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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2013

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31st December, 2013 (the “Year”) pursuant to paragraph 45 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position, all of which have been reviewed by the Audit Committee, together with the comparative figures of the corresponding year ended 31st December, 2012 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Continuing operations			
Revenue	3	6,452,726	2,433,544
Cost of sales		(3,692,055)	(568,580)
Gross profit		2,760,671	1,864,964
Other income	5	79,180	78,748
Investment income, net	6	1,064,961	2,546,158
Administrative expenses		(307,823)	(281,768)
Costs of development recognised in respect of property project in Macau	16	(22,035)	(694,737)
Other expenses	7	(2,524)	(1,434)
Gain on disposals of properties and other fixed assets		45	359
(Loss) gain on disposals of investment properties		(130,370)	22,135
Fair value changes on investment properties		3,402,859	6,108,972
Finance costs	9	(453,589)	(344,805)
Other gains and losses, net	10	202,811	235,341
Share of results of associates		350,854	580,006
Profit before tax		6,945,040	10,113,939
Income tax expense	11	(443,919)	(299,090)
Profit for the year from continuing operations		6,501,121	9,814,849
Discontinued operation	12		
Profit for the year from discontinued operation		501	5,667
Profit for the year	8	6,501,622	9,820,516

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31st December, 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Other comprehensive income			
Continuing operations			
<i>Item that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties and other fixed assets		<u>127,054</u>	<u>98,162</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value changes on available-for-sale investments		(26,529)	(21,997)
Exchange differences on translation of foreign operations		200,309	52,148
Share of other comprehensive income of associates		<u>93,535</u>	<u>5,979</u>
		<u>267,315</u>	<u>36,130</u>
Other comprehensive income for the year from continuing operations (net of tax)		<u>394,369</u>	<u>134,292</u>
Discontinued operation	12		
<i>Item that may be reclassified subsequently to profit or loss</i>			
Fair value changes on available-for-sale investments		<u>(136)</u>	<u>3,751</u>
Other comprehensive income for the year from continuing and discontinued operations (net of tax)		<u>394,233</u>	<u>138,043</u>
Total comprehensive income for the year		<u>6,895,855</u>	<u>9,958,559</u>
Profit for the year attributable to:			
Owners of the Company			
Continuing operations		6,317,427	9,791,651
Discontinued operation		<u>310</u>	<u>3,286</u>
		<u>6,317,737</u>	<u>9,794,937</u>
Non-controlling interests			
Continuing operations		183,694	23,198
Discontinued operation		<u>191</u>	<u>2,381</u>
		<u>183,885</u>	<u>25,579</u>
Total		<u>6,501,622</u>	<u>9,820,516</u>
Total comprehensive income for the year attributable to:			
Owners of the Company			
Continuing operations		6,711,796	9,925,943
Discontinued operation		<u>226</u>	<u>5,314</u>
		<u>6,712,022</u>	<u>9,931,257</u>
Non-controlling interests			
Continuing operations		183,694	23,198
Discontinued operation		<u>139</u>	<u>4,104</u>
		<u>183,833</u>	<u>27,302</u>
Total		<u>6,895,855</u>	<u>9,958,559</u>
Earnings per share (HK\$)	14		
Basic and diluted			
From continuing and discontinued operations		<u>3.312</u>	<u>5.135</u>
From continuing operations		<u>3.312</u>	<u>5.133</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December, 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Investment properties		45,552,614	41,972,818
Properties and other fixed assets		549,335	521,886
Property interests held for future development		-	-
Intangible assets		-	-
Goodwill		322,938	322,938
Interests in associates		2,370,531	2,017,868
Advances to associates		1,702,019	1,642,668
Available-for-sale investments		99,598	119,012
Financial assets designated as at fair value through profit or loss		1,080,272	993,942
Loans receivable – due after one year		16	15
Deferred tax assets		23,505	35,252
Advance to a non-controlling shareholder		14,908	14,908
Pledged deposits		578,803	62,673
		<u>52,294,539</u>	<u>47,703,980</u>
Current assets			
Stock of properties	15	2,323,246	3,768,372
Investments held-for-trading		894,816	156,327
Financial assets designated as at fair value through profit or loss		11,038,052	9,575,592
Loans receivable – due within one year		13	51
Inventories for cosmetic products		3,337	3,379
Debtors, deposits and prepayments	16	3,055,267	5,092,246
Securities trading receivables and deposits		66,103	286,045
Tax recoverable		9,910	1,911
Pledged deposits		632,780	2,169,839
Time deposits, bank balances and cash		3,881,250	4,786,523
Sales proceeds held by stakeholders		1,546,180	837,425
		<u>23,450,954</u>	<u>26,677,710</u>
Assets classified as held for sale	18	64,733	147,569
		<u>23,515,687</u>	<u>26,825,279</u>
Current liabilities			
Creditors and accruals	17	1,794,252	636,313
Securities trading and margin payable		15,136	33,586
Deposits and receipts in advance		1,068,654	3,306,447
Tax liabilities		247,062	93,112
Borrowings – due within one year		7,386,683	14,171,958
Provisions		39,424	-
Financial guarantee liabilities		37	-
		<u>10,551,248</u>	<u>18,241,416</u>
Liabilities directly associated with assets classified as held for sale	18	-	1,973
		<u>10,551,248</u>	<u>18,243,389</u>
Net current assets		<u>12,964,439</u>	<u>8,581,890</u>
Total assets less current liabilities		<u>65,258,978</u>	<u>56,285,870</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31st December, 2013

	2013	2012
	HK\$'000	HK\$'000
Equity attributable to owners of the Company		
Share capital	190,762	190,762
Properties revaluation reserve	225,216	98,162
Securities investments reserve	19,223	45,765
Statutory reserve	41,760	32,203
Other reserve	(2,501)	(2,537)
Special reserve	2,499,685	2,499,685
Capital redemption reserve	138,062	138,062
Translation reserve	1,308,690	1,014,869
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale	-	4,308
Retained profits		
- proposed final dividend	953,810	381,524
- special interim dividend	-	1,907,619
- others	41,729,041	39,236,100
	47,103,748	45,546,522
Non-controlling interests	86,017	431,803
Total equity	47,189,765	45,978,325
Non-current liabilities		
Borrowings – due after one year	16,524,293	9,335,617
Provisions	18,519	-
Amounts due to associates	58,727	30,099
Amounts due to investee companies	402,685	104,935
Amounts due to non-controlling shareholders	369,236	220,437
Deferred tax liabilities	695,753	616,457
	18,069,213	10,307,545
	65,258,978	56,285,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2013

1. Basis of Preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at their fair values.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The accounting policies adopted in these consolidated financial statements for the Year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31st December, 2012 except as described below.

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for current accounting year of the Group. The new HKFRSs adopted by the Group in these consolidated financial statements are set out below:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	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 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income”. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The presentation of other comprehensive income section has been modified for such disclosures accordingly.

The amendments to HKFRS 7 require entities to disclose information about: (a) recognised financial instruments that are set off in accordance with HKAS 32 “Financial Instruments: Presentation”; and (b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

Under HKFRS 10, there is a single-approach for determining control for the purpose of consolidation of subsidiaries by an entity based on the concept of power, variability of returns and the ability to use power to affect the amount of returns. This replaces the previous approach which emphasised legal control under HKAS 27 (Revised) (for companies) or exposure to risks and rewards under HK(SIC) – Int 12 (for special purpose entities) “Consolidation – Special Purpose Entities”. The adoption of HKFRS 10 does not have any financial impact to the Group as all subsidiaries within the Group satisfy the requirements for control under HKFRS 10 and there are no new subsidiaries identified under the new guidance.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (Revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangements. HKFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, a jointly controlled entity that meets the definition of a joint venture should be accounted for using the equity method under HKAS 28 (Revised in 2011). The adoption of HKFRS 11 does not have any financial impact to the Group.

HKFRS 12 specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new requirements for unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards and will be provided in the annual report.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

HKFRS 13 includes extensive disclosure requirements and specific transitional provisions which were given for disclosure of comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group will not make any new disclosures required by HKFRS 13 for the 2012 comparative period in the annual report. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the fair value measurements of the Group’s assets and liabilities in these consolidated financial statements.

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. Of these, the following are pertinent to the Group’s operations:

The amendments to HKAS 32 “Financial Instruments: Presentation” clarify that income tax relating to distributions to holders of equity instrument should be recognised in profit or loss and income tax relating to transaction costs of an equity transaction should be recognised in equity. The adoption of the amendments to HKAS 32 does not have any financial impact to the Group as it currently does not have distributions subject to tax or costs of equity transactions that are tax-deductible.

Except for HKFRS 13, which requires prospective application from 1st January, 2013, the Group has applied the above new HKFRSs retrospectively.

Save as described above, the application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

The Group has not early adopted the following new and revised HKFRSs, amendments and interpretation (“new and revised HKFRSs”) that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ⁴
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁴
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 14	Regulatory Deferral Accounts ³
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1st January, 2014

² Effective for annual periods beginning on or after 1st July, 2014

³ Effective for annual periods beginning on or after 1st January, 2016

⁴ No mandatory effective date yet determined but is available for adoption

HKFRS 9 (Issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (Revised in November 2010) adds requirements for the financial liabilities and for derecognition. Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1st January, 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group’s financial assets and financial liabilities.

The Group is in the process of assessing the potential impact of the new and revised HKFRSs but is not yet in a position to determine whether the new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Revenue

Revenue represents the aggregate amounts received and receivable from property rental income, sales of properties held for sale, gains/losses from sales of investments held-for-trading, interest income from loan financing, commission from brokerage, settlement charges from brokerage and cosmetic goods sold less returns, analysed as follows:

	2013 HK\$'000	2012 HK\$'000
Continuing operations		
Property rental income	1,791,257	1,673,201
Sales of properties held for sale	4,651,665	720,570
Losses on sales of investments held-for-trading	(44,399)	(9,205)
Interest income from loan financing	35,648	31,547
Brokerage and cosmetic income	18,555	17,431
	<u>6,452,726</u>	<u>2,433,544</u>

4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed available-for-sale equity investments; (v) listed investments held-for-trading and treasury products; and (vi) unlisted investments, investment holding and brokerage. The segmentations are based on the information about the operation of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

Property development and trading	–	Property development and sales of trading properties
Property leasing		
- Retail	–	Property leasing from retail properties
- Non-retail	–	Property leasing from non-retail properties
Listed available-for-sale equity investments	–	Listed equity securities in available-for-sale investments
Listed investments held-for-trading and treasury products	–	Listed securities investments in investments held-for-trading, over-the-counter trading and structured products
Unlisted investments, investment holding and brokerage	–	Unlisted securities investments, trading and brokerage

The reportable segment of “floating rate and fixed rate notes” on available-for-sale investments was discontinued since the year ended 31st December, 2012 as a result of the disposals of two listed subsidiaries of the Group. Details of the discontinued operation are set out in Note 12.

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are fair value changes on investments properties and other properties together with their, if applicable, respective deferred tax. No intersegment revenue is accounted for as the intersegment revenue is mainly the rental income for administrative purpose.

The Group’s measurement methods used to determine reported segment profit or loss remain unchanged from 2012.

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and result are attributed to countries on the basis of the property location.

There was no major customer who individually accounted for over 10% of the Group’s revenue.

