	99
	37,526	59,843	66	99

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2013	42,269	(2,983)	17,918	27,466	84,670
Charged/(credited) to profit or loss (note 6(a))	22,261	245	(16,232)	(803)	5,471
Exchange difference	–	–	(64)	14	(50)
At 31 December 2013	64,530	(2,738)	1,622	26,677	90,091
At 1 January 2012	32,867	(3,050)	16,693	23,282	69,792
Charged to profit or loss (note 6(a))	9,402	67	1,109	4,110	14,688
Exchange difference	–	–	116	74	190
At 31 December 2012	42,269	(2,983)	17,918	27,466	84,670

24 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Future benefit of tax losses	10,707	11,424	1,263	1,263

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2013. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from PRC and Macau operations expire five years and three years respectively after the relevant accounting year end date.

25 CAPITAL, DIVIDENDS AND RESERVES

(a) Share capital

	2013		2012	
	No. of shares	Amounts HK$'000	No. of shares	Amounts HK$'000
Authorised:				
Ordinary shares of HK$1 each	500,000,000	500,000	500,000,000	500,000
Issued and fully paid:				
Ordinary shares of HK$1 each	340,200,000	340,200	340,200,000	340,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2013	340,200	158,105	736	16,271	590,943	1,106,255
Profit for the year	–	–	–	–	14,872	14,872
Other comprehensive income	–	–	–	(11,568)	–	(11,568)
Total comprehensive income for the year	–	–	–	(11,568)	14,872	3,304
Dividends approved in respect of the previous year (note (c))	–	–	–	–	(57,834)	(57,834)
Dividends declared in respect of the current year (note (c))	–	–	–	–	(10,206)	(10,206)
At 31 December 2013	340,200	158,105	736	4,703	537,775	1,041,519

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2012	340,200	158,105	736	4,414	619,693	1,123,148
Profit for the year	–	–	–	–	15,476	15,476
Other comprehensive income	–	–	–	11,857	–	11,857
Total comprehensive income for the year	–	–	–	11,857	15,476	27,333
Dividends approved in respect of the previous year (note (c))	–	–	–	–	(34,020)	(34,020)
Dividends declared in respect of the current year (note (c))	–	–	–	–	(10,206)	(10,206)
At 31 December 2012	340,200	158,105	736	16,271	590,943	1,106,255

25 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2013 HK$'000	2012 HK$'000
Interim dividend declared and paid of HK$0.03 (2012: HK$0.03) per ordinary share	10,206	10,206
Final dividend proposed after the end of the reporting period of HK$0.15 (2012: HK$0.17) per ordinary share	51,030	57,834
	61,236	68,040

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2013 HK$'000	2012 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.17 (2012: HK$0.10) per ordinary share	57,834	34,020

(d) Nature and purpose of reserves

(i) Share premium reserve

The application of the share premium account is governed by Sections 48B of the Hong Kong Companies Ordinance.

(ii) Legal reserve

The legal reserve is non-distributable and represents transfer from annual profits up to a maximum of 20 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(t).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 1(e) and (j)(i).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(e) Distributability of reserves

At 31 December 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$537,775,000 (2012: HK$590,943,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group has deposits and cash (including pledged deposits) of HK$1,939,280,000 (2012: HK$1,846,273,000) and bank borrowings of HK$293,395,000 (2012: HK$383,145,000). Adjusted capital comprises all components of equity less unaccrued proposed dividends.

In order to monitor its capital structure, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

The adjusted capital at 31 December 2013 and 2012 was as follows:

	The Group		**The Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Equity	**3,682,490**	3,437,621	**1,041,519**	1,106,255
Less: Proposed dividends	**(51,030)**	(57,834)	**(51,030)**	(57,834)
Adjusted capital	**3,631,460**	3,379,787	**990,489**	1,048,421

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Substantially all the Group's cash and cash equivalents are deposited with financial institutions in Hong Kong, Macau, the PRC, Singapore, the United States, Japan and Vietnam that are of high-credit quality to minimise credit risk exposure.

