大眾金融控股有限公司*
PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 626; Website: www.publicfinancial.com.hk)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of Public Financial Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Interest income	*8*	**1,655,867**	1,642,874
Interest expense	*8*	**(338,703)**	(404,986)
NET INTEREST INCOME		**1,317,164**	1,237,888
Other operating income	*9*	**213,214**	218,132
OPERATING INCOME		**1,530,378**	1,456,020
Operating expenses	*10*	**(760,232)**	(744,098)
Changes in fair value of investment properties		**6,125**	59,993
OPERATING PROFIT BEFORE IMPAIRMENT ALLOWANCES		**776,271**	771,915
Impairment allowances for loans and advances and receivables	*11*	**(324,912)**	(316,136)
PROFIT BEFORE TAX		**451,359**	455,779
Tax	*12*	**(83,598)**	(74,208)
PROFIT FOR THE YEAR		**367,761**	381,571

* *For identification purpose only*

	Notes	Year ended 31 December **2013** *HK$'000*	2012 *HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company		**367,761**	381,571
EARNINGS PER SHARE (HK$)	*14*		
Basic		**0.335**	0.348
Diluted		**0.335**	0.348

Details of dividends paid/payable are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**367,761**	381,571
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange gain on translating foreign operations, net of tax	**13,661**	5,646
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**381,422**	387,217
ATTRIBUTABLE TO:		
Owners of the Company	**381,422**	387,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2013** **HK$'000**	31 December 2012 *HK$'000*
ASSETS			
Cash and short term placements		**3,962,374**	3,951,468
Placements with banks and financial institutions maturing after one month but not more than twelve months		**1,195,991**	873,951
Derivative financial instruments		**771**	317
Loans and advances and receivables	*15*	**27,255,143**	27,169,503
Available-for-sale financial assets		**6,804**	6,804
Held-to-maturity investments	*16*	**4,780,905**	4,556,217
Inventories of taxi licences		**2,676**	2,676
Investment properties		**251,843**	245,718
Property and equipment		**109,720**	112,481
Land held under finance leases		**652,014**	659,524
Interest in a joint venture		**1,513**	1,513
Deferred tax assets		**30,645**	36,611
Tax recoverable		**8,377**	12,607
Goodwill	*17*	**2,774,403**	2,774,403
Intangible assets		**718**	718
Other assets		**113,721**	131,331
TOTAL ASSETS		**41,147,618**	40,535,842
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions at amortised cost		**483,401**	538,296
Derivative financial instruments		**610**	135
Customer deposits at amortised cost		**29,974,352**	29,374,122
Certificates of deposit issued at amortised cost		**1,794,492**	649,833
Dividends payable		**120,771**	98,812
Unsecured bank loans at amortised cost		**1,663,705**	2,960,437
Current tax payable		**27,318**	23,615
Deferred tax liabilities		**23,983**	24,555
Other liabilities		**327,938**	340,744
TOTAL LIABILITIES		**34,416,570**	34,010,549
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued capital		**109,792**	109,792
Reserves	*18*	**6,621,256**	6,415,501
TOTAL EQUITY		**6,731,048**	6,525,293
TOTAL EQUITY AND LIABILITIES		**41,147,618**	40,535,842

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
TOTAL EQUITY		
Balance at the beginning of the year	**6,525,293**	6,291,784
Profit for the year	**367,761**	381,571
Other comprehensive income	**13,661**	5,646
Total comprehensive income for the year	**381,422**	387,217
Dividends declared on shares	**(175,667)**	(153,708)
Balance at the end of the year	**6,731,048**	6,525,293

NOTES TO FINANCIAL STATEMENTS

1. STATUTORY FINANCIAL STATEMENTS

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013. Certain financial information in this announcement is extracted from the statutory financial statements for the year ended 31 December 2013, which will be available in the websites of The Stock Exchange of Hong Kong Limited and the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (a collective term which includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int")) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated 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 (the "Listing Rules"). They also contain certain disclosure information required under the Banking (Disclosure) Rules ("BDR") issued by the Hong Kong Monetary Authority ("HKMA").

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The subsidiaries consolidated for accounting purposes are Public Bank (Hong Kong) Limited ("Public Bank (Hong Kong)"), Public Finance Limited ("Public Finance"), Winton (B.V.I.) Limited and their subsidiaries and a joint venture.

4. BASIS OF CAPITAL DISCLOSURES

The Group has complied with the capital requirements during the reporting period related to capital base and the capital adequacy ratio as stipulated by the HKMA, and has also followed the Guideline on the Application of the BDR issued by the HKMA.

Should the Group have not complied with the externally imposed capital requirements of the HKMA, capital management plans should be submitted to the HKMA for restoration of capital to the minimum required level as soon as possible.

The computation of the consolidated capital adequacy ratio of the Group is based on the ratio of the aggregate of risk weighted exposures to the aggregate of capital bases of the Company, Public Bank (Hong Kong) and Public Finance for regulatory reporting purposes.

There are no major restrictions or impediments on the transfer of capital or funds among the members of the Company's consolidation group except that liquidity, capital and other performance indicators of Public Securities Limited and Public Financial Securities Limited should satisfy the minimum requirements of the Securities and Futures (Financial Resources) Rules issued by the Securities and Futures Commission of Hong Kong.

A portion of retained profits, based on a percentage of gross loans and advances, is set aside as a non-distributable regulatory reserve as part of Common Equity Tier 1 ("CET1") capital and is included in the capital base pursuant to the HKMA capital requirements.

With effect from 1 January 2013, the Group has adopted the provisions of the Banking (Amendment) Ordinance 2012 relating to the Basel III capital standards and the amended Banking (Capital) Rules (the "Capital Rules"). The Capital Rules outline the general requirements on regulatory capital adequacy ratios, the components of eligible regulatory capital as well as the levels of those ratios at which banking institutions are required to operate. The Capital Rules have been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision. Under the Capital Rules, the minimum capital adequacy ratios are progressively increased from 1 January 2013 to 1 January 2019, and include a phased introduction of a new capital conservation buffer of 2.5%. Additional capital requirements, including a new counter-cyclical buffer ranging from 0% to 2.5%, will be detailed at a later stage.

5. ACCOUNTING POLICIES

Changes in accounting policies and disclosures

The HKICPA has issued a number of new and revised HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2013. The Group has adopted the following new and revised HKFRSs issued up to 31 December 2013 which are pertinent to its operations and relevant to these financial statements.

• HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
• HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
• HKFRS 10	*Consolidated Financial Statements*
• HKFRS 11	*Joint Arrangements*
• HKFRS 12	*Disclosure of Interests in Other Entities*
• HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
• HKFRS 13	*Fair Value Measurement*
• HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
• HKAS 19 (2011)	*Employee Benefits*
• HKAS 27 (2011)	*Separate Financial Statements*
• HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
• HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (early adopted)
• HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
• Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The principal effects of adopting these new and revised HKFRSs are as follows:

HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendments do not have any material financial impact on the Group.

HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled. The application of this new standard has no financial impact on the Group.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group adopted HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). The application of this new standard has no material financial impact on the Group.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. These amendments have no material impact on the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. The application of this new standard has no material financial impact on the Group.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (e.g., the revaluation of land and buildings). The amendments have affected the presentation only and have had no material financial impact on the Group.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no material financial impact on the Group.

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no material financial impact on the Group.

Annual Improvements 2009–2011 Cycle issued in June 2012 sets out the amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and the change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 16 *Property, Plant and Equipment*: Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventories.

(c) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

• HKFRS 9	*Financial Instruments*[3]
• HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[3]
• HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
• HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
• HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
• HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
• HK(IFRIC)-Int 21	*Levies*[1]

[1] effective for annual periods beginning on or after 1 January 2014
[2] effective for annual periods beginning on or after 1 July 2014
[3] no mandatory effective date yet determined but is available for adoption

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit-risk related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 19 Amendments apply to contributions from employees or third parties to defined benefits plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2015.

HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set-off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation is not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

6. SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

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

Impairment allowances on loans and advances and receivables, and held-to-maturity investments

The Group reviews its portfolios of loans and advances and receivables and held-to-maturity investments to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the discounted estimated future cash flows from a portfolio of loans and advances and receivables, and held-to-maturity investments before the decrease can be identified with an individual loan or held-to-maturity investment in those portfolios. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

For loans and advances and receivables for which no individual impairment is observed, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the loan portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 and 2012 was HK$2,774,403,000, of which HK$832,321,000 was attributed to Public Bank (Hong Kong) and HK$1,942,082,000 was attributed to Public Finance.

7. SEGMENT INFORMATION

Operating segment information

In accordance with the Group's internal financial reporting, the Group has identified operating segments based on similar economic characteristics, products and services and delivery methods. The operating segments are identified by senior management who is designated as the "Chief Operating Decision Maker" to make decisions about resources allocation to the segments and assess their performance. A summary of the operating segments is as follows:

- retail and commercial banking businesses segment mainly comprises the provision of deposit account services, the extension of mortgages and consumer lending, hire purchase and leasing, provision of financing to purchasers of licensed public vehicles such as taxis and public light buses, provision of services and financing activities for customers in trading, manufacturing and various business sectors, foreign exchange activities, centralised cash management for deposit taking and lending, interest rate risk management and the overall funding management of the Group;

- wealth management services, stockbroking and securities management segment comprises management of investments in debt securities and equities, securities dealing and receipt of commission income and the provision of authorised wealth management products and services; and

- other businesses segment comprises taxi trading, leasing of taxis and letting of investment properties.

The Group's inter-segment transactions during the year were mainly related to dealers' commission from referrals of taxi financing loans, and these transactions were entered into on similar terms and conditions as those contracted with third parties at the dates of the transactions.

The following table represents revenue and profit information for operating segments for the years ended 31 December 2013 and 2012.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Eliminated on consolidation		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue										
External:										
Net interest income	**1,317,094**	1,237,915	**70**	(27)	**–**	–	**–**	–	**1,317,164**	1,237,888
Other operating income:										
Fees and commission income	**137,520**	147,287	**48,116**	44,212	**638**	848	**–**	–	**186,274**	192,347
Others	**11,649**	11,374	**(6)**	(11)	**15,297**	14,422	**–**	–	**26,940**	25,785
Inter-segment transactions:										
Fees and commission income	**–**	–	**–**	–	**102**	259	**(102)**	(259)	**–**	–
Operating income	**1,466,263**	1,396,576	**48,180**	44,174	**16,037**	15,529	**(102)**	(259)	**1,530,378**	1,456,020
Profit before tax	**422,156**	378,239	**16,690**	12,510	**12,513**	65,030	**–**	–	**451,359**	455,779
Tax									**(83,598)**	(74,208)
Profit for the year									**367,761**	381,571
Other segment information										
Depreciation of property and equipment and land held under finance leases	**(30,689)**	(31,246)	**–**	–	**–**	–	**–**	–	**(30,689)**	(31,246)
Changes in fair value of investment properties	**–**	–	**–**	–	**6,125**	59,993	**–**	–	**6,125**	59,993
Impairment allowances for loans and advances and receivables	**(324,912)**	(316,136)	**–**	–	**–**	–	**–**	–	**(324,912)**	(316,136)
Net losses on disposal of property and equipment	**(229)**	(106)	**–**	–	**–**	–	**–**	–	**(229)**	(106)

The following table represents certain asset and liability information regarding operating segments as at 31 December 2013 and 2012.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Eliminated on consolidation		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets other than interest in a joint venture, intangible assets and goodwill	**37,802,082**	37,167,712	**274,230**	292,462	**255,650**	249,816	**–**	–	**38,331,962**	37,709,990
Interest in a joint venture	**1,513**	1,513	**–**	–	**–**	–	**–**	–	**1,513**	1,513
Intangible assets	**–**	–	**718**	718	**–**	–	**–**	–	**718**	718
Goodwill	**2,774,403**	2,774,403	**–**	–	**–**	–	**–**	–	**2,774,403**	2,774,403
	40,577,998	39,943,628	**274,948**	293,180	**255,650**	249,816	**–**	–	**41,108,596**	40,486,624
Unallocated assets:										
Deferred tax assets and tax recoverable									**39,022**	49,218
Total assets									**41,147,618**	40,535,842
Segment liabilities	**34,150,621**	33,743,197	**86,457**	113,085	**7,420**	7,285	**–**	–	**34,244,498**	33,863,567
Unallocated liabilities:										
Deferred tax liabilities and tax payable									**51,301**	48,170
Dividends payable									**120,771**	98,812
Total liabilities									**34,416,570**	34,010,549
Other segment information										
Additions to non-current assets – capital expenditure	**20,684**	24,399	**–**	–	**–**	–	**–**	–	**20,684**	24,399

Geographical information

Geographical information is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets.

The following table represents segment revenue information for geographical segments for the years ended 31 December 2013 and 2012.

	2013	2012
	HK$'000	*HK$'000*
Segment revenue from external customers:		
Hong Kong	**1,452,399**	1,387,598
Mainland China	**77,979**	68,422
	1,530,378	1,456,020

Segment revenue is allocated to the reportable segments with reference to interest and fees and commission income generated by these segments.

The following table represents non-current assets information for geographical segments as at 31 December 2013 and 2012.