4. Operating Segments (continued)

Operating segment information is presented below:

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2013

	Property development and trading HK\$'000	Property leasing		Listed available- for-sale equity investments HK\$'000	Listed investments held-for- trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Continuing operations								
Major cash items excluding in revenue								
- Hong Kong	-	-	-	-	2,434,160	-	-	2,434,160
- Other countries	-	-	-	-	13,646,871	-	-	13,646,871
	-	-	-	-	16,081,031	-	-	16,081,031
Revenue								
Revenue from external customers								
- Hong Kong	2,917,456	1,117,798	379,147	-	(45,623)	5,975	48,228	4,422,981
- Mainland China	1,734,209	54,611	47,687	-	-	-	-	1,836,507
- United Kingdom	-	5,273	186,741	-	-	-	-	192,014
- Other countries	-	-	-	-	1,224	-	-	1,224
	4,651,665	1,177,682	613,575	-	(44,399)	5,975	48,228	6,452,726
Revenue from external customers after non-controlling interests	3,922,523	1,176,964	613,302	-	(44,399)	5,975	48,228	5,722,593
Attributable property sales from associates								
- Hong Kong	368,904	-	-	-	-	-	-	368,904
Attributable rental revenue from associates								
- Hong Kong	-	15,802	27,971	-	-	-	-	43,773
- Mainland China	-	84,216	84,539	-	-	-	-	168,755
	4,291,427	1,276,982	725,812	-	(44,399)	5,975	48,228	6,304,025
Result								
Segment result								
- Hong Kong	939,006	1,073,576	367,812	-	(57,774)	42,455	56,848	2,421,923
- Mainland China	100,761	47,706	41,443	-	-	68,470	-	258,380
- United Kingdom	-	5,268	186,564	-	-	-	-	191,832
- Other countries	-	-	-	-	970,357	34	-	970,391
	1,039,767	1,126,550	595,819	-	912,583	110,959	56,848	3,842,526
Share of results of associates								
- Attributable property sales, net								
- Hong Kong	116,248	-	-	-	-	-	-	116,248
- Attributable gross income								
- Hong Kong	-	15,802	27,971	-	-	-	1,638	45,411
- Mainland China	-	84,216	84,539	-	-	-	-	168,755
- Attributable operating cost								
- Hong Kong	-	(1,032)	(2,971)	-	-	-	-	(4,003)
- Mainland China	-	(47,304)	(14,993)	-	-	-	-	(62,297)
Non-controlling interests	(234,749)	(636)	(245)	-	-	-	-	(235,630)
	921,266	1,177,596	690,120	-	912,583	110,959	58,486	3,871,010
Other income	3,313	1,708	-	-	-	-	-	5,021
Costs of development recognised in respect of property project in Macau	(22,035)	-	-	-	-	-	-	(22,035)
Loss on disposals of investment properties	-	(130,370)	-	-	-	-	-	(130,370)
Finance costs	-	(2,982)	(105,600)	-	(56,607)	-	-	(165,189)
Other gains and losses, net	-	-	4,275	-	-	-	-	4,275
Share of results of associates								
- Income tax and others	(12,312)	(28,008)	57,764	-	-	-	(888)	16,556
Non-controlling interests	(496)	(1,113)	-	-	-	-	-	(1,609)
	889,736	1,016,831	646,559	-	855,976	110,959	57,598	3,577,659
Unallocated items								
Unallocated corporate expenses, net								(253,037)
Unallocated finance costs								(288,400)
Gain on disposal of subsidiaries								198,536
Income tax expense								(379,992)
Unallocated non-controlling interests								53,603
Operating profit from continuing operations attributable to owners of the Company for the year								2,908,369
Operating profit from discontinued operation attributable to owners of the Company for the year								310
Operating profit from continuing and discontinued operations								2,908,679
Realised fair value changes on disposal of investment properties - recognised in current year								491,433
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of associates and non-controlling interests)								2,981,552
- Deferred tax expense								(63,927)
Profit from continuing and discontinued operations attributable to owners of the Company for the year								6,317,737

4. Operating Segments (continued)

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31st December, 2013

	HK\$'000
Core profit (excluding major non-cash items)	
Operating profit from continuing and discontinued operations	2,908,679
Major accumulated realised fair value changes on disposal of investment properties in current year	
- Recognised in current year	491,433
- Recognised in prior years	356,721
Core profit from continuing and discontinued operations attributable to owners of the Company for the year	<u>3,756,833</u>

Consolidated Statement of Financial Position

At 31st December, 2013

	Property development and trading HK\$'000	Property leasing		Listed available- for-sale equity investments HK\$'000	Listed investments held-for- trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	3,847,767	26,221,008	10,343,349	-	894,816	752,624	47,323	42,106,887
- Mainland China and Macau	10,256,012	1,288,181	1,105,379	-	-	7,115	3,799	12,660,486
- United Kingdom	-	125,329	4,316,229	-	-	-	-	4,441,558
- Other countries	-	-	-	-	12,415,690	-	-	12,415,690
Interests in associates								
- Hong Kong	33,235	489,895	1,085,054	-	-	1,309	29,695	1,639,188
- Mainland China	161,920	115,225	454,198	-	-	-	-	731,343
Advances to associates								
- Hong Kong	7,096	204	137	-	-	2	1,477	8,916
- Mainland China	987,345	60,190	645,568	-	-	-	-	1,693,103
Reportable segment assets	<u>15,293,375</u>	<u>28,300,032</u>	<u>17,949,914</u>	<u>-</u>	<u>13,310,506</u>	<u>761,050</u>	<u>82,294</u>	75,697,171
Assets classified as held for sale								64,733
Unallocated corporate assets								48,322
Consolidated total assets								<u>75,810,226</u>
Liabilities								
Segment liabilities								
- Hong Kong	1,166,264	828,949	169,516	-	2	16,389	84,007	2,265,127
- Mainland China and Macau	950,374	23,744	19,628	-	-	-	-	993,746
- United Kingdom	-	93,323	3,222,249	-	-	-	-	3,315,572
- Other countries	-	-	-	-	6,453,230	-	-	6,453,230
Reportable segment liabilities	<u>2,116,638</u>	<u>946,016</u>	<u>3,411,393</u>	<u>-</u>	<u>6,453,232</u>	<u>16,389</u>	<u>84,007</u>	13,027,675
Unallocated corporate liabilities								15,592,786
Consolidated total liabilities								<u>28,620,461</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>1,837,954</u>	<u>128,222</u>	<u>256,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,314</u>	

4. Operating Segments (continued)
Other Material Items
For the year ended 31st December, 2013

	Continuing operations			Discontinued operation	Continuing and discontinued operations
	Reportable segments total	Adjustments for unallocated	Adjustments for major non-cash items	Total	Consolidated statement of comprehensive income total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	921,286	8,187	-	929,473	929,983
Finance costs	(165,189)	(288,400)	-	(453,589)	(453,589)
Net income (expenses)	756,097	(280,213)	-	475,884	476,394
Depreciation	-	(18,525)	-	(18,525)	(18,525)
Fair value changes on investment properties	-	491,433	2,911,426	3,402,859	3,402,859
Costs of development recognised in respect of property project in Macau	(22,035)	-	-	(22,035)	(22,035)
Share of results of associates	280,670	-	70,184	350,854	350,854
Income tax expense	-	(379,992)	(63,927)	(443,919)	(443,957)
Non-controlling interests	(237,239)	53,603	(58)	(183,694)	(183,885)

4. Operating Segments (continued)

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2012

	Property development and trading HK\$'000	Property leasing		Listed available- for-sale equity investments HK\$'000	Listed investments held-for- trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
Continuing operations		Retail HK\$'000	Non-retail HK\$'000					
Major cash items excluding in revenue								
- Hong Kong	-	-	-	-	1,507,649	-	-	1,507,649
- Mainland China	-	-	-	-	-	3,878,450	-	3,878,450
- Other countries	-	-	-	-	6,712,892	-	-	6,712,892
	-	-	-	-	8,220,541	3,878,450	-	12,098,991
Revenue								
Revenue from external customers								
- Hong Kong	34,219	1,031,839	352,106	-	6,408	5,752	43,226	1,473,550
- Mainland China	686,351	46,443	48,125	-	-	-	-	780,919
- United Kingdom	-	5,346	189,342	-	-	-	-	194,688
- Other countries	-	-	-	-	(15,613)	-	-	(15,613)
	720,570	1,083,628	589,573	-	(9,205)	5,752	43,226	2,433,544
Revenue from external customers after non-controlling interests	717,659	1,082,103	587,535	-	(9,205)	5,752	43,226	2,427,070
Attributable property sales from associates								
- Hong Kong	231,906	-	-	-	-	-	-	231,906
Attributable rental revenue from associates								
- Hong Kong	-	19,264	28,630	-	-	-	-	47,894
- Mainland China	-	87,645	81,849	-	-	-	-	169,494
	949,565	1,189,012	698,014	-	(9,205)	5,752	43,226	2,876,364
Result								
Segment result								
- Hong Kong	27,361	978,608	339,345	-	10,730	104,469	58,572	1,519,085
- Mainland China	215,766	40,116	40,914	-	-	(5,852)	-	290,944
- United Kingdom	-	5,341	189,149	-	-	-	-	194,490
- Other countries	-	-	-	-	2,430,577	-	-	2,430,577
	243,127	1,024,065	569,408	-	2,441,307	98,617	58,572	4,435,096
Share of results of associates								
- Attributable property sales, net								
- Hong Kong	115,992	-	-	-	-	-	-	115,992
- Attributable gross income								
- Hong Kong	-	19,264	28,630	-	-	-	3,773	51,667
- Mainland China	-	87,645	81,849	-	-	-	-	169,494
- Attributable operating cost								
- Hong Kong	-	(2,602)	(5,451)	-	-	-	-	(8,053)
- Mainland China	-	(45,295)	(13,693)	-	-	-	-	(58,988)
Non-controlling interests	(1,920)	(1,314)	(1,899)	-	-	-	-	(5,133)
	357,199	1,081,763	658,844	-	2,441,307	98,617	62,345	4,700,075
Other income	403	-	-	-	-	-	-	403
Gain on disposal of investment properties	-	22,135	-	-	-	-	-	22,135
Finance costs	-	(3,100)	(109,797)	-	(24,272)	-	-	(137,169)
Other gains and losses, net	(606)	-	-	-	-	-	-	(606)
Share of results of associates								
- Income tax and others	339	(27,292)	(40,947)	-	-	-	(102)	(68,002)
Non-controlling interests	-	(5,534)	-	-	-	-	-	(5,534)
	357,335	1,067,972	508,100	-	2,417,035	98,617	62,243	4,511,302
Unallocated items								
Unallocated corporate expenses, net								(228,472)
Unallocated finance costs								(207,636)
Gain on disposal of subsidiaries								106,955
Unallocated other gains and losses, net								(10)
Income tax expense								(198,443)
Unallocated non-controlling interests								(7,853)
Operating profit from continuing operations attributable to owners of the Company for the year								3,975,843
Operating profit from discontinued operation attributable to owners of the Company for the year								3,286
Core profit from continuing and discontinued operations (excluding major non-cash items)								3,979,129
Major non-cash items								
- Fair value changes on investment properties (including share of results of associates and non-controlling interests)								6,482,190
- Gain on revaluation of stock of properties upon transfer to investment properties								129,002
- Costs of development recognised in respect of property project in Macau								(694,737)
- Deferred tax expense								(100,647)
Profit from continuing and discontinued operations attributable to owners of the Company for the year								9,794,937