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 to 30 days. Trade customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks (including loans to associates) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	The Group				
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	293,395	302,291	76,417	225,874	–
Trade and other payables	212,991	212,991	212,991	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	79,960	83,972	30,372	53,600	–
Loan from an affiliated company	50,941	55,063	–	55,063	–
Amount due to an affiliated company	20,963	20,963	20,963	–	–
At 31 December 2013	658,714	675,744	341,207	334,537	–
Bank loans	383,145	401,961	401,961	–	–
Trade and other payables	214,061	214,061	214,061	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	76,553	83,247	30,664	–	52,583
Loan from an affiliated company	48,160	55,185	–	–	55,185
Amount due to an affiliated company	19,441	19,441	19,441	–	–
At 31 December 2012	741,824	774,359	666,591	–	107,768

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

	The Company				
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	51,439	51,705	51,705	–	–
Trade and other payables	6,500	6,500	6,500	–	–
Amounts due to subsidiaries	467,174	467,174	467,174	–	–
At 31 December 2013	525,113	525,379	525,379	–	–
Bank loans	90,507	91,122	91,122	–	–
Trade and other payables	2,808	2,808	2,808	–	–
Amounts due to subsidiaries	471,050	471,050	471,050	–	–
At 31 December 2012	564,365	564,980	564,980	–	–

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. As the Hong Kong dollar ("HKD") is pegged to United States dollar ("USD"), the Group does not expect any significant movements in the USD/HKD exchange rate. The currencies giving rise to currency risk are primarily denominated in Australian dollars, Canadian dollars, Japanese Yen and Renminbi.

(i) Forward foreign currency contracts

During the year ended 31 December 2012, the Group entered into forward foreign currency contracts to manage its currency risk arising from anticipated transactions denominated in currencies other than the entities' functional currencies. All the outstanding foreign currency contracts were settled during the year and there was no new forward contract entered into during 2013.

At 31 December 2012, the derivative financial assets and liabilities arose from forward foreign currency contracts with notional amount of HK$320,400,000.

The forward foreign currency contracts did not qualify for hedge accounting and their corresponding changes in fair values were recognised in the consolidated income statement.

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

The Group

	Exposure to foreign currencies			
	Australian dollars HK$'000	Canadian dollars HK$'000	Japanese Yen HK$'000	Renminbi HK$'000
Pledged deposits	–	185,614	–	–
Deposits and cash	–	28,655	–	94,785
Bank loans	–	–	(51,439)	–
Net exposure arising from recognised assets and liabilities at 31 December 2013	–	214,269	(51,439)	94,785
Pledged deposits	131,315	176,084	–	–
Deposits and cash	–	5,714	–	–
Bank loans	–	–	(90,507)	–
Forward foreign currency contract at fair value through profit or loss	(563)	459	–	–
Net exposure arising from recognised assets and liabilities at 31 December 2012	130,752	182,257	(90,507)	–

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

The Company

	Exposure to foreign currencies			
	Australian dollars HK$'000	Canadian dollars HK$'000	Japanese Yen HK$'000	Renminbi HK$'000
Pledged deposits	–	185,614	–	–
Deposits and cash	–	28,655	–	3,216
Bank loans	–	–	(51,439)	–
Net exposure arising from recognised assets and liabilities at 31 December 2013	–	214,269	(51,439)	3,216
Pledged deposits	131,315	176,084	–	–
Bank loans	–	–	(90,507)	–
Forward foreign currency contract at fair value through profit or loss	(563)	447	–	–
Net exposure arising from recognised assets and liabilities at 31 December 2012	130,752	176,531	(90,507)	–

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise from foreign exchange rates to which the Group has significant exposure at the end of the reporting period had such rates changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HKD and USD would not be materially affected by any changes in movement in value of USD against other currencies. Other components of equity would not be affected by changes in the foreign exchange rates.

	2013		2012	
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits HK$'000	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits HK$'000
Australian dollars	10	–	10	13,075
	(10)	–	(10)	(13,075)
Canadian dollars	10	21,427	10	18,226
	(10)	(21,427)	(10)	(18,226)
Japanese Yen	10	(5,144)	10	(9,051)
	(10)	5,144	(10)	9,051
Renminbi	10	9,479	10	–
	(10)	(9,479)	(10)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2012.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk

(i) The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings and income-earning financial assets. The following table indicates their effective interest rates at the end of the reporting period and the periods in which they reprice or the maturity dates, if earlier.

		2013		2012	
	Fixed/ floating	Effective interest rate	Amount HK$'000	Effective interest rate	Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	1.19% – 1.27%	293,395	0.68 – 2.18%	383,145
Income-earning financial assets					
Deposits and cash	Floating	0.02% – 0.50%	45,318	0.001 – 2.30%	178,145
Deposits and cash	Fixed	0.01% – 7.00%	1,893,962	0.010 – 8.00%	1,668,128
			1,939,280		1,846,273

(ii) Sensitivity analysis

At 31 December 2013, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK$2,481,000 (2012: HK$2,050,000). Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2012.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale securities (note 15) and trading securities (note 16). They have been selected taking reference to their longer term growth potential and are monitored regularly for performance.