	2013	2012
	HK$'000	*HK$'000*
Non-current assets:		
Hong Kong	**3,772,797**	3,775,719
Mainland China	**17,414**	18,638
	3,790,211	3,794,357

Non-current assets consist of investment properties, property and equipment, land held under finance leases, interest in a joint venture, goodwill and intangible assets.

Operating income or revenue from major customers

Operating income or revenue from transactions with each external customer amounts to less than 10% of the Group's total operating income or revenue.

8. INTEREST INCOME AND EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Interest income from:		
Loans and advances and receivables	**1,547,077**	1,533,106
Short term placements and placements with banks	**59,892**	58,779
Held-to-maturity investments	**48,898**	50,989
	1,655,867	1,642,874
Interest expense on:		
Deposits from banks and financial institutions	**17,658**	30,693
Deposits from customers	**290,228**	340,512
Bank loans	**30,817**	33,781
	338,703	404,986

Interest income and interest expense for the year ended 31 December 2013, calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss, amounted to HK$1,655,867,000 and HK$338,703,000 (2012: HK$1,642,874,000 and HK$404,986,000) respectively. Interest income on the impaired loans and advances for the year ended 31 December 2013 amounted to HK$7,348,000 (2012: HK$5,382,000).

9. OTHER OPERATING INCOME

	2013	2012
	HK\$'000	*HK\$'000*
Fees and commission income:		
Retail and commercial banking	**139,797**	149,708
Wealth management services, stockbroking and securities management	**48,116**	44,212
	187,913	193,920
Less: Fees and commission expenses	**(1,639)**	(1,573)
Net fees and commission income	**186,274**	192,347
Gross rental income	**14,966**	13,879
Less: Direct operating expenses	**(78)**	(85)
Net rental income	**14,888**	13,794
Gains less losses arising from dealing in foreign currencies	**8,798**	7,071
Net losses on disposal of property and equipment	**(229)**	(106)
Dividend income from listed investments	**39**	23
Dividend income from unlisted investments	**900**	1,000
Net gain on derivative financial instruments	**161**	182
Others	**2,383**	3,821
	213,214	218,132

Direct operating expenses included repair and maintenance expenses arising from investment properties.

There were no net gains or losses arising from held-to-maturity investments, loans and advances and receivables, financial liabilities at amortised cost and financial liabilities designated at fair value through profit or loss for the years ended 31 December 2013 and 2012.

All fees and commission income and expenses are related to financial assets or financial liabilities which are not designated at fair value through profit or loss. No fees and commission income and expenses are related to trust and other fiduciary activities.

10. OPERATING EXPENSES

	2013	2012
	HK\$'000	*HK\$'000*
Staff costs:		
Salaries and other staff costs	**423,319**	399,516
Pension contributions	**20,839**	18,977
Less: Forfeited contributions	**(45)**	(24)
Net contribution to retirement benefit schemes	**20,794**	18,953
	444,113	418,469
Other operating expenses:		
Operating lease rentals on leasehold buildings	**62,902**	58,000
Depreciation of property and equipment and land held under finance leases	**30,689**	31,246
Auditors' remuneration	**3,710**	3,677
Administrative and general expenses	**69,786**	67,320
Others	**149,032**	165,386
Operating expenses before changes in fair value of investment properties	**760,232**	744,098

At 31 December 2013 and 2012, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years. The current year credits arose in respect of staff who left the schemes during the year.

11. IMPAIRMENT ALLOWANCES

	2013	2012
	HK$'000	*HK$'000*
Net charge for/(write-back of) impairment losses and allowances:		
– loans and advances	**324,514**	316,141
– trade bills, accrued interest and receivables	**398**	(5)
	324,912	316,136
Net charge for/(write-back of) impairment losses and allowances:		
– individually assessed	**331,909**	318,545
– collectively assessed	**(6,997)**	(2,409)
	324,912	316,136
Of which:		
– new impairment losses and allowances (including any amount directly written off during the year)	**513,031**	496,207
– releases and recoveries	**(188,119)**	(180,071)
Net charge to the consolidated income statement	**324,912**	316,136

There were no impairment allowances for financial assets other than loans and advances and receivables for the years ended 31 December 2013 and 2012.

12. TAX

	2013	2012
	HK$'000	*HK$'000*
Current tax charge:		
Hong Kong	**63,849**	59,056
Overseas	**14,494**	13,770
(Over-provision)/under-provision in prior years	**(139)**	11,427
Deferred tax charge/(credit), net	**5,394**	(10,045)
	83,598	74,208

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable overseas have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the locations in which the Company, its subsidiaries and a joint venture are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2013					
	Hong Kong		**Mainland China**		**Total**	
	HK$'000	***%***	***HK$'000***	***%***	***HK$'000***	***%***
Profit before tax	**383,618**		**67,741**		**451,359**	
Tax at the applicable tax rate	**63,297**	**16.5**	**16,935**	**25.0**	**80,232**	**17.8**
Estimated tax losses from previous periods utilised	**(6)**	**–**	**–**	**–**	**(6)**	**–**
Estimated tax effect of net expenses that are not deductible	**3,344**	**0.8**	**167**	**0.2**	**3,511**	**0.7**
Adjustments in respect of current tax of previous periods	**(186)**	**–**	**47**	**0.1**	**(139)**	**–**
Tax charge at the Group's effective rate	**66,449**	**17.3**	**17,149**	**25.3**	**83,598**	**18.5**

	2012					
	Hong Kong		Mainland China		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit before tax	401,662		54,117		455,779	
Tax at the applicable tax rate	66,274	16.5	13,530	25.0	79,804	17.5
Estimated tax losses from previous periods utilised	(4)	–	–	–	(4)	–
Estimated tax effect of net (income)/ expenses that is/are not (taxable)/ deductible	(4,141)	(1.0)	52	0.1	(4,089)	(0.9)
Adjustments in respect of deferred tax of previous periods	(13,447)	(3.3)	517	1.0	(12,930)	(2.8)
Adjustments in respect of current tax of previous periods	11,427	2.8	–	–	11,427	2.5
Tax charge at the Group's effective rate	60,109	15.0	14,099	26.1	74,208	16.3

13. DIVIDENDS

	2013	2012	**2013**	2012
	HK$ per ordinary share	*HK$ per ordinary share*	***HK$'000***	*HK$'000*
Interim:				
First	**0.05**	0.05	**54,896**	54,896
Second	**0.11**	0.09	**120,771**	98,812
	0.16	0.14	**175,667**	153,708

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of HK$367,761,000 (2012: HK$381,571,000) and on the weighted average number of ordinary shares in issue of 1,097,917,618 (2012: 1,097,917,618) during the year.