4. Operating Segments (continued)

Consolidated Statement of Financial Position

At 31st December, 2012

	Property development and trading HK\$'000	Property leasing		Listed available- for-sale equity investments HK\$'000	Listed investments held-for- trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	3,465,036	26,790,661	10,437,781	-	154,275	2,711,447	35,481	43,594,681
- Mainland China and Macau	10,162,923	1,544,696	305,415	-	-	-	3,868	12,016,902
- United Kingdom	-	107,547	3,867,352	-	-	-	-	3,974,899
- Other countries	-	-	-	-	11,082,370	-	-	11,082,370
Interests in associates								
- Hong Kong	359,374	210,865	839,772	-	-	1,579	18,071	1,429,661
- Mainland China	118,660	106,215	363,332	-	-	-	-	588,207
Advances to associates								
- Hong Kong	7,225	86	60	-	-	2	1,448	8,821
- Mainland China	971,089	60,805	601,953	-	-	-	-	1,633,847
Reportable segment assets	15,084,307	28,820,875	16,415,665	-	11,236,645	2,713,028	58,868	74,329,388
Assets classified as held for sale								147,569
Unallocated corporate assets								52,302
Consolidated total assets								74,529,259
Liabilities								
Segment liabilities								
- Hong Kong	2,057,523	723,623	37,009	-	3	35,419	80,018	2,933,595
- Mainland China and Macau	1,026,552	21,402	21,073	-	-	-	-	1,069,027
- United Kingdom	-	89,791	3,244,312	-	-	-	-	3,334,103
- Other countries	-	-	-	-	6,796,841	-	-	6,796,841
Reportable segment liabilities	3,084,075	834,816	3,302,394	-	6,796,844	35,419	80,018	14,133,566
Liabilities directly associated with assets classified as held for sale								1,973
Unallocated corporate liabilities								14,415,395
Consolidated total liabilities								28,550,934
Additions to non-current assets (other than financial instruments and deferred tax assets)								
	1,017,557	113,756	238,595	-	-	-	5,726	

Other Material Items

For the year ended 31st December, 2012

	Continuing operations			Discontinued operation	Continuing and discontinued operations
	Reportable segments total	Adjustments for unallocated	Adjustments for major non-cash items	Total	Consolidated statement of comprehensive income total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	972,246	14,987	-	987,233	993,756
Finance costs	(137,169)	(207,636)	-	(344,805)	(344,805)
Net income (expenses)	835,077	(192,649)	-	642,428	648,951
Depreciation	-	(16,507)	-	(16,507)	(16,507)
Fair value changes on investment properties	-	-	6,108,972	6,108,972	6,108,972
Gain on revaluation of stock of properties upon transfer to investment properties	-	-	129,002	129,002	129,002
Costs of development recognised in respect of property project in Macau	-	-	(694,737)	(694,737)	(694,737)
Share of results of associates	202,110	-	377,896	580,006	580,006
Income tax expense	-	(198,443)	(100,647)	(299,090)	(299,482)
Non-controlling interests	(10,667)	(7,853)	(4,678)	(23,198)	(25,579)

5. Other Income

	2013 HK\$'000	2012 HK\$'000
Included in other income are:		
Continuing operations		
Building management fee income	212,491	197,604
Building management fee expenses	(195,597)	(173,630)
	16,894	23,974
Forfeiture of deposits received on sales of stock of properties	252	403
Management and maintenance service income	15,049	5,487
Property management services, leasing administration services and general administration services income	4,763	-
Exchange gain, net	2,820	8,835
Interest income from loan note (Note 16(b))	8,187	14,987
Discontinued operation		
Exchange gain, net	37	-

6. Investment Income, Net

	2013 HK\$'000	2012 HK\$'000
Continuing operations		
Financial assets at fair value through profit or loss classified as held-for-trading:		
Unrealised loss arising on change in fair value of investments held-for-trading	(30,299)	(645)
Financial assets designated as at fair value through profit or loss:		
Unrealised (loss) gain arising on change in fair value of bonds	(55,199)	1,307,979
Realised gain arising on change in fair value of bonds		
Change in fair value	159,346	280,651
Exchange component of change	(7,606)	(4,995)
Net gain arising on change in fair value of financial assets designated as at fair value through profit or loss	96,541	1,583,635
Realised loss arising on disposal of available-for-sale investments:		
Unlisted equity securities	-	(10,500)
Underwriting commission income	46,518	-
Other investment income, net	14,138	186
Dividend income on:		
Listed investments	18,148	4,400
Unlisted investments	34,771	29,040
Interest income	885,144	940,042
	1,064,961	2,546,158
Discontinued operation		
Interest income	510	6,523
	1,065,471	2,552,681

6. Investment Income, Net (continued)

Included in interest income from continuing operations are interests from bonds of approximately HK\$811,936,000 (2012: HK\$862,936,000). Included in interest income from discontinued operation is interest from unlisted fixed rate notes of approximately HK\$510,000 (2012: unlisted floating rate and fixed rate notes of approximately HK\$6,431,000).

7. Other Expenses

	2013 HK\$'000	2012 HK\$'000
Included in other expenses are:		
Continuing operations		
Expenses for specific transactions	2,524	4
Amortisation of intangible assets	-	1,430

8. Profit for the Year

	2013 HK\$'000	2012 HK\$'000
Profit for the year has been arrived at after (charging) crediting:		
Continuing operations		
Total staff costs:		
Staff costs, including Directors' emoluments	(223,400)	(198,380)
Retirement benefits scheme contributions, net of forfeited contributions of approximately HK\$674,000 (2012: HK\$726,000)	(9,195)	(8,798)
	(232,595)	(207,178)
Auditors' remuneration		
- Current year	(3,196)	(2,921)
- Overprovision in prior years	-	140
Depreciation	(18,525)	(16,507)
Cost of trading properties recognised	(3,310,619)	(356,504)
Cost of cosmetic products recognised	(3,988)	(3,444)
Share of tax of associates (included in share of results of associates)	(34,138)	(81,126)
Gross proceeds on sale of investments held-for-trading	2,457,115	1,489,441
Carrying amount on investments held-for-trading disposed	(2,498,519)	(1,496,438)
Transaction costs on investments held-for-trading disposed	(2,995)	(2,208)
Net loss on sale of investments held-for-trading included in revenue	(44,399)	(9,205)
Gross rental income from investment properties	1,791,257	1,673,201
Less: Direct operating expenses from investment properties that generated rental income during the year	(62,576)	(77,329)
Direct operating expenses from investment properties that did not generate rental income during the year	(6,312)	(2,399)
	1,722,369	1,593,473
Discontinued operation		
Auditors' remuneration	(7)	(118)
Exchange loss, net	-	(334)

9. Finance Costs

	2013 HK\$'000	2012 HK\$'000
Continuing operations		
Interest on:		
Bank loans wholly repayable within five years	460,734	396,117
Other loans wholly repayable within five years	42,085	34,824
Loan from a former subsidiary wholly repayable within five years	4,842	-
Amount due to a non-controlling shareholder	8,600	-
Total interest	516,261	430,941
Exchange loss (gain) on translation of foreign currency loans, net	14,522	(9,528)
Other finance costs	57,035	40,464
	587,818	461,877
Less: Interest capitalised to stock of properties under development	(1,282)	(53,336)
Interest capitalised to investment properties under development	(132,947)	(63,736)
	453,589	344,805

10. Other Gains and Losses, Net

	2013 HK\$'000	2012 HK\$'000
Included in other gains and losses, net are:		
Continuing operations		
Gain on disposal of subsidiaries (<i>note</i>)	198,536	106,955
Gain on deregistration of an associate	4,275	-
Gain on revaluation of stock of properties upon transfer to investment properties	-	129,002
Write-down of stock of properties	-	(606)

Note: Gain on disposal of subsidiaries arose from the disposal of the Group's entire 61.96% interest in Chi Cheung Investment Company, Limited (now known as LT Holdings Limited) ("Chi Cheung"), a listed subsidiary of the Company, during the Year (Note 19)(2012: disposal of the Group's entire 41.93% interest in G-Prop (Holdings) Limited (now known as Common Splendor International Health Industry Group Limited) ("G-Prop"), a listed subsidiary of the Company).

11. Income Tax Expense

	2013 HK\$'000	2012 HK\$'000
The charge comprises:		
Continuing operations		
Current tax:		
Hong Kong Profits Tax	310,874	103,460
Other than Hong Kong	48,129	50,721
	359,003	154,181
Underprovision (overprovision) in prior years:		
Hong Kong Profits Tax	3,247	(2,279)
Other than Hong Kong	(9,454)	576
	(6,207)	(1,703)
Deferred tax:		
Current year charge	91,061	142,467
Underprovision in prior years	62	4,145
	91,123	146,612
	<u>443,919</u>	<u>299,090</u>
Discontinued operation		
Hong Kong Profits Tax		
Current tax	38	404
Overprovision in prior years	-	(12)
	<u>38</u>	<u>392</u>
	<u>443,957</u>	<u>299,482</u>

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the Year. The PRC Enterprise Income Tax rate of 25% (2012: 25%) is used for estimation of PRC Enterprise Income Tax. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. Discontinued Operation

(a) Disposal of Chi Cheung on 6th February, 2013 (“Chi Cheung Disposal”)

On 5th December, 2012, (i) Billion Up Limited (“Billion Up”), an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Billion Up; and (iii) an independent third party of and not connected with the Company and its connected persons (“Purchaser of Chi Cheung”) entered into a sale and purchase agreement pursuant to which Billion Up agreed to sell and the Purchaser of Chi Cheung agreed to purchase the shares of Chi Cheung held by the Group, representing approximately 61.96% of the entire issued share capital of Chi Cheung, at a total consideration of approximately HK\$559,199,000 (after adjustment). The Chi Cheung Disposal was completed on 6th February, 2013. Upon completion, Chi Cheung and its subsidiaries (“Chi Cheung Group”) ceased to be subsidiaries of the Group.

On 5th December, 2012, the Group and Chi Cheung also entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital, the shareholder’s loan and certain debt of View Success Investments Limited (“View Success”), an indirect wholly-owned subsidiary of Chi Cheung, from Chi Cheung (“View Success Acquisition”) at a total consideration of approximately HK\$41,500,000. The View Success Acquisition was completed on 23rd January, 2013. As such, the assets and liabilities of View Success did not form part of net assets disposed of on the completion of the Chi Cheung Disposal.

Details of the Chi Cheung Disposal and the View Success Acquisition were set out in the announcement of the Company dated 5th December, 2012.

12. Discontinued Operation (continued)

(b) Disposal of G-Prop on 6th August, 2012 (“G-Prop Disposal”)

On 16th June, 2012, Mass Rise Limited, an indirect wholly-owned subsidiary of the Company, as the first vendor (“First Vendor”) and Asian Kingdom Limited, a company indirectly wholly-owned by a Director and a controlling shareholder of the Company, as the second vendor (“Second Vendor”) entered into a sale and purchase agreement in respect of the disposal of a total of 1,512,059,473 shares of G-Prop with (i) Champion Dynasty Limited, an independent third party, as the purchaser (“Purchaser of G-Prop”); (ii) the Company and Crown Jade Limited as warrantors; and (iii) Mr. Cheung Wai Kuen as guarantor of the Purchaser of G-Prop, pursuant to which 1,018,380,590 shares of G-Prop was sold by the First Vendor to Purchaser of G-Prop and 493,678,883 shares of G-Prop was sold by the Second Vendor to the Purchaser of G-Prop at a total consideration of approximately HK\$423,661,000. The G-Prop Disposal was completed on 6th August, 2012. Upon completion, G-Prop and its subsidiaries ceased to be subsidiaries of the Group.

Details of the G-Prop Disposal were disclosed in the announcement of the Company dated 17th June, 2012.

As a result of the Chi Cheung Disposal and the G-Prop Disposal, the reportable segment of “floating rate and fixed rate notes” has been discontinued since the year ended 31st December, 2012 and, in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” issued by the HKICPA, their consolidated results were therefore classified as discontinued operation since then.

The consolidated results of the discontinued operation for the years ended 31st December, 2013 and 2012 are set out as below:

	2013 HK\$'000	2012 HK\$'000
Other income	37	-
Investment income, net	510	6,523
Administrative expenses	(8)	(464)
Profit before tax	539	6,059
Income tax expense	(38)	(392)
Profit for the year from discontinued operation	501	5,667
Other comprehensive (expense) income for the year:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Fair value changes on available-for-sale investments	(136)	3,751
Total comprehensive income for the year from discontinued operation (net of tax)	365	9,418
Profit for the year from discontinued operation attributable to:		
Owners of the Company	310	3,286
Non-controlling interests	191	2,381
	501	5,667
Total comprehensive income for the year from discontinued operation attributable to:		
Owners of the Company	226	5,314
Non-controlling interests	139	4,104
	365	9,418

12. Discontinued Operation (continued)

	2013 HK\$'000	2012 HK\$'000
The consolidated cash flows from discontinued operation are set out as below:		
Net cash used in operating activities	(581)	(711)
Net cash generated from investing activities	1,051	17,391
Net cash inflows	<u>470</u>	<u>16,680</u>

13. Dividends

	2013 HK\$'000	2012 HK\$'000
(a) Special interim dividend for 2012 paid on 22nd February, 2013 of HK\$1 (2011: nil) per share	1,907,619	-
(b) Final dividend for 2012 paid on 10th June, 2013 of HK20 cents (2011: HK1 cent) per share	381,524	19,076
(c) Interim dividend for 2013 paid on 16th August, 2013 of HK20 cents (2012: HK1 cent) per share	381,524	19,076
(d) Special interim dividend for 2013 paid on 16th August, 2013 of HK\$1.3 (2012: nil) per share	<u>2,479,905</u>	<u>-</u>
Total dividends paid	<u>5,150,572</u>	<u>38,152</u>

Final dividend of HK50 cents (2012: HK20 cents) per share has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. Earnings per Share

From continuing and discontinued operations

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

	2013 HK\$'000	2012 HK\$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company:		
Continuing operations	6,317,427	9,791,651
Discontinued operation	310	3,286
Continuing and discontinued operations	<u>6,317,737</u>	<u>9,794,937</u>

	Number of shares	
	2013	2012
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,907,619,079</u>	<u>1,907,619,079</u>

14. Earnings per Share (continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the profit for the Year from continuing operations attributable to owners of the Company of approximately HK\$6,317,427,000 (2012: HK\$9,791,651,000) and on the weighted average number of 1,907,619,079 (2012: 1,907,619,079) ordinary shares in issue during the Year.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK0.02 cents (2012: HK0.17 cents) which is calculated based on the profit for the Year from discontinued operation attributable to owners of the Company of approximately HK\$310,000 (2012: HK\$3,286,000) and on the weighted average number of 1,907,619,079 (2012: 1,907,619,079) ordinary shares in issue during the Year.

Diluted earnings per share for the years ended 31st December, 2013 and 2012 were the same as the basic earnings per share as there were no diluting events during both years.

15. Stock of Properties

As set out in the Company's announcement dated 17th June, 2012, Moon Ocean Ltd. ("Moon Ocean"), a wholly-owned subsidiary of the Company, received a notice of preliminary hearing dated 15th June, 2012 ("First Notice") from the Land, Public Works and Transport Bureau ("LPWT") of Macau Special Administrative Region of the People's Republic of China ("Macau") regarding the transfers of the rights deriving from the land concession for the five plots of land adjacent to the Macau International Airport (according to the Group's record, formerly known as Lots 1C; 2; 3; 4 and 5 (parcels 5A, 5B and C), Avenida Wai Long, Taipa, Macau, which registered in the Macau Land Registry under Nos. 22993, 22991, 22995, 22990 and 22989 and later revised as Lots 1C1; 1C2; 1C3; 2a; 2b; 2d; 3; 4a; 4b; 5a1; 5a2; 5a3; 5b1; 5b2; 5b3; 5b4; 5b5; 5b6; A3a; A3b; A4a; A4b; E1a; E1b; E2 and E3 which registered in the Macau Land Registry under No. 22989 as per the 2011 Revision (as defined hereinafter)) ("Macau Land") from five Macau companies to which the land concession was originally granted ("Original Owners") to Moon Ocean ("Land Transfers") and the amendments of the related land concession contracts.

It was stated in the First Notice that (i) the Chief Executive of Macau had approved the initiation of the procedures for declaring the act of the Chief Executive of Macau in confirming the approval of the Land Transfers and the amendments of the related land concession contracts in March 2006 invalid and returning the Macau Land to the Original Owners ("First Matters"); and (ii) Moon Ocean may make written submission regarding the First Matters within 15 days from the receipt of the First Notice.

The Group's Macau legal advisor ("Macau Legal Advisor") made the submission which set out the basis for opposing the First Matters on 29th June, 2012. As set out in the Company's announcement dated 14th August, 2012, Moon Ocean received a notice from the LPWT ("Second Notice") stating that (i) the Chief Executive of Macau had declared the previous act of the Chief Executive of Macau in confirming the approval of the Land Transfers and the amendments of the related land concession contracts in March 2006 invalid ("First Decision"); and (ii) Moon Ocean may present objection to the First Decision within 15 days from the gazetting of the First Decision and may also appeal to the Court of Second Instance of Macau. The First Decision was then published on the official bulletin of the government of Macau dated 15th August, 2012.

On 28th August, 2012, the Macau Legal Advisor filed on behalf of Moon Ocean an objection to the Chief Executive of Macau's Bureau against the First Decision. On 14th September, 2012, as Moon Ocean had not received any reply from the Chief Executive of Macau regarding such objection, Moon Ocean and a purchaser of La Scala ("Purchaser") therefore jointly lodged an appeal to the Court of Second Instance of Macau against the First Decision on the same date ("First Decision Appeal"). Details of lodging the objection and the First Decision Appeal were disclosed in the Company's announcements on 28th August, 2012 and 14th September, 2012 respectively.

15. Stock of Properties (continued)

On 4th September, 2012, Moon Ocean further received a notice of preliminary hearing (“Third Notice”) from the LPWT which stated that (i) the Chief Executive of Macau had approved the initiation of the procedures for declaring the act of the Chief Executive of Macau in confirming the approval of the increase of residential gross floor area of the Macau Land from 392,505 to 537,560 square meters and an exchange of 9 small pieces of land with a total site area of approximately 1,282 square meters initially forming part of the Macau Land for 8 small pieces of adjacent land with a total site area of approximately 5,204 square meters as announced on 9th March, 2011 (“2011 Revision”) was invalid (“Second Matters”); and (ii) Moon Ocean may make written submission on the issues regarding the subject matter of the above procedures within 15 days from the receipt of the Third Notice.

The Macau Legal Advisor made the submission which set out the basis for opposing the Second Matters on 19th September, 2012.

On 16th April, 2013, Moon Ocean received a notice (“Fourth Notice”) from the LPWT stating that (i) the Chief Executive of Macau declared the previous act of approval of the 2011 Revision by the Chief Executive of Macau was invalid (“Second Decision”); and (ii) Moon Ocean may present objection against the Second Decision within 15 days from the gazetting of the Second Decision and may also appeal to the Court of Second Instance of Macau. Details of the Fourth Notice were disclosed in the Company’s announcement dated 16th April, 2013. The Second Decision was then published on the official bulletin of the government of Macau dated 17th April, 2013.

On 15th May, 2013, Moon Ocean and two purchasers of La Scala jointly lodged an appeal to the Court of Second Instance of Macau against the Second Decision (“Second Decision Appeal”). Details of lodging the Second Decision Appeal were disclosed in the Company’s announcement dated 15th May, 2013.

On 11th October, 2013, the Court of Second Instance of Macau issued a notice of its decision made on 10th October, 2013 regarding the legitimacy of certain parties involved in the First Decision Appeal (“Parties Rulings”). In the Parties Rulings, the Court of Second Instance of Macau has determined that each of (1) the Purchaser who has joined Moon Ocean as a co-appellant of the First Decision Appeal and (2) Macau, which Moon Ocean has identified as a counter-interested party in Macau’s capacity as a shareholder of the four Original Owners which were dissolved, is not a legitimate party in the proceedings. As a result, the Court of Second Instance of Macau has (i) acquitted the appeal against the First Decision made by Chief Executive of Macau filed by the Purchaser and (ii) acquitted Macau as a counter-interested party of the First Decision Appeal.

The Group has been advised by the Macau Legal Advisor that the Parties Rulings is only an intermediate act of the Court of Second Instance of Macau (which was intended to address certain procedural issues, namely whether certain parties are legitimate parties in the proceedings) prior to the judgment of the substantial issues under the First Decision Appeal. Such decision is not the actual judgment of the First Decision Appeal which will take place at a later stage. The Parties Rulings do not affect the appeal lodged against the Chief Executive of Macau as a defendant under the First Decision Appeal filed by the Macau Legal Advisor on behalf of Moon Ocean. Further, the Parties Rulings will not prejudice the rights of Moon Ocean to claim damages against Macau in relation to the First Decision in separate administrative proceedings.

On 2nd December, 2013, the Purchaser filed an appeal against the Parties Rulings to the Court of Second Instance of Macau of excluding her from the First Decision Appeal. Insofar as the acquittal of the Purchaser as a co-appellant is concerned, if the appeal lodged by the Purchaser against the Parties Rulings is unsuccessful, the First Decision Appeal will proceed with Moon Ocean as the sole appellant.

On 16th January, 2014, Moon Ocean received a reply from the Court of Second Instance of Macau regarding the First Decision Appeal that it decided to hear the witnesses. The depositions have been scheduled and will take place between 12th February, 2014 and 19th March, 2014.

On 29th January, 2014, the Macau Legal Advisor submitted a reply to the Court of Second Instance of Macau regarding the Chief Executive of Macau’s defense in the Second Decision Appeal which was filed on 24th June, 2013.

15. Stock of Properties (continued)

In preparing these consolidated financial statements of the Group for the Year, the Directors have sought the legal opinion from the Macau Legal Advisor regarding the First Notice, the Second Notice, the Third Notice and the Fourth Notice (“Macau Legal Opinion”).

In the Macau Legal Opinion, it is pointed out that the First Decision and the Second Decision are immediately valid and enforceable and the appeal to the Court of Second Instance of Macau does not suspend the validity and enforceability of the First Decision and the Second Decision. As such, Moon Ocean is no longer the registered owner of the Macau Land.

In addition, it is also showed in the real estate registration certificate (物業登記證明) issued by the Macau Real Estate Registry of the government of Macau that there is registration of a note stating Moon Ocean’s land title over the Macau Land is invalid. In addition, written report on real estate registration (物業登記書面報告) issued by the Macau Real Estate Registry of the government of Macau shows that the land titles of Lots 1C, 2, 3, 4 and 5 of the Macau Land are currently under the name of Tai Lei Loi Development Company, Limited, San Hung Fat Development Company, Limited, San Hou Kong Development Company, Limited, San Vai Ip Development Company, Limited and Lei Tin Development Company, Limited respectively, which are Macau companies among the Original Owners. Other than Tai Lei Loi Development Company, Limited, all other Original Owners are already dissolved.

Regarding the probability of winning the First Decision Appeal and the Second Decision Appeal (“Appeals”), the Macau Legal Opinion states that there are strong legal arguments to win the Appeals and for Moon Ocean to get back the Macau Land. However, it is further stated in the Macau Legal Opinion that in view of the past judicial case outcome (which is, somehow, similar to Moon Ocean’s case) there is a plausible risk that Moon Ocean might not get the legal title of the Macau Land back.

The cost incurred in the Macau Land have been classified mainly into three types: (1) cost of acquisition of the land concession amounted to approximately HK\$1,329,023,000 paid to the Original Owners (“Land Costs”); (2) premium paid to Macau in relation to the 2011 Revision amounted to approximately HK\$624,073,000 (“Premium”); and (3) other cost, incurred in the construction project of the Macau Land up to 31st December, 2013, amounted to approximately HK\$558,593,000 (2012: HK\$542,357,000) (“Construction Costs”).

It is stated in the Macau Legal Opinion and also set out in the Third Notice that pursuant to the provision of article 282 paragraph 1 of the civil code (民法典) of the laws of Macau, the declaration of nullity of an act shall have retrospective effect and the interested parties shall return the objects exchanged in such act. As such, Moon Ocean shall be obliged to return the Macau Land and vice versa, the Original Owners and Macau shall return the Land Costs and the Premium to Moon Ocean respectively.

Based on the Macau Legal Opinion, the First Notice, the Second Notice, the Third Notice, the First Decision Appeal and all available information, the Land Costs, the Premium and the Construction Costs of approximately HK\$542,357,000 which incurred up to 31st December, 2012 were reclassified to “Debtors, Deposits and Prepayments” (Note 16) in the consolidated statement of financial position of the Group as at 31st December, 2012.

Moreover, further based on the Macau Legal Opinion, the Fourth Notice, the Second Decision Appeal and all available information, the Construction Costs incurred during the Year according to the work certified for the site formation and slope stabilisation for the Macau Land amounted to approximately HK\$16,236,000 were classified as “Stock of Properties” and such amounts were reclassified from “Stock of Properties” to “Debtors, Deposits and Prepayments” (Note 16) in these consolidated statement of financial position of the Group at the end of the reporting period.

16. Debtors, Deposits and Prepayments

Trade receivables:

Included in debtors, deposits and prepayments are trade receivables of approximately HK\$222,610,000 (2012: HK\$35,381,000) comprised rental receivables billed in advance and settlements from tenants which are expected upon receipts of billings and properties sales proceeds receivables.

The following is the aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
0 - 30 days	34,892	4,264
31 - 60 days	94,416	22,244
61 - 90 days	18,396	1,201
Over 90 days	74,906	7,672
	222,610	35,381

Other receivables, deposits and prepayments as at 31st December, 2013 mainly comprised the following:

- (a) During the Year, the Construction Costs of approximately HK\$16,236,000 (2012: HK\$542,357,000) was reclassified from “Stock of Properties” to “Debtors, Deposits and Prepayments” and such amount was recognised as “Costs of Development Recognised in respect of Property Project in Macau”. Furthermore, during the Year, the Macau Project Costs (as defined hereinafter) of approximately HK\$5,799,000 (2012: HK\$152,380,000) for maintaining the sales office and the show flat was incurred and classified as “Debtors, Deposits and Prepayments” and such amount was recognised as “Costs of Development Recognised in respect of Property Project in Macau”.

As at 31st December, 2013, included in other receivables, deposits and prepayments were (i) the Construction Costs reclassified from the stock of properties of which details were set out in Note 15 and (ii) the deposits and prepayments related to the costs incurred which were mainly for the presale of the residential units in the property project of the Macau Land of approximately HK\$158,179,000 (2012: HK\$152,380,000) (excluding inter-company transaction of approximately HK\$8,166,000 (2012: HK\$5,488,000) in respect of rental charges and building management fee of office premises and advertising space charged to Moon Ocean by its fellow subsidiaries) (“Macau Project Costs”). As set out in the Macau Legal Opinion, depending on the evidence to be produced in Macau court in connection therewith, it is probable for Moon Ocean to claim back the Construction Costs and the Macau Project Costs from Macau. However, due to the nature that there is no contractual right or obligation for Macau to return Moon Ocean the Construction Costs and the Macau Project Costs, they were recognised as “Costs of Development Recognised in respect of Property Project in Macau” of approximately HK\$22,035,000 (2012: HK\$694,737,000) in these consolidated statement of comprehensive income during the Year.

The Directors are of the opinion that the Group shall pursue to claim Macau the Construction Costs and the Macau Project Costs through legal processes should the outcome of the Appeals be unfavourable to Moon Ocean. Based on the Macau Legal Opinion, the Directors are of the opinion that it is probable for the Group to claim back the Construction Costs and the Macau Project Costs.

16. Debtors, Deposits and Prepayments (continued)

Other receivables, deposits and prepayments as at 31st December, 2013 mainly comprised the following:
(continued)

(a) (continued)

As detailed in Note 15, included in other receivables were the Land Costs and the Premium which were reclassified from the stock of properties.

The Directors are in the opinion that based on the Third Notice and the Macau Legal Opinion, by mere operation of the laws of Macau, the Original Owners and Macau shall be obliged to return the Land Costs and the Premium to Moon Ocean respectively should the outcome of the Appeals be unfavourable to Moon Ocean.

Up to the date of the approval of these consolidated financial statements, only one Macau company, Tai Lei Loi Development Company, Limited exists and the other four Macau companies among the Original Owners were dissolved (“Dissolved Original Owners”). As stated in the Macau Legal Opinion, the shareholders of the Dissolved Original Owners shall have the obligation to return the Land Costs to Moon Ocean under the laws of Macau. It is further pointed out in the Macau Legal Opinion that, the shareholders of the Dissolved Original Owners are (1) Macau, holder of a quota equivalent to 88% of the share capital of each of the Dissolved Original Owners; (2) Macau Tourism And Amusement Company Limited, holder of a quota equivalent to 5% of the share capital of each of the Dissolved Original Owners; (3) Macau International Airport Company Limited, holder of a quota equivalent to 5% of the share capital of each of the Dissolved Original Owners; and (4) Tai Fok Wah Investment Limited, holder of a quota equivalent to 2% of the share capital of each of the Dissolved Original Owners.

Up to the date of the approval of these consolidated financial statements, the Appeals are still in progress and save as disclosed above, there is no notice from the Court of Second Instance of Macau regarding the timing for legal procedures to be conducted.

- (b) Included in other receivables as at 31st December, 2012 were the loan note in the principal amount of United States dollar (“US\$”) 300,000,000 (equivalent to approximately HK\$2,327,070,000) received from the purchaser of the Group’s entire 49% interest in Grandday Group Limited (“Grandday Group”) as part of the consideration for the disposal (“Grandday Disposal”) (“Loan Note”) pursuant to the sale and purchase agreement entered into on 5th September, 2012. Details of the Grandday Disposal were set out in the announcement of the Company dated 5th September, 2012.

The Loan Note with maturity date of 7th June, 2013, secured by the share charge (“Share Charge”) over the 49 shares in Grandday Group and carried interest at 2% per annum, was fully redeemed by the purchaser in the amount of US\$100,000,000 (equivalent to approximately HK\$775,565,000) on 4th March, 2013 and US\$200,000,000 (equivalent to approximately HK\$1,551,130,000) on 6th March, 2013 respectively, together with all interests accrued thereon. The Share Charge was discharged and released on 6th March, 2013.

Save as mentioned above, the terms, provisions, guarantee, indemnities and undertakings contained in the sale and purchase agreement (including without limiting the buy option, the sale option, the indentures security and the automatic sale contained therein) and the other transactional documents in relation to the Grandday Disposal shall remain in full force and effect to the extent not already performed or discharged.

Details of the redemption of the Loan Note were set out in the announcement of the Company dated 6th March, 2013.

17. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$606,055,000 (2012: HK\$339,738,000).

The following is the aged analysis of trade payables at the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
0 - 90 days	129,729	36,717
Over 90 days	476,326	303,021
	606,055	339,738

18. Assets Classified as Held For Sale/Liabilities Directly Associated with Assets Classified as Held For Sale

(a) Disposals of certain shops or units of an investment property in Hong Kong ("Properties") (2013)

During the Year, an indirect wholly-owned subsidiary of the Company ("Vendor") has entered into a series of preliminary sale and purchase agreements ("Preliminary Agreements") with independent third parties and three companies wholly-owned by a close family member of a Director and a substantial shareholder of the Company ("Connected Parties") (collectively "Purchasers of the Properties"). Pursuant to the Preliminary Agreements, the Vendor would sell the Properties to the Purchasers of the Properties upon the terms and conditions contained therein. Sales of the Properties have been completed during the Year except for five units ("Sale Units") with an aggregate consideration of approximately HK\$64,593,000 (after discount), including sales of a total consideration of approximately HK\$39,096,000 (after discount) entered into with the Connected Parties, which are expected to be completed in the first half of 2014.

In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Sale Units have been presented as assets classified as held for sale and were remeasured at fair value in these consolidated statement of financial position as at 31st December, 2013 and a net gain of approximately HK\$140,000 was recognised in these consolidated statement of comprehensive income for the Year.

(b) Chi Cheung Disposal and disposal of certain shops of another investment property in Hong Kong ("Disposal Units") (2012)

As a result of the sale and purchase agreements for the Chi Cheung Disposal (as disclosed in Note 12(a)) and sales of the Disposal Units entered into during the year ended 31st December, 2012 which were also been completed during the Year, the consolidated assets and liabilities of Chi Cheung and the Disposal Units were presented as assets classified as held for sale and liabilities directly associated with assets classified as held for sale correspondingly in the consolidated statement of financial position as at 31st December, 2012.

At the end of the reporting period, the major classes of assets and liabilities classified as assets held for sale and liabilities directly associated with assets classified as held for sale correspondingly are as follows:

	2013 HK\$'000	2012 HK\$'000
Investment properties	64,733	14,290
Available-for-sale investments	-	98,057
Debtors, deposits and prepayments	-	1,735
Time deposits and bank balances	-	33,487
Assets classified as held for sale	64,733	147,569
Creditors and accruals	-	279
Tax liabilities	-	1,694
Liabilities directly associated with assets classified as held for sale	-	1,973

19. Disposal of Subsidiaries

As disclosed in Note 12(a), Billion Up, the Company and an independent third party entered into a sale and purchase agreement for disposal of the Group's entire 61.96% interest in Chi Cheung on 5th December, 2012 at a total consideration of approximately HK\$559,199,000 (after adjustment). The Chi Cheung Disposal was completed on 6th February, 2013. Upon completion, Chi Cheung Group ceased to be subsidiaries of the Group and its consolidated results, assets and liabilities ceased to be consolidated with those of the Group.

As disclosed in Note 12(a), since the View Success Acquisition was completed on 23rd January, 2013, before completion of the Chi Cheung Disposal, the assets and liabilities of View Success did not form part of net assets disposed of at the date of completion of the Chi Cheung Disposal.

The net assets of Chi Cheung Group at the date of disposal were as follows:

	HK\$'000
Loan to the Group	410,000
Available-for-sale investments	97,937
Debtors, deposits and prepayments	3,029
Time deposits and bank balances	563,264
Creditors and accruals	(490,434)
Tax liabilities	(1,416)
Net assets disposed of	582,380
Non-controlling interests	(220,774)
Cumulative gain on available-for-sale investments reclassified from equity	(4,224)
Gain on disposal of subsidiaries	198,536
	<u>555,918</u>
Satisfied by:	
Cash consideration received	559,199
Expenses incurred for disposal	(3,281)
	<u>555,918</u>
Net cash outflow arising on disposal:	
Cash consideration received	559,199
Expenses incurred for disposal	(3,281)
Time deposits and bank balances disposed of	(563,264)
	<u>(7,346)</u>

The gain on disposal of subsidiaries was included in "Other Gains and Losses, Net" (Note 10) in these consolidated statement of comprehensive income.

20. Capital Commitments

	2013 HK\$'000	2012 HK\$'000
Authorised and contracted for:		
Development expenditure of properties in Hong Kong	321,947	612,980
Development expenditure of properties in Mainland China	3,868,293	4,325,394
Development expenditure of properties in Macau	2,795,440	2,781,962
Capital investment in Mainland China	380,592	-
Renovation of properties	1,460	2,305
Acquisition of other fixed assets	7,106	-
	<u>7,374,838</u>	<u>7,722,641</u>

The Group's associate had capital commitments which were authorised and contracted for at the end of the reporting period of approximately HK\$830,431,000 (2012: HK\$571,202,000), of which the Group's share of commitments amounted to approximately HK\$207,608,000 (2012: HK\$142,801,000).

21. Contingent Liabilities

(a) The appeals to the Court of Second Instance of Macau with regard to the First Decision and the Second Decision

As disclosed in Notes 15 and 16, the Macau Legal Advisor filed on behalf of Moon Ocean the appeals to the Court of Second Instance of Macau against the First Decision and the Second Decision. Up to the date of the approval of these consolidated financial statements, the Appeals are still in progress and save as disclosed in Note 16, there is no notice from the Court of Second Instance of Macau regarding the timing for legal procedures to be conducted.

During the course of the development of La Scala project on the Macau Land, Moon Ocean has entered into construction contracts with certain contractors. The anticipated outstanding committed amount of these construction contracts are approximately HK\$2,795,440,000 as at 31st December, 2013 (2012: HK\$2,781,962,000) although none of the construction contractors, including China Construction Engineering (Macau) Company Limited which is the main construction contractor with construction contract sum of approximately HK\$2,252,457,000 (after excluding the subcontracting contract sum of approximately HK\$409,543,000), has commenced construction work on the Macau Land. Should the final outcome of the Appeals be unfavourable to the Group, Moon Ocean may consider entering into cancellation agreements with these contractors for the development of La Scala project on the Macau Land. Adjustments may be necessary to be made to the liabilities arising from the outstanding contractual obligations under these construction contracts should there be claims from construction contractors.

Regarding the presale of La Scala project on the Macau Land commenced since March 2012, the Group recorded contracted sales on sale of properties of approximately HK\$3,825,269,000 as at 31st December, 2013 and 2012 representing presale of 302 units of La Scala project, after cancellation of 2 contracted sales, and sales deposits of approximately HK\$383,853,000 have been received by the Group. Should the final outcome of the Appeals be unfavourable to the Group, Moon Ocean may consider entering into cancellation agreements with purchasers of La Scala in the presale and refunding the deposits received. Adjustments may be necessary to be made should there be claims made by purchasers of La Scala in the presale.

Up to the date of the approval of these consolidated financial statements, the Appeals are still in progress and save as disclosed above, there is no notice from the Court of Second Instance of Macau regarding the timing for legal procedures to be conducted. The Directors are of the opinion that, based on the Macau Legal Opinion, there is strong legal argument to win the Appeals.

(b) Litigation in respect of a presale transaction of one unit of La Scala

On 3rd March, 2012, two purchasers of La Scala ("Plaintiffs") jointly signed a binding offer letter with Moon Ocean for which the Plaintiffs agreed to acquire one residential unit in La Scala ("Binding Offer Letter"). According to the Binding Offer Letter, the Plaintiffs paid the first deposit amounting to approximately HK\$603,000 ("First Deposit") to Moon Ocean on the date of signing the Binding Offer Letter.

On 18th July, 2012, the Court of First Instance of Macau issued a writ of summons to Moon Ocean regarding to (i) the request from the Plaintiffs to cancel the Binding Offer Letter and (ii) claim against Moon Ocean to return the First Deposit as the terms of the Binding Offer Letter are inconsistent with the pre-sale agreement ("Litigation"). On 24th September, 2012, the lawyer of Moon Ocean representing Moon Ocean filed a defence to the Court of First Instance of Macau. The first court hearing of the Litigation would be held on 30th April, 2014.

Up to the date of the approval of these consolidated financial statements, no judgement of the Litigation is issued by the Court of First Instance of Macau. The Directors consider that the Litigation is still in the preliminary stage and the outcome of the Litigation is uncertain.

21. Contingent Liabilities (continued)

	2013 HK\$'000	2012 HK\$'000
(c) Other contingent liabilities:		
Guarantees given to banks, in respect of banking facilities utilised by associates	861,600	822,500
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000	15,000
Repurchase guarantee given to banks in respect of mortgages facilities given to property purchasers by subsidiaries	164,113	302,586
	1,040,713	1,140,086

DIVIDEND

The Board has recommended the payment of a final dividend of HK50 cents per share for the Year (the “Final Dividend”) (2012: HK20 cents per share).

Subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held on 20th May, 2014 (the “2014 AGM”), dividend warrants will be posted on or about 6th June, 2014 to shareholders whose names appear on the register of members of the Company on 27th May, 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the members’ eligibility to attend and vote at the 2014 AGM, and entitlement to the recommended Final Dividend, the register of members will be closed during the following periods respectively:

(a) *For ascertaining eligibility to attend and vote at the 2014 AGM:*

Latest time to lodge transfers documents for registration 4:30 p.m. on 14th May, 2014

Closure of register of members 15th May, 2014 to 20th May, 2014
(both days inclusive)

(b) *For ascertaining entitlement to the recommended Final Dividend:*

Latest time to lodge transfers documents for registration 4:30 p.m. on 23rd May, 2014

Closure of register of members 26th May, 2014 to 27th May, 2014
(both days inclusive)

Record date 27th May, 2014

To be eligible to attend and vote at the 2014 AGM, and to qualify for the recommended Final Dividend, all properly completed share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than the respective latest time as stated above.

FINANCIAL OPERATION REVIEW

Results

Continuing Operations

Revenue

Revenue for the Year amounted to HK\$6,452.7 million (2012: HK\$2,433.5 million), an 165.2% increase over last year and comprised property sales of HK\$4,651.6 million (2012: HK\$720.5 million), gross rental income of HK\$1,791.3 million (2012: HK\$1,673.2 million); losses on sales of investments held-for-trading on a net basis of HK\$44.4 million (2012: HK\$9.2 million) and others of HK\$54.2 million (2012: HK\$49.0 million). The increase in revenue was mainly due to the increase in sales of development properties and gross rental income.

Gross Profit

Gross profit for the Year amounted to HK\$2,760.7 million (2012: HK\$1,865.0 million), an 48.0% increase as compared with last year which was mainly due to the increase in profit from property sales of HK\$796.6 million and HK\$128.9 million from property leasing.

Property Leasing

For property leasing, the rental revenue in retail section jumped by 8.7% to HK\$1,177.7 million and rental revenue in non-retail section increased by 4.1% to HK\$613.6 million respectively during the Year. The total rental income in revenue for the Year recorded an increase of 7.1% to HK\$1,791.3 million as compared with last year of HK\$1,673.2 million.

Together with the attributable rental revenue generated from associates of HK\$212.5 million (2012: HK\$217.4 million), the total attributable rental revenue to the Group after non-controlling interests reached approximately HK\$2,002.8 million (2012: HK\$1,887.0 million), which achieved an 6.1% increase over last year.

Attributable net rental income for the Year showed HK\$1,867.7 million, an 7.3% increase over HK\$1,740.6 million in 2012.

Property Development and Trading

During the Year, the attributable property sales revenue and the relevant attributable profit from the Group and its associates reached HK\$4,291.4 million (2012: HK\$949.6 million) and HK\$921.3 million (2012: HK\$357.2 million), which were 4.5 times and 2.6 times to last year respectively.

The Group generated substantial sales revenue and attributable profit in 2013 from sales of properties, namely Phase II of Splendid City in Chengdu (100% interest), as well as One WanChai in Wanchai (87.5% interest).

The major components recorded in gross profit are sales of: Phase II of Splendid City generated profit of HK\$286.3 million and, on the other hand, Tower 1 of The Metropolis in Chengdu (100% interest) recorded a loss of HK\$16.8 million (after accounted for an underprovision of construction costs for units sold in prior years of HK\$39.7 million) and an underprovision for construction costs for previously sold units of Phase I of Splendid City of HK\$168.7 million (2012: profits on sales of i-home in Tai Kok Tsui (100% interest), City 151 in Kau Pui Lung Road (100% interest), Phase II of Splendid City and Tower 1 of The Metropolis of HK\$19.8 million, HK\$0.1 million, HK\$83.1 million and HK\$137.9 million respectively and loss on sales of MOD 595 in Mongkok (100% interest) of HK\$0.2 million and Phase I of Splendid City (after taking into account of an underprovision of construction costs of HK\$7.5 million) of HK\$5.3 million).

Sales of One WanChai and parking spaces at The Zenith, both in Wanchai (87.5% interest), recognised during the Year had contributed an attributable profit to the Group of HK\$810.3 million and HK\$7.3 million respectively (2012: parking spaces at The Zenith of HK\$6.4 million).

In respect of properties held by associates, Kwong Kin Trade Centre in Tuen Mun (40% interest) and Greenville Residence in Yuen Long (50% interest) generated profit of HK\$2.7 million and HK\$0.2 million respectively (2012: The Hermitage in West Kowloon (25% interest), Indihome in Tsuen Wan (50% interest), Hing Wai Centre in Aberdeen (50% interest), Kwong Kin Trade Centre, Greenville Residence, Villa Carlton in Cheung Sha Wan (50% interest) and Shiu Fai Terrace in Stubbs Road (50% interest) generated profit of HK\$17.8 million, HK\$89.3 million, HK\$6.8 million, HK\$0.9 million, HK\$0.2 million, HK\$0.3 million and HK\$0.1 million respectively) as reflected in the share of results of associates.

During the Year, the forfeited deposits received for Phase II of Splendid City of HK\$0.1 million (2012: HK\$0.4 million) and The Metropolis of HK\$0.1 million (2012: nil) was recorded in other income.

At 31st December, 2013, deposits received from stock of properties contracted to be sold for which the revenue and profit to be recognised in 2014 amounted to HK\$9.3 million. Of which, a total of HK\$0.2 million deposits were received from sales contracted for Phase II of Splendid City, with average selling price of approximately Renminbi ("RMB") 1.2 million per unit. The sales contracted for Phase II of Splendid City were 8 units of RMB9.7 million (equivalent to approximately HK\$12.4 million). Total deposits received for 3 units of One WanChai and 1 carpark of The Zenith contracted for sale totaling HK\$91.3 million (with average selling price for One WanChai of approximately HK\$24,390 per square foot) as at 31st December, 2013 were HK\$9.1 million, and the attributable interest of sales to the Group amounted to HK\$79.9 million in aggregate. The sales recorded for The Coronation in West Kowloon (15% interest) were 739 units and the attributable interest of sales to the Group was HK\$1,459.2 million, the attributable income from sales of The Coronation is expected to be recognised in 2014 upon receipt of dividend income.

The presale recorded of La Scala in Macau was 302 units of HK\$3,825.3 million with deposits received of HK\$383.9 million.

In summary, the Group together with associates and an investee company executed properties sale agreements, including presale agreements, to third parties and connected persons with an attributable contracted sales of HK\$2,145.7 million (2012: HK\$7,667.8 million) during the Year. Total attributable property sale profit recognised for the Year was HK\$921.3 million (2012: HK\$357.2 million).

Securities Investments

Under the low interest rate environment, the Group has closely managed the securities investments with a view to yield enhancement. During the Year, the Group recorded a realised loss of HK\$44.4 million (2012: HK\$9.2 million) on disposal of listed investments held-for-trading (the loss of which was included in revenue) with gross proceeds of HK\$2,457.1 million (2012: HK\$1,489.4 million). However, a realised gain from sale of bonds of HK\$151.7 million (2012: HK\$275.7 million) was recognised. The net realised gain for the Year was HK\$107.3 million (2012: HK\$266.5 million).

Furthermore, the Group recorded an unrealised loss of HK\$85.5 million (2012: gain of HK\$1,307.3 million) representing the changes in fair value of listed securities and bonds, which had no effect to the cash flow of the Group.

During both years, there was no acquisition and disposal on listed equity securities included in available-for-sale investments.

Summing up the above and adding the net income from dividend, interest income, other investment income and other finance costs of HK\$834.2 million (2012: HK\$843.2 million), the gain recognised on securities investments was HK\$856.0 million (2012: HK\$2,417.0 million).

The respective income/expense from securities investments under different categories are further elaborated below.

Listed Available-for-sale Equity Investments

The Group had not acquired and disposed any listed available-for-sale equity investments for the years of 2013 and 2012.

Listed Investments Held-for-trading and Treasury Products

The listed investments held-for-trading and treasury products recorded a profit before or after finance costs of HK\$912.6 million (2012: HK\$2,441.3 million) and HK\$856.0 million (2012: HK\$2,417.0 million) respectively for the Year.

Profit from the listed investments held-for-trading reflected in these consolidated statement of comprehensive income for the Year comprised a gross loss totaling HK\$44.4 million (2012: HK\$9.2 million), an unrealised loss on fair value changes of HK\$85.5 million (2012: gain of HK\$1,307.3 million), a realised gain on bonds of HK\$151.7 million (2012: HK\$275.7 million) and dividend, interest income and other investment income of HK\$890.8 million (2012: HK\$867.5 million). Net relevant finance costs for the Year of HK\$56.6 million (2012: HK\$24.3 million) including interest expense of HK\$42.1 million (2012: HK\$33.8 million) and exchange loss of HK\$14.5 million (2012: gain of HK\$9.5 million).

Other Income and Expenses

Other income for the Year, which mainly came from net building management fee income, management and maintenance service income and interest income from loan note, maintained stable at HK\$79.2 million (2012: HK\$78.7 million).

During the Year, administrative expenses increased by 9.2% to HK\$307.8 million (2012: HK\$281.8 million), costs of development recognised in respect of property project in Macau of HK\$22.0 million (2012: HK\$694.7 million) and finance costs increased by 31.6% to HK\$453.6 million (2012: HK\$344.8 million), including exchange loss of HK\$14.5 million (2012: gain of HK\$9.5 million) on foreign currency loans hedged for foreign currency securities investments.

Other gains and losses recorded a gain of HK\$202.8 million mainly comprised gain on Chi Cheung Disposal of HK\$198.5 million (2012: net gain of HK\$235.3 million including gain on of G-Prop Disposal of HK\$107.0 million and gain on revaluation of stock of properties upon transfer to investment properties of HK\$129.0 million).

Disposal of a Listed Subsidiary

On 5th December, 2012, (i) Billion Up, an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Billion Up; and (iii) a third party independent of and not connected with the Company and its connected persons (“Purchaser of Chi Cheung”) entered into a sale and purchase agreement pursuant to which Billion Up agreed to sell and the Purchaser of Chi Cheung agreed to purchase the shares of Chi Cheung held by the Group, representing approximately 61.96% of the entire issued share capital of Chi Cheung. The Chi Cheung Disposal was completed on 6th February, 2013. Details of the Chi Cheung Disposal were set out in the announcement of the Company dated 5th December, 2012.

Associates

The share of results of associates for the Year was a profit of HK\$350.9 million as compared to HK\$580.0 million for last year, the net decrease of which was mainly due to the decrease in fair value gain on investment properties of associates together with the deferred tax of HK\$307.7 million as compared with 2012 and the recognition of attributable profit from sale of One WanChai and The Zenith (both of 12.5% interest) indirectly held by an associate of HK\$113.3 million (2012: HK\$0.6 million).

Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 31st December, 2013, by B.I. Appraisals Limited (“B.I. Appraisals”) and Vigers Appraisal and Consulting Limited (“Vigers Appraisal”) whereas the investment property in the United Kingdom was revalued by Peak Vision Appraisals Limited (“Peak Vision Appraisals”). B.I. Appraisals, Vigers Appraisal and Peak Vision Appraisals are independent property valuers. An increase in fair value on investment properties of HK\$3,402.9 million (2012: HK\$6,109.0 million) was recorded during the Year. Except for a gain of HK\$491.4 million realised upon sale of certain investment properties during the Year, the unrealised fair value gain will not affect the cash flow of the Group.

Discontinued Operation

The operating segment of “floating rate and fixed rate notes” on available-for-sale investments was discontinued since year 2012 as a result of the Chi Cheung Disposal (as disclosed in the paragraph “Disposal of a Listed Subsidiary” above) and the G-Prop Disposal. Details of the discontinued operation are set out in Note 12 to these consolidated financial statements.

Profit, Core Profit, Dividends, Repurchase and Cash Payment Ratio

Continuing and Discontinued Operations

Profit

Profit attributable to owners of the Company for the Year was HK\$6,317.7 million as compared to HK\$9,794.9 million for last year. The decrease in profit for the Year was mainly due to the decrease in fair value gain on investment properties and fair value loss of bonds was recorded for the Year as opposed to a fair value gain for last year. Earnings per share for the Year was HK\$3.31 (2012: HK\$5.14).

Core Profit

The Group has disposed of certain investment properties in 2013, the cost of which are stated at fair value. Before disposal, such gain/loss on fair value change is unrealised and recognised at the end of every reporting period, but exclude from core profit as non-cash items. In the year of disposal, such unrealised gain/loss has become realised; and in computing core profit, accumulated fair value gain/loss from prior years and current year are included as cash items.

If the net gain on the major non-cash items of HK\$2,917.6 million (2012: HK\$5,815.8 million) are excluded, but the realised fair value gain on disposal of investment properties in current year recognised for the Year of HK\$491.4 million and the accumulated realised fair value gain recognised in prior years of HK\$356.7 million are included, the Group will have a core profit attributable to owners of the Company for the Year of HK\$3,756.8 million (2012: HK\$3,979.1 million) and a core earnings per share of HK196.9 cents (2012: HK208.6 cents), both showed a decrease of 5.6% to last year.

The major non-cash items were unrealised fair value gain on investment properties together with their respective deferred tax of HK\$2,917.6 million (2012: fair value gain on investment properties, gain on revaluation of stock of properties together with their respective deferred tax of HK\$6,510.5 million and costs of development recognised in respect of property project in Macau of HK\$694.7 million).

Dividends

Special interim dividend of HK\$1 (2011: nil) per share in total amount of HK\$1,907.6 million and final dividend of HK20 cents (2011: HK1 cent) per share in total amount of HK\$381.5 million for the year ended 31st December, 2012 were paid in cash on 22nd February, 2013 and 10th June, 2013 respectively.

Interim dividend of HK20 cents (2012: HK1 cent) per share and special interim dividend of HK\$1.3 (2012: nil) per share in total amount of HK\$2,861.4 million for the half year ended 30th June, 2013 were paid in cash on 16th August, 2013.

Total dividends of HK\$5,150.5 million were paid in cash during the Year.

Repurchase

During the Year, the Company had not repurchased any of the Company's share.

Cash Payment Ratio

Based on (a) the core profit for the Year of HK\$3,756.8 million (2012: HK\$3,979.1 million) or HK196.9 cents (2012: HK208.6 cents) per share; (b) cash final dividend of HK50 cents (2012: HK20 cents) per share proposed; and cash interim dividend of HK20 cents (2012: HK1 cent) per share and special interim dividend of HK\$1.3 (2012: nil) per share were paid during the Year and (c) special interim dividend of nil (2012: HK\$1 per share) was

declared and paid subsequent to the year end date, the ratio of such cash payment to the core profit is 101.6% (2012: 58.0%).

Net Asset Value

As at 31st December, 2013, the Group's total net asset to owners of the Company amounted to approximately HK\$47,103.7 million (2012: HK\$45,546.5 million), an increase of HK\$1,557.2 million or 3.4% when compared with 2012. With the total number of ordinary shares in issue of 1,907,619,079 as at 31st December, 2013 (2012: 1,907,619,079 shares), the net asset value per share to owners of the Company was HK\$24.69, an increase of 3.4% over 2012 (HK\$23.88 per share). The movement in net asset value was mainly due to (a) total comprehensive income for the Year attributable to owners of the Company of HK\$6,712.0 million; and (b) payment of special interim and final dividend for the year ended 31st December, 2012 and interim and special interim dividends for the half year ended 30th June, 2013 totaling HK\$5,150.5 million.

There was no transaction on the listed equity securities investments categorised as available-for-sales investments for the Year. The carrying amounts of the listed equity securities investments reserve as at 31st December, 2013 and 2012 were nil.

Other than the disposal of the Properties (as disclosed in the paragraph "Assets Classified as Held for Sale" below), Chi Cheung Disposal and commitment for an equity investment (as disclosed in the paragraph "Unlisted Securities Investment" below), the existing projects and those disclosed in the final results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

Securities Investments

As at 31st December, 2012, the carrying amount of the listed securities investments and treasury products was HK\$10,725.9 million. During the Year, the portfolio was increased by a net purchase of HK\$2,372.7 million. After deducting the fair value loss of HK\$85.5 million for the Year, the listed securities investments portfolio of the Group became HK\$13,013.1 million as at 31st December, 2013 representing 17.2% of total assets, which formed part of the Group's cash management activities.

As at 31st December, 2013, the portfolio of HK\$13,013.1 million (2012: HK\$10,725.9 million) comprised (a) listed equity securities (investments held-for-trading) of HK\$894.8 million (2012: HK\$156.3 million) and (b) bonds (financial assets designated as at fair value through profit or loss) of HK\$12,118.3 million (2012: HK\$10,569.6 million).

Unlisted Securities Investment

During the Year, the Group, among the total contribution commitment of US\$50.0 million (equivalent to approximately HK\$387.7 million), has contributed US\$0.9 million (equivalent to approximately HK\$7.1 million) to an available-for-sale investment.

Notes Held by a Listed Subsidiary

The fixed rate notes held by Chi Cheung (included in assets classified as held for sale as at 31st December, 2012 with carrying amount of HK\$98.1 million) were disposed of with the Chi Cheung Disposal during the Year.

Assets Classified as Held for Sale

During the Year, an indirect wholly-owned subsidiary of the Company ("Vendor") has entered into a series of preliminary sale and purchase agreements ("Preliminary Agreements") with independent third parties and three companies wholly-owned by a close family member of a Director and a substantial shareholder of the Company ("Connected Parties") (collectively "Purchasers of the Properties"). Pursuant to the Preliminary Agreements, the Vendor would sell the Properties to the Purchasers of the Properties upon the terms and conditions contained therein. Sales of the Properties have been completed during the Year except for five units ("Sale Units") with an aggregate consideration of approximately HK\$64.6 million (after discount), including sales of a total consideration of approximately HK\$39.1 million (after discount) entered into with the Connected Parties, which are expected to be completed in the first half of 2014.

The Sale Units have been presented as assets classified as held for sale and were stated at fair value in these consolidated statement of financial position as at 31st December, 2013.

Risk Management

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

Equity

The number of issued ordinary shares as at 31st December, 2013 and 2012 were 1,907,619,079.

Debt and Gearing

As at 31st December, 2013, the Group's bank and other borrowings amounted to HK\$23,911.0 million (2012: HK\$23,507.6 million). Cash and deposits at banks amounted to HK\$3,881.3 million (2012: HK\$4,786.5 million (excluding time deposits and bank balances classified as assets held for sale)), pledged deposits amounted to HK\$1,211.6 million (2012: HK\$2,232.5 million) and net borrowings amounted to HK\$18,818.1 million (2012: HK\$16,488.6 million).

Total debt to equity ratio was 50.7% (2012: 51.1%) and net debt to equity ratio was 39.9% (2012: 35.9%), which are expressed as a percentage of total borrowings, and net borrowings, respectively, over the total equity of HK\$47,189.8 million (2012: HK\$45,978.3 million). The total debt to equity ratio remained stable as compared with last year and the increase of net debt to equity ratio were mainly due to the decrease in cash, deposits and bank balances.

However, if the listed securities investments and treasury products of HK\$13,013.1 million (2012: HK\$10,725.9 million) are included, the net debt to equity ratio will be 12.3% (2012: 12.5%).

As at 31st December, 2013, the Group's bank and other borrowings were denominated in HK\$ (51.5%), US\$ (24.9%), Pound Sterling ("GBP") (13.5%) and RMB (10.1%). Of the Group's bank and other borrowings of HK\$23,911.0 million, 30.9%, 20.4% and 48.7% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. US\$ and RMB investment securities were hedged by US\$ and RMB borrowings respectively. The Group's bank and other borrowings in HK\$, US\$ and RMB were carried at interest rates calculated mainly with reference to HIBOR/cost of funds; bank borrowing in GBP was effectively carried at fixed rate; and bank borrowing in RMB was carried at interest rates calculated with reference to borrowing rates quoted by Peoples' Bank of China. As at 31st December, 2013, about 86.5% of the Group's borrowings were on floating rate basis and 13.5% were on fixed rate basis. No hedging for interest rate is subsisted at the end of the reporting period.

Pledge of Assets

As at 31st December, 2013, the Group had pledged the following assets:

- (a) The Group's investment properties, properties and other fixed assets and time deposits with their respective carrying amount of approximately HK\$40,888.1 million (2012: HK\$39,283.9 million), HK\$512.1 million (2012: HK\$481.9 million) and HK\$699.2 million (2012: HK\$426.6 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.
- (b) The Group's investments held-for-trading and bonds with carrying amounts of approximately HK\$13,013.1 million (2012: HK\$10,706.6 million) and cash deposits of HK\$512.4 million (2012: HK\$1,806.0 million) were pledged to the Group's financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions, of which approximately HK\$6,453.1 million (2012: HK\$6,796.7 million) was utilised as at 31st December, 2013 as borrowings due within one year.
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.
- (d) The Group has subordinated and assigned its advances to associates of approximately HK\$1,626.8 million

(2012: HK\$1,567.5 million) to financial institutions to secure general banking credit facilities granted to the associates.

Repurchase Guarantee

Certain mortgagee banks have provided end-user financing to purchasers of Splendid City and The Metropolis and the Group has provided repurchase guarantees to these mortgagee banks for securing the obligations of such purchasers for repayments. Such guarantees will be terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the mortgagee banks.

The total outstanding amount of repurchase guarantee as at 31st December, 2013 was RMB128.3 million (equivalent to approximately HK\$164.1 million) (2012: RMB243.2 million (equivalent to approximately HK\$302.6 million)) and disclosed in the contingent liabilities.

Financial and Interest Income/Expenses

Continuing and Discontinued Operations

Interest income was included in revenue, other income and investment income. Interest income for the Year was HK\$930.0 million, representing a decrease of 6.4% from that of 2012 of HK\$993.8 million.

Finance costs included interest expenses on bank and other loan, loan from a former subsidiary and amount due to a non-controlling shareholder; exchange difference on foreign currency loans; and arrangement fee and facility and commitment fee expenses. Interest expenses for the Year amounted to HK\$382.0 million, representing an 21.7% increase over the interest expenses of HK\$313.9 million recorded for last year. The increase in interest expenses was mainly due to the increase in interest rate during the Year. Interest capitalised for the Year was HK\$134.2 million as compared to HK\$117.1 million for last year. The average interest rate over the year under review was 2.30% (2012: 1.78%), which was expressed as a percentage of total interest paid over the average total borrowings.

Remuneration Policies, Share Option Scheme and Share Award Scheme

As at 31st December, 2013, the Group employed a total of 652 staff in Hong Kong (2012: 711 staff) including about 294 staff (2012: 336 staff) employed under the estate management company in Hong Kong. Besides, there was a total of 365 staff (2012: 357 staff) in the offices at Mainland China and Macau, which included about 178 staff (2012: 193 staff) of the estate management company in Chengdu.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted during the Year.

The Company had adopted a share award scheme ("Scheme") in 2009. The Scheme is to recognise and reward certain employees for their contributions to the Group and to give long-term incentives for retaining them for the continued operations and development of the Group. Details of the Scheme were set out in the Company's circular dated 23rd December, 2008. No share was granted under the Scheme during the Year.

Mainland China and United Kingdom

Profit contribution from the Group's investment in Mainland China (mainly included in gross profit, fair value changes on investment properties, share of results of associates and taxation) for the Year amounted to HK\$219.2 million (2012: HK\$510.4 million). The Group's net investment in Mainland China as at 31st December, 2013 amounted to HK\$9,969.3 million (2012: HK\$9,395.7 million) representing approximately 21.1% of the Group's total equity.

Further, the Group's investment property in the United Kingdom with carrying amount of GBP316.2 million as at 31st December, 2013 (equivalent to approximately HK\$4,043.1 million) (2012: GBP285.9 million (equivalent to approximately HK\$3,582.0 million)) contributed a profit of HK\$454.8 million (2012: HK\$82.0 million) to the Group for the Year. As at 31st December, 2013, the Group's net investment in the United Kingdom amounted to HK\$1,147.9 million (2012: HK\$640.8 million) representing approximately 2.4% of the Group's total equity.

Listed Subsidiary

Following the completion of Chi Cheung Disposal on 6th February, 2013, the Group did not own any listed subsidiary at the end of the reporting period.

Property Valuation

Property valuations have been carried out by B.I. Appraisals and Vigers Appraisal, independent qualified professional valuers, in respect of the Group's investment properties in Hong Kong and Mainland China as at 31st December, 2013 (2012: B.I. Appraisals). For the investment property in the United Kingdom, the valuations as at 31st December, 2013 and 2012 were both carried out by Peak Vision Appraisals, another independent qualified professional valuer. Their valuations were based on investment method and/or direct comparison method as the valuation methodologies and were used in preparing 2013 annual results.

The Group's investment properties were valued at HK\$45,617.3 million (2012: HK\$41,987.1 million) (including those classified as assets held for sale), an 9.0% increase over 2012 after adjusted for the additions, disposals and reclassification of investment properties during the Year. The increase in fair value of approximately HK\$3,402.9 million was recognised in these consolidated statement of comprehensive income for the Year. The Group also shared an increase in fair value of investment properties of associates of HK\$70.2 million (adjusted deferred tax of HK\$1.9 million) for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in these consolidated financial statements. Investment property under development at Chinese Estates Plaza, Chengdu stated at cost of HK\$4,511.9 million will be carried at fair value, until the earlier of the date when its fair value first become reliably measurable or the date of the completion of the property.

The increase in fair value of HK\$3,402.9 million or 9.0% was mainly attributable to the Group's major investment properties in Hong Kong and United Kingdom. Such increase has reflected an upturn in the property markets of Hong Kong and United Kingdom for the Year. Rental renewals of The ONE, Windsor House and Silvercord for the Year have shown a continuous increase over the end of 2012.

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 98.87% during the Year. The high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

The Group's overall gross rental growth including the performance of non wholly-owned properties was 7.86% with rental income of HK\$1,540.6 million for the Year as compared with last year. The rental income from Hong Kong retail portion showed an upward momentum with 7.98% growth while the non-retail portion recorded steady growth of 7.55%. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the continuous growth of Mainland China tourists' spending and the improved local consumption.

The average occupancy rate of the shops of Causeway Place was approximately 85.55% during the Year. Certain shops have been disposed of during the Year.

The overall rental income of Windsor House was raised 7.91% for the Year as compared with last year. During the Year, its average occupancy rate was approximately 97.87%. Windsor House provides shoppers a cozy shopping environment with a diversified trade mix. Various marketing and promotion activities are held in Windsor House from time to time which boost shoppers' traffic flow and thus increase tenants' business turnover. As a result, Windsor House recorded steady rental growth and high occupancy rate.

As for Silvercord, the overall rental income was raised 11.08% for the Year as compared with last year. All the shops were fully let out throughout the Year. Benefited from the prosperous shopping atmosphere of Canton Road, Tsim Sha Tsui, as well as the introduction of several luxury and premium brands in the shopping mall, Silvercord's rental rate and property value are generally uplifted.

The tallest retail complex of its kind in Hong Kong, The ONE recorded 11.94% increase of its overall rental income for the Year as compared with last year. Its average occupancy rate was approximately 99.91% during the Year with many of the shops are popular fashion brands and well-known trademarks.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon Reclamation Area, the average occupancy rate was approximately 99.89% during the Year.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon Reclamation Area, the occupancy rate was approximately 60.33% as at 31st December, 2013.

The occupancy rate for the Group's office properties maintained at a high level throughout the Year. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 94.64%, 99.47% and 98.19% respectively, bringing the approximate occupancy rate of the overall office portfolio to 97.18%.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

No. 12