Given that the volatility of the stock markets may not have a direct connection with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of other investments.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Equity price risk *(continued)*

At 31 December 2013, it is estimated that an increase/decrease of 5% in the market value of the Group's equity investments, with all other variables held constant, would increase/decrease the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

Change in the relevant equity price risk variable:	2013			2012		
	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000
Increase	5	610	265	5	97	3,266
Decrease	(5)	(610)	(265)	(5)	(97)	(3,266)

The analysis is performed on the same basis for 2012.

(f) Fair values

(i) Financial assets and liabilities carried at fair value

The Group and the Company's available-for-sale securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13.

The Group and the Company's derivative financial instruments are measured by discounting the contractual forward price and deducting the current spot rate. The discount rate is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread and therefore fall within the Level 2 fair value hierarchy as defined in HKFRS 13.

During the year ended 31 December 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial assets and liabilities carried at other than fair value

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders and an affiliated company with a repayment date at 30 April 2015, the carrying amount of which at 31 December 2013, was HK$100,529,000 (2012: HK$94,049,000), approximating its fair value, with the face value of loans in the amount of HK$108,663,000 (2012: HK$107,768,000). The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(g) Estimation of fair value

Listed securities

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

Forward foreign currency contracts

Fair value of forward foreign currency contracts is determined using forward exchange rates at the end of the reporting period.

27 COMMITMENTS

(a) At 31 December 2013, capital commitments outstanding not provided for in the financial statements were as follows:

	2013 HK$'000	2012 HK$'000
Contracted for	38,795	42,853
Authorised but not contracted for	2,748	1,943
	41,543	44,796

(b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 HK$'000	2012 HK$'000
Leases on premises expiring:		
– within one year	3,000	1,636
– after one year and within five years	2,060	63
	5,060	1,699

(c) At 31 December 2013, the Group's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	2013 HK$'000	2012 HK$'000
Within one year	53,284	58,745
After one year but within five years	50,680	61,981
	103,964	120,726

28 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) During the year ended 31 December 2013, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Goodland Limited ("Goodland"), an affiliated company which holds 28% of equity interest of the Company, and Garin Services Limited ("Garin"), a company controlled by Mr Ho Kian Guan who is the executive director of the Company at 31 December 2013:

(i) At 31 December 2013, loan from Goodland with nominal value of HK$55,063,000 (2012: HK$55,185,000) before the effect of discounting in the amount of HK$4,122,000 (2012: HK$7,025,000) was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.

(ii) Amount due to Goodland of HK$20,963,000 at 31 December 2013 (2012: HK$19,441,000) comprises of:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$3,827,000 at 31 December 2013 (2012: HK$2,338,000). Interest payable by the subsidiaries amounted to HK$33,000 for the year ended 31 December 2013 (2012: HK$15,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounting to HK$17,136,000 at 31 December 2013 (2012: HK$17,103,000).

(iii) In 2012, a subsidiary of the Company sold certain properties to Goodland and Garin and the sale proceeds were amounted to HK$19,625,000 and HK$19,625,000.

(iv) A subsidiary of the Company rented certain of its properties to Goodland and received rental income amounting to HK$1,491,000 for the year ended 31 December 2013 (2012: HK$1,005,000).

(v) Certain subsidiaries of the Company paid management fees to Goodland amounting to HK$3,300,000 for the year ended 31 December 2013 (2012: HK$3,204,000).

Messrs Ho Kian Guan and Ho Kian Hock each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the aforesaid transactions.

(b) During the year ended 31 December 2013, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Mr Ho Kian Cheong ("KC Ho"), a non-executive director and a substantial shareholder of the Company at 31 December 2013:

(i) Amounts due to KC Ho represented non-interest bearing accounts with certain subsidiaries amounting to HK$4,060,000 (2012: HK$4,061,000).

(ii) At 31 December 2013, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK$13,338,000 (2012: HK$13,368,000) before the effect of discounting in the amount of HK$998,000 (2012: HK$1,702,000) which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.

The related party transactions above constitute connected transactions as defined in Chapter 14A of the Listing Rules.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 26 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary income potential. The assumptions adopted in the property valuation are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

(ii) Estimated useful lives of fixed assets

The Group estimates the useful lives of fixed assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of fixed assets would increase depreciation charges and decrease non-current assets.