(b) Diluted earnings per share

The share options outstanding during the years ended 31 December 2013 and 2012 had no dilutive effect on the basic earnings per share for these years. The calculation of diluted earnings per share for the year ended 31 December 2013 was based on the profit for the year of HK$367,761,000 (2012: HK$381,571,000) and on the weighted average number of ordinary shares of 1,097,917,618 (2012: 1,097,917,618), being the weighted average number of ordinary shares in issue of 1,097,917,618 (2012: 1,097,917,618) during the year as used in the basic earnings per share calculation.

15. LOANS AND ADVANCES AND RECEIVABLES

	2013 ***HK$'000***	2012 *HK$'000*
Loans and advances to customers	**27,223,903**	27,100,271
Trade bills	**55,322**	82,066
Loans and advances, and trade bills	**27,279,225**	27,182,337
Accrued interest	**76,119**	90,896
	27,355,344	27,273,233
Other receivables	**40,173**	48,092
Gross loans and advances and receivables	**27,395,517**	27,321,325
Less: Impairment allowances for loans and advances and receivables		
– individually assessed	**(119,480)**	(124,367)
– collectively assessed	**(20,894)**	(27,455)
	(140,374)	(151,822)
Loans and advances and receivables	**27,255,143**	27,169,503

Over 90% of the loans and advances and receivables were unrated exposures. Over 90% of the collateral for the secured loans and advances and receivables were customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles.

Loans and advances and receivables are summarised as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired loans and advances and receivables	**26,860,899**	26,629,959
Past due but not impaired loans and advances and receivables	**358,671**	447,883
Individually impaired loans and advances	**171,837**	227,588
Individually impaired receivables	**4,110**	15,895
Total loans and advances and receivables	**27,395,517**	27,321,325

About 66% of "Neither past due nor impaired loans and advances and receivables" were residential property mortgage loans, commercial property mortgage loans and hire purchase loans secured by customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles.

(a) (i) Ageing analysis of overdue and impaired loans and advances

	2013		2012	
	Gross amount	**Percentage of total loans and advances**	Gross amount	Percentage of total loans and advances
	HK$'000	***%***	*HK$'000*	*%*
Loans and advances overdue for:				
Six months or less but over three months	**107,681**	**0.40**	93,668	0.35
One year or less but over six months	**3,176**	**0.01**	3,347	0.01
Over one year	**23,022**	**0.08**	90,873	0.33
Loans and advances overdue for more than three months	**133,879**	**0.49**	187,888	0.69
Rescheduled loans and advances overdue for three months or less	**34,291**	**0.13**	34,400	0.13
Impaired loans and advances overdue for three months or less	**3,667**	**0.01**	5,300	0.02
Total overdue and impaired loans and advances	**171,837**	**0.63**	227,588	0.84

(ii) Ageing analysis of overdue and impaired trade bills, accrued interest and other receivables

	2013 *HK$'000*	2012 *HK$'000*
Trade bills, accrued interest and other receivables overdue for:		
Six months or less but over three months	**192**	116
One year or less but over six months	**23**	63
Over one year	**3,797**	15,715
Trade bills, accrued interest and other receivables overdue for more than three months	**4,012**	15,894
Impaired trade bills, accrued interest and other receivables overdue for three months or less	**98**	1
Total overdue and impaired trade bills, accrued interest and other receivables	**4,110**	15,895

Impaired loans and advances and receivables are individually determined to be impaired after considering overdue ageing analysis and other qualitative factors such as bankruptcy proceedings and individual voluntary arrangements.

(b) Geographical analysis of overdue and impaired loans and advances and receivables, and individual impairment allowances

		2013			2012	
	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Total** *HK$'000*	Hong Kong *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
(i) Analysis of overdue loans and advances and receivables						
Loans and advances and receivables overdue for more than three months	**115,047**	**22,844**	**137,891**	97,623	106,159	203,782
Individual impairment allowances	**76,582**	**18,921**	**95,503**	69,045	30,961	100,006
Current market value and fair value of collateral			**63,853**			238,992
(ii) Analysis of impaired loans and advances and receivables						
Impaired loans and advances and receivables	**152,098**	**23,849**	**175,947**	137,324	106,159	243,483
Individual impairment allowances	**99,553**	**19,927**	**119,480**	93,406	30,961	124,367
Current market value and fair value of collateral			**65,056**			242,715

Over 90% of the gross loans and advances and receivables are derived from operations carried out in Hong Kong. Accordingly, no geographical segment information of gross loans and advances and receivables is presented herein.

(c) The value of collateral held in respect of the overdue loans and advances and the split between the portion of the overdue loans and advances covered by credit protection (covered portion) and the remaining portion (uncovered portion) are as follows:

	2013 *HK$'000*	2012 *HK$'000*
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	**63,853**	238,992
Covered portion of overdue loans and advances	**23,646**	78,063
Uncovered portion of overdue loans and advances	**110,233**	109,825

The assets taken as collateral should satisfy the following criteria:

– The market value of the asset is readily determinable or can be reasonably established and verified.

– The asset is marketable and there exists a readily available secondary market for disposal of the asset.

– The Group's right to repossess the asset is legally enforceable without impediment.

– The Group is able to secure control over the asset if necessary.

The main types of guarantors for credit risk mitigation are as follows:

– Central governments with a grading of Aa3 or above

– Unrated public sector enterprises

– Banks with a grading of Baa2 or above

– Unrated corporations

– Individual shareholders and directors of corporate customers

(d) Repossessed assets

As at 31 December 2013, the total value of repossessed assets of the Group amounted to HK$6,200,000 (2012: Nil).

(e) Past due but not impaired loans and advances and receivables

	2013		2012	
	Gross amount *HK$'000*	**Percentage of total loans and advances** %	Gross amount *HK$'000*	Percentage of total loans and advances %
Loans and advances overdue for three months or less	**356,544**	**1.31**	445,959	1.65
Trade bills, accrued interest and other receivables overdue for three months or less	**2,127**		1,924	

(f) Movements in impairment losses and allowances on loans and advances and receivables

	2013 Individual impairment allowances *HK$'000*	2013 Collective impairment allowances *HK$'000*	Total *HK$'000*
At 1 January 2013	**124,367**	**27,455**	**151,822**
Amounts written off	**(494,992)**	**–**	**(494,992)**
Impairment losses and allowances charged to the consolidated income statement	**512,724**	**307**	**513,031**
Impairment losses and allowances released to the consolidated income statement	**(180,815)**	**(7,304)**	**(188,119)**
Net charge/(release) of impairment losses and allowances	**331,909**	**(6,997)**	**324,912**
Loans and advances and receivables recovered	**157,841**	**–**	**157,841**
Exchange difference	**355**	**436**	**791**
At 31 December 2013	**119,480**	**20,894**	**140,374**
Deducted from:			
Loans and advances	**117,223**	**20,785**	**138,008**
Trade bills, accrued interest and other receivables	**2,257**	**109**	**2,366**
	119,480	**20,894**	**140,374**

	2012 Individual impairment allowances *HK$'000*	2012 Collective impairment allowances *HK$'000*	Total *HK$'000*
At 1 January 2012	166,162	29,809	195,971
Amounts written off	(531,410)	–	(531,410)
Impairment losses and allowances charged to the consolidated income statement	490,392	5,815	496,207
Impairment losses and allowances released to the consolidated income statement	(171,847)	(8,224)	(180,071)
Net charge/(release) of impairment losses and allowances	318,545	(2,409)	316,136
Loans and advances and receivables recovered	170,460	–	170,460
Exchange difference	610	55	665
At 31 December 2012	124,367	27,455	151,822
Deducted from:			
Loans and advances	122,560	27,294	149,854
Trade bills, accrued interest and other receivables	1,807	161	1,968
	124,367	27,455	151,822

(g) Finance lease receivables

Included in loans and advances and receivables were receivables in respect of assets leased under finance leases as set out below:

	2013	2012	2013	2012
			Present value of	
	Minimum lease payments		minimum lease payments	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts receivable under finance leases:				
Within one year	**390,656**	401,340	**294,974**	306,648
In the second to fifth years, inclusive	**1,118,977**	1,098,536	**816,322**	809,263
Over five years	**3,850,125**	3,717,213	**3,215,212**	3,115,985
	5,359,758	5,217,089	**4,326,508**	4,231,896
Less: Unearned finance income	**(1,033,250)**	(985,193)		
Present value of minimum lease payments receivable	**4,326,508**	4,231,896		

The Group has entered into finance lease arrangements with customers in respect of motor vehicles and equipment. The terms of the finance leases entered into range from 1 to 25 years.

16. HELD-TO-MATURITY INVESTMENTS

	2013	2012
	HK$'000	*HK$'000*
Certificates of deposit held	**1,894,973**	1,687,788
Treasury bills (including Exchange Fund Bills)	**1,993,645**	1,695,873
Other debt securities	**892,287**	1,172,556
	4,780,905	4,556,217
Listed or unlisted:		
– Listed in Hong Kong	**644,484**	42,156
– Listed outside Hong Kong	**282,261**	–
– Unlisted	**3,854,160**	4,514,061
	4,780,905	4,556,217
Analysed by types of issuers:		
– Central government	**1,993,645**	1,695,873
– Banks and other financial institutions	**2,787,260**	2,860,344
	4,780,905	4,556,217

There were no impairment allowances made against held-to-maturity investments as at 31 December 2013 and 2012. There were no movements in impairment allowances for the years ended 31 December 2013 and 2012.

There were neither impaired nor overdue held-to-maturity investments as at 31 December 2013 and 2012.

All exposures attributed to the held-to-maturity investments were rated with a grading of Baa2 or above based on the credit rating of an external credit agency, Moody's.

17. GOODWILL

	2013	2012
	HK$'000	*HK$'000*
Cost and net carrying amount:		
At the beginning and the end of the year	**2,774,403**	2,774,403

Impairment test of goodwill

There are two cash-generating units (the "CGUs"), namely Public Bank (Hong Kong) and Public Finance, which represent the main operating entities within the business segment "Retail and commercial banking businesses" identified by the Group. Goodwill acquired through business combinations is allocated on a pro-rata basis to the two CGUs based on the ratio of recoverable amounts of a CGU to those of the other CGU at the date of acquisition. The recoverable amounts of the CGUs at each subsequent reporting date are determined based on the value in use using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses arising from the acquisition of Public Bank (Hong Kong) and its subsidiaries. The cash flow projections are based on financial budgets approved by management covering a 10-year period and assumed growth rates are used to extrapolate the cash flows in the following 40 years. The financial budgets are prepared based on a 10-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets extrapolated from a track record of financial results. All cash flows are discounted at discount rates of 3% and 6% under baseline and stressed scenarios, respectively. Management's financial model assumes an average growth rate of 5% to 6% per annum from the eleventh to fiftieth year taking into account long term gross domestic product growth and other relevant economic factors. The discount rates used are based on the rates which reflect specific risks relating to the CGUs.

No impairment loss has been recognised in respect of goodwill for the years ended 31 December 2013 and 2012 as its value in use exceeds the carrying amount.

18. RESERVES

	Share premium account *HK$'000*	Capital redemption reserve *HK$'000*	Contributed surplus *HK$'000*	Employee share-based compensation reserve *HK$'000*	Regulatory reserve *HK$'000*	Retained profits *HK$'000*	Translation reserve *HK$'000*	Total *HK$'000*
At 1 January 2012	4,013,296	829	96,116	45,765	408,495	1,552,066	65,425	6,181,992
Profit for the year	–	–	–	–	–	381,571	–	381,571
Other comprehensive income	–	–	–	–	–	–	5,646	5,646
Transfer from retained profits	–	–	–	–	872	(872)	–	–
Dividends for 2012 *(Note 13)*	–	–	–	–	–	(153,708)	–	(153,708)
At 31 December 2012 and 1 January 2013	**4,013,296**	**829**	**96,116**	**45,765**	**409,367**	**1,779,057**	**71,071**	**6,415,501**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**367,761**	**–**	**367,761**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**13,661**	**13,661**
Transfer from retained profits	**–**	**–**	**–**	**–**	**778**	**(778)**	**–**	**–**
Dividends for 2013 *(Note 13)*	**–**	**–**	**–**	**–**	**–**	**(175,667)**	**–**	**(175,667)**
At 31 December 2013	**4,013,296**	**829**	**96,116**	**45,765**	**410,145**	**1,970,373**	**84,732**	**6,621,256**

The contributed surplus of the Group represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation in September 1991 over the nominal value of the Company's shares issued in exchange therefor.

Note: In accordance with the HKMA's guideline "Impact of the New Hong Kong Accounting Standards on Authorised Institutions' Capital Base and Regulatory Reporting" (the "Guideline"), the Group's regulatory reserve and collective impairment allowances were included as CET1 capital in the Group's capital base at 31 December 2013 as defined in the Guideline. The regulatory reserve was held as a buffer of capital to absorb potential financial losses in excess of the accounting standards' requirements pursuant to the Guideline from the HKMA.

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, and the terms of the leases range from 1 to 5 years.

As at 31 December 2013 and 2012, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**9,771**	6,546
In the second to fifth years, inclusive	**5,677**	2,779
	15,448	9,325

(b) As lessee

The Group has entered into non-cancellable operating lease arrangements with landlords, and the terms of the leases range from 1 to 5 years.

As at 31 December 2013 and 2012, the Group had total future minimum lease rental payables under non-cancellable operating leases falling due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**51,499**	48,135
In the second to fifth years, inclusive	**34,698**	27,956
	86,197	76,091

20. OFF-BALANCE SHEET EXPOSURE

Contingent liabilities, commitments and derivatives

The following is a summary of the contractual amount of each significant class of contingent liabilities, commitments and derivatives of the Group outstanding at the end of the year:

	2013				
	Contractual amount *HK$'000*	**Credit equivalent amount** *HK$'000*	**Credit risk-weighted amount** *HK$'000*	**Positive fair value-assets** *HK$'000*	**Negative fair value-liabilities** *HK$'000*
Direct credit substitutes	**172,109**	**172,109**	**61,526**	**–**	**–**
Transaction-related contingencies	**11,080**	**5,540**	**2,150**	**–**	**–**
Trade-related contingencies	**53,464**	**10,693**	**10,216**	**–**	**–**
Forward forward deposits placed	**6,916**	**6,916**	**1,383**	**–**	**–**
Forward asset purchases	**2,970**	**2,970**	**594**	**–**	**–**
	246,539	**198,228**	**75,869**	**–**	**–**
Derivatives held for trading:					
Foreign exchange rate contracts	**434,721**	**3,101**	**19**	**771**	**610**
Other commitments with an original maturity of:					
More than one year	**115,829**	**57,914**	**57,914**	**–**	**–**
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	**3,982,241**	**–**	**–**	**–**	**–**
	4,779,330	**259,243**	**133,802**	**771**	**610**
Capital commitments contracted for, but not provided in the statement of financial position	**4,064**				

	Contractual amount HK$'000	Credit equivalent amount HK$'000	2012 Credit risk-weighted amount HK$'000	Positive fair value-assets HK$'000	Negative fair value-liabilities HK$'000
Direct credit substitutes	200,808	200,808	52,922	–	–
Transaction-related contingencies	10,909	5,454	3,785	–	–
Trade-related contingencies	99,942	19,989	17,223	–	–
Forward forward deposits placed	74,218	74,218	14,844	–	–
Forward asset purchases	2,806	2,806	561	–	–
	388,683	303,275	89,335	–	–
Derivatives held for trading:					
Foreign exchange rate contracts	142,582	489	1	317	135
Other commitments with an original maturity of:					
More than one year	181,353	90,676	90,676	–	–
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	3,242,637	–	–	–	–
	3,955,255	394,440	180,012	317	135
Capital commitments contracted for, but not provided in the statement of financial position	5,925				

The Group had not entered into any bilateral netting arrangements and accordingly the above amounts are shown on a gross basis. The credit risk-weighted amounts are calculated in accordance with the Capital Rules and guidelines issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments and from 0% to 50% for exchange rate contracts.

As at 31 December 2013 and 2012, the Group had no material outstanding contingent liabilities and commitments save as disclosed above.

21. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows an analysis of financial assets and financial liabilities analysed by principal according to the period that they are expected to be recovered or settled.

	2013							
	Repayable on demand	Up to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 12 months	Over 1 year but not more than 5 years	Over 5 years	Repayable within an indefinite period	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets:								
Cash and short term placements	1,228,656	2,733,718	–	–	–	–	–	3,962,374
Placements with banks and financial institutions maturing after one month but not more than twelve months	–	–	987,374	208,617	–	–	–	1,195,991
Loans and advances and receivables	604,386	1,121,638	1,572,326	3,474,264	6,519,184	13,974,951	128,768	27,395,517
Available-for-sale financial assets	–	–	–	–	–	–	6,804	6,804
Held-to-maturity investments	–	1,110,396	651,539	2,355,704	663,266	–	–	4,780,905
Other assets	123	60,006	3,435	4,605	–	–	45,552	113,721
Foreign exchange contracts (gross)	–	433,194	1,527	–	–	–	–	434,721
Total financial assets	1,833,165	5,458,952	3,216,201	6,043,190	7,182,450	13,974,951	181,124	37,890,033
Financial liabilities:								
Deposits and balances of banks and other financial institutions at amortised cost	24,555	258,846	100,000	100,000	–	–	–	483,401
Customer deposits at amortised cost	6,422,009	9,153,909	10,981,098	3,101,896	315,440	–	–	29,974,352
Certificates of deposit issued at amortised cost	–	–	199,876	1,184,767	409,849	–	–	1,794,492
Unsecured bank loans at amortised cost	–	496,000	–	1,167,705	–	–	–	1,663,705
Other liabilities	416	85,850	31,784	32,462	8,576	–	168,850	327,938
Foreign exchange contracts (gross)	–	433,042	1,518	–	–	–	–	434,560
Total financial liabilities	6,446,980	10,427,647	11,314,276	5,586,830	733,865	–	168,850	34,678,448

	2012							
	Repayable on demand *HK$'000*	Up to 1 month *HK$'000*	Over 1 month but not more than 3 months *HK$'000*	Over 3 months but not more than 12 months *HK$'000*	Over 1 year but not more than 5 years *HK$'000*	Over 5 years *HK$'000*	Repayable within an indefinite period *HK$'000*	Total *HK$'000*
Financial assets:								
Cash and short term placements	708,553	3,242,915	–	–	–	–	–	3,951,468
Placements with banks and financial institutions maturing after one month but not more than twelve months	–	–	651,076	222,875	–	–	–	873,951
Loans and advances and receivables	661,247	1,013,130	1,204,691	3,557,492	6,962,883	13,746,310	175,572	27,321,325
Available-for-sale financial assets	–	–	–	–	–	–	6,804	6,804
Held-to-maturity investments	–	1,103,708	1,052,681	2,343,085	56,743	–	–	4,556,217
Other assets	73	86,035	1,048	1,655	–	–	42,520	131,331
Foreign exchange contracts (gross)	–	116,591	5,068	20,923	–	–	–	142,582
Total financial assets	1,369,873	5,562,379	2,914,564	6,146,030	7,019,626	13,746,310	224,896	36,983,678
Financial liabilities:								
Deposits and balances of banks and other financial institutions at amortised cost	39,866	258,430	90,000	150,000	–	–	–	538,296
Customer deposits at amortised cost	6,206,734	9,568,395	9,375,385	3,808,813	414,795	–	–	29,374,122
Certificates of deposit issued at amortised cost	–	–	–	449,959	199,874	–	–	649,833
Unsecured bank loans at amortised cost	–	48,000	–	2,046,661	865,776	–	–	2,960,437
Other liabilities	83	116,029	22,317	26,435	12,452	–	163,428	340,744
Foreign exchange contracts (gross)	–	116,524	5,056	20,820	–	–	–	142,400
Total financial liabilities	6,246,683	10,107,378	9,492,758	6,502,688	1,492,897	–	163,428	34,005,832

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not or was not, for any part of the accounting year covered by the 2013 annual report, in compliance with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code"), except for certain deviations as specifically explained below with considered reasons for such deviations. The principles as set out in the CG Code have been applied in our corporate governance structure.

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. The Board is of the view that the current practice of appointing non-executive directors without a specific term but otherwise subject to rotation and re-election by shareholders at an annual general meeting of the Company is fair and reasonable, and does not intend to change the current practice at the moment.

Under Code Provision A.5.1 of the CG Code, the majority of the nomination committee members must be independent non-executive directors. Mr. Quah Poh Keat was re-designated from an Independent Non-executive Director to Non-executive Director of the Company on 3 October 2013, and consequently the Company has not complied with the Code Provision A.5.1 since then. Following the appointment of Mr. Tang Wing Chew and Mr. Lai Wan as Independent Non-executive Directors of the Company on 20 December 2013, the said Code Provision has been duly complied with.

Under Code Provision E.1.2 of the CG Code, the chairman of the board shall attend the annual general meeting. Tan Sri Dato' Sri Dr. Teh Hong Piow, the Chairman of the Company, was absent from the last annual general meeting of the Company held in March 2013 due to other engagement. The last annual general meeting was chaired by the Co-Chairman of the Company, Tan Sri Datuk Seri Utama Thong Yaw Hong.

The Board will review the relevant Bye-laws from time to time and propose any amendment, if necessary, to ensure compliance with the CG Code.

DIVIDENDS

The first interim dividend of HK$0.05 (2012: HK$0.05) per ordinary share was paid on 30 July 2013. The second interim dividend of HK$0.11 (2012: HK$0.09) per ordinary share was declared on 30 December 2013 and will be payable on 20 February 2014 to shareholders of the Company whose names appear on the register of members on 29 January 2014. The directors do not recommend the payment of a final dividend for the year (2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 11 March 2014 to Friday, 14 March 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 10 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The operating environment for financial institutions in Hong Kong remained challenging and difficult in the year under review. The uncertainty in the exit of the US's tapering of quantitative easing policy, coupled with an anticipation of increase in funding costs of Hong Kong in the near term, was a concern for potential asset price bubbles and the volatility of fund flows in Hong Kong. The various measures implemented by the Hong Kong government to curb rising property prices and to discourage speculative property transactions had resulted in a significant drop in the volume of property transactions in the property market of Hong Kong. The domestic loan demand (particularly property lending) of the Group was also affected in the year under review.

FINANCIAL REVIEW

Revenue and earnings

For the year ended 31 December 2013, the Group recorded a profit after tax of HK$367.8 million, representing a decrease of HK$13.8 million or 3.6% when compared to the profit after tax in the previous year. The decrease was mainly due to the much lower gains on fair value of investment properties for the year 2013 when compared to the previous year. Excluding the net effect of the decrease of HK$53.9 million in gain on fair value of investment properties, the operating profit after tax for the year ended 31 December 2013 would increase by HK$40.1 million or 12.5% when compared to the operating profit after tax in the previous year.

The Group's basic earnings per share for 2013 was HK$0.34. The Board of Directors had declared a first interim dividend of HK$0.05 per share in June 2013 and a second interim dividend of HK$0.11 per share in December 2013. The Board of Directors did not recommend the payment of a final dividend, making a total dividend for the year of HK$0.16 per share (2012: HK$0.14 per share).

For the year under review, the Group's net interest income increased by HK$79.3 million or 6.4% to HK$1.32 billion. Interest income increased by HK$13.0 million or 0.8% to HK$1.66 billion whilst interest expense decreased by HK$66.3 million or 16.4% to HK$338.7 million. Total operating income of the Group increased by HK$74.4 million or 5.1% to HK$1.53 billion as a result of the increase in net interest income in 2013.

Total operating expenses (before changes in fair value of investment properties) increased by HK$16.1 million or 2.2% to HK$760.2 million, mainly due to increase in staff costs and rental costs on branch premises. Gains from the change in fair value of investment properties decreased by HK$53.9 million to HK$6.1 million as compared to the previous year.

Impairment allowances for loans and advances increased by HK$8.8 million or 2.8% to HK$324.9 million in 2013 as compared to HK$316.1 million in the previous year. The Group's impaired loans ratio stood at 0.63%, mainly from the unsecured personal loans business of Public Finance.

Loans and advances, customer deposits and total assets

The Group's total loans and advances (including trade bills) increased slightly by HK$96.9 million or 0.4% to HK$27.28 billion as at 31 December 2013 from HK$27.18 billion as at 31 December 2012. Customer deposits increased by HK$600.2 million or 2.0% to HK$29.97 billion as at 31 December 2013 from HK$29.37 billion as at 31 December 2012.

As at 31 December 2013, the Group's total assets stood at HK$41.15 billion, an increase of HK$611.8 million when compared to the position as at 31 December 2012.

Branch network

Public Bank (Hong Kong), a subsidiary of the Company, has 32 branches in Hong Kong and 3 branches in Shenzhen in the People's Republic of China ("PRC") to provide a broad range of commercial and retail banking services. Public Finance, a subsidiary of Public Bank (Hong Kong), has a network of 42 branches in Hong Kong. Winton Financial Limited ("Winton Financial"), another operating subsidiary of the Company, which operates under a money lenders licence, has a network of 9 branches in Hong Kong to provide personal financing to its target customer segment. In total, the Group has a combined branch network of 86 branches as at 31 December 2013 to serve its customers.

Business performance

Public Bank (Hong Kong)

During the year under review, total loans and advances (including trade bills) of Public Bank (Hong Kong) (or the "Bank") recorded an increase of HK$183.1 million or 0.8% to HK$22.55 billion as at 31 December 2013 from HK$22.37 billion as at 31 December 2012. The loan growth was contained partly due to the repayment of some syndicated loans which the Bank did not seek to refinance in the year 2013. Demand for property lending was also sluggish due to a significant decline in the volume of property transactions in the secondary market, and the Group's direction to seek property related loans at higher yield in the year under review due to anticipation of higher funding cost caused by external factors. Customer deposits increased by HK$464.8 million or 1.8% to HK$26.20 billion as at 31 December 2013 from HK$25.74 billion as at 31 December 2012.

The consolidated capital adequacy ratio of Public Bank (Hong Kong) stood at 18.1% as at 31 December 2013. It has no exposure attributed directly to structured investment vehicles, US-subprime mortgages and the five "PIIGS" countries namely Portugal, Italy, Ireland, Greece and Spain as at the end of 2013.

Public Bank (Hong Kong) will continue to develop and expand its retail banking business and customer base, identify suitable locations for the relocation of its branches to better sites in order to expand its reach of existing and potential customers, and develop its banking related financial services businesses.

Public Finance

Total loans and advances of Public Finance recorded a decline of HK$94.0 million or 2.0% to HK$4.54 billion as at 31 December 2013 from HK$4.63 billion as at 31 December 2012. Customer deposits increased by HK$219.9 million or 5.7% to HK$4.05 billion as at 31 December 2013 from HK$3.83 billion as at 31 December 2012. Public Finance's capital adequacy ratio stood at 26.2% as at 31 December 2013.

Public Finance will continue to focus on its consumer financing business and deposit takings business.

Segmental information

The Group's businesses comprise three main segments: (i) retail and commercial banking businesses, (ii) stockbroking and wealth management services, and (iii) other businesses. 96% of the Group's operating income and 94% of the profit before tax were contributed by retail and commercial banking businesses for the year under review. When compared to the previous year, the Group's operating income from retail and commercial banking businesses increased by HK$69.7 million or 5.0% to HK$1,466.3 million. Profit before tax from retail and commercial banking businesses for 2013 increased by HK$43.9 million or 11.6% to HK$422.2 million mainly due to increase of net interest income in the current year.

Contingent liabilities and commitments

The Group has no material contingent liabilities (other than those in the normal course of its banking and finance businesses related to treasury and trade finance activities and loan commitments disclosed in the notes to the financial statements) as at the end of the year under review. The Group did not incur any material capital expenditure or enter into any material commitments in respect of capital expenditure during the year under review. As at 31 December 2013, there was no charge over the assets of the Group.

OPERATIONAL REVIEW

Funding and capital management

The main objective of the Group's funding activities is to ensure the availability of funds at reasonable cost to meet all contractual financial commitments, to fund growth in loans and advances and to generate reasonable returns from available funds. The Group also encourages its subsidiaries to be self-reliant on the funding of their business growth.

The Group relies principally on its internally generated capital, customer deposits, deposits from financial institutions and the issuance of certificates of deposit to fund its retail consumer financing business and its retail and commercial banking business. The Group's bank borrowings in the form of term loans denominated in Hong Kong dollars at floating interest rates was reduced by HK$1.30 billion to HK$1.66 billion as at the end of 2013 with the repayment of some bilateral bank loans. Based on the level of bank borrowings as compared to the equity of the Group, the Group's gearing ratio stood at a healthy level of 0.25 times as at 31 December 2013. The bank borrowings have remaining maturity periods of less than one year. In the normal course of its commercial banking business, Public Bank (Hong Kong) had entered into foreign exchange and interest rate swap and forward contracts to reduce the foreign exchange rate risk and interest rate risk exposures of the Group. Exposures to fluctuations in foreign exchange rates and interest rates were minimal during the year under review.

Asset quality

The Group's impaired loans to total loans ratio improved to 0.63% as at 31 December 2013 from 0.84% as at 31 December 2012. The impaired loans were mainly from the unsecured personal loan business of Public Finance. The Group will continue to adopt prudent credit underwriting standards, pursue recovery of problem loans diligently, safeguard its capital adequacy and liquidity positions, and set prudent yet flexible business development strategies to strike a balance between business growth and managing risk.

Human resource management

The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff are enrolled in external training courses, seminars, professional and technical courses with appropriate sponsorship from the Group in order to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. Staff are also encouraged to participate in social activities organised by the Group to promote team spirit and build a cohesive workforce.

Options to subscribe for 66,526,000 shares in the Company were granted to employees of the Group in May 2005 pursuant to the Company's employees' share option scheme approved by shareholders on 28 February 2002. In 2013, no options to subscribe for shares in the Company were exercised by employees of the Group. As at 31 December 2013, options to subscribe for 24,365,000 shares in the Company remained unexercised.

As at 31 December 2013, the Group's staff force stood at 1,428 employees. For the year ended 31 December 2013, the Group's total staff-related costs amounted to HK$444.1 million.

PROSPECTS

The economic outlook of Hong Kong and Mainland China in the year 2014 is anticipated to remain challenging affected by global external factors. The uncertainty in the timing of the exit of the US from quantitative easing monetary policies will continue to add pressure on debt servicing ability and purchasing power of consumers in anticipation of rising interest rates and thus, fund flow in Hong Kong. The uncertainties and concerns over the US fiscal and monetary issues, potential interest rate hikes in the US, which will lead to increasing funding costs in Hong Kong due to the peg of HKD to USD, coupled with signs of overheated property market in Hong Kong and China, will continue to have an adverse impact on the operating environment in Hong Kong and increase counterparty and credit risks facing banks and corporations in Hong Kong.

Competition in the banking and financing industry in Hong Kong is expected to remain keen and will intensify with financial institutions seeking greater market share in loans and advances, customer deposits, and other banking and financing businesses. The competitive and volatile environment will continue to exert pressure on the pricing of banking and financing products in Hong Kong. Net interest margin on loans of financial institutions in Hong Kong will remain under pressure with adverse potential impact on the earnings of financial institutions due to rising funding cost in the year ahead.

Notwithstanding the aforesaid, the Group will adjust the business strategies and exercise cost control measures where appropriate to maintain stable profit margins from loans and deposits businesses. The Group will also continue to focus on expanding its retail and commercial banking business and its consumer finance business cautiously with sound marketing strategies and excellent customer service. The Group will continue to seek greater synergies within its business operations to cross-sell the Group's products and services through the combined branch network of Public Bank (Hong Kong), Public Finance and Winton Financial.

The Group will continue to pursue long-term business growth objectives, and take steps to align business strategies with future expansion plans and earnings growth with prudent capital and funding management in meeting the challenges ahead.

Barring unforeseen circumstances, the Group expects to register growth in its businesses and financial performance. The Group is also committed to fostering a healthy and strong corporate culture to enhance the Group's cohesiveness with shared vision and values by every staff in the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

REVIEW BY AUDIT COMMITTEE

The 2013 annual results have been reviewed by the Company's Audit Committee which comprises four Independent Non-executive Directors and two Non-executive Directors.

By Order of the Board
Tan Sri Dato' Sri Dr. Teh Hong Piow
Chairman

Hong Kong, 16 January 2014

As at the date of this announcement, the Board of Directors of the Company comprises Tan Sri Dato' Sri Dr. Teh Hong Piow, Tan Sri Dato' Sri Tay Ah Lek, Mr. Quah Poh Keat, Dato' Chang Kat Kiam and Mr. Chong Yam Kiang as Non-Executive Directors, Mr. Tan Yoke Kong and Mr. Lee Huat Oon as Executive Directors, and Tan Sri Datuk Seri Utama Thong Yaw Hong, Mr. Lee Chin Guan, Mr. Tang Wing Chew and Mr. Lai Wan as Independent Non-Executive Directors.