(iii) Impairment of assets

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

(iv) Impairment loss of available-for-sale equity securities

The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

(v) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(vi) Fair value of derivative financial instruments

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For financial instruments that are not traded in active markets, the fair values were based on the discounted cash flows method which discounts the future contractual cash flows at the current market foreign exchange rates for similar financial instruments that were available to the Group at the time.

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

The Group has temporarily leased out certain properties but has decided not to treat these properties as investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified under properties held for sale.

30 CONTINGENT LIABILITIES

(a) At 31 December 2013, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8,252,000 (2012: HK$8,252,000).

(b) At 31 December 2013, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$36,415,000 (C$5,000,000) (2012: HK$38,950,000 (C$5,000,000)).

At 31 December 2013, the directors do not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was HK$Nil.

31 EVENT AFTER THE REPORTING PERIOD

A subsidiary of the Group, Ocean Place Joint Venture Company Limited ("OPJV"), was the defendant in litigation arising from its club operations in Vietnam. The plaintiff, a patron of the hotel's club, claimed winnings from a gaming machine in the club in the amount of approximately US$55.5 million (equivalent to HK$433 million) plus interest, and filed a lawsuit against OPJV in 2010.

On 7 January 2013, The People's Court of District 1, Ho Chi Minh City (the "Court") made a ruling against OPJV in the amount of approximately US$55.5 million plus court fees (the "Judgement"). On 21 January 2013, OPJV lodged an appeal to seek reversal of the Judgement on the basis that it was not made in compliance with applicable laws.

On 2 January 2014, the Court accepted an application from the plaintiff to withdraw the litigation against OPJV with no order for payment by OPJV. The Court has further ruled to cancel the previous Judgment. The decision issued by the Court is final and binding to the parties. The Group has not incurred any financial costs for the case except for legal fees.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	Not yet determined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

KECK SENG INVESTMENTS (HONG KONG) LIMITED

FIVE YEAR FINANCIAL SUMMARY

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Consolidated income statement					
Turnover	1,260,458	1,363,943	1,182,136	1,188,469	890,416
Profit before share of results of associates	532,163	560,609	321,842	423,197	344,980
Share of profits less losses of associates	5,095	13,299	17,060	17,409	18,501
Profit before taxation	537,258	573,908	338,902	440,606	363,481
Income tax	(106,987)	(100,718)	(132,018)	(71,466)	(35,080)
Profit for the year	430,271	473,190	206,884	369,140	328,401
Attributable to:					
Equity shareholders of the Company	326,231	355,585	149,274	270,751	253,881
Non-controlling interests	104,040	117,605	57,610	98,389	74,520
	430,271	473,190	206,884	369,140	328,401
Consolidated statement of financial position					
Fixed assets	1,974,453	1,865,858	2,319,536	2,118,206	1,679,315
Interest in associates	204,720	205,775	189,231	184,478	164,676
Available-for-sale securities	5,294	65,317	5,005	5,038	3,364
Current assets	2,291,021	2,200,674	2,037,858	1,942,505	1,677,166
	4,475,488	4,337,624	4,551,630	4,250,227	3,524,521
Share capital	340,200	340,200	340,200	340,200	340,200
Share premium	158,105	158,105	158,105	158,105	158,105
Other reserves	2,622,173	2,412,209	2,109,562	2,015,083	1,731,576
Non-controlling interests	562,012	527,107	474,398	504,635	493,692
Non-current liabilities	419,080	185,774	750,795	496,896	427,358
Current liabilities	373,918	714,229	718,570	735,308	373,590
	4,475,488	4,337,624	4,551,630	4,250,227	3,524,521
Other data					
Basic earnings per share (cents)	95.9	104.5	43.9	79.6	74.6
Dividends per share (cents)	18.0	20.0	12.5	20.0	20.0
Dividend cover (times)	5.3	5.2	3.5	4.0	3.7

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2013

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Properties classified as hotel properties					
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
International Plaza Hotel, Toronto Airport, Canada	25%	Hotel	433	450,000	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	25%	Hotel	335	247,500	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	404	289,418	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	96.46%	Hotel	179	41,709	Freehold
Properties classified as properties held for sale					
Ocean Industrial Centre, Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road, Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	23	85,261	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease

Holiday Inn Wuhan Riverside

Newly Renovated Lobby
酒店大堂

Seating Area in Lobby
酒店大堂

Guest Room
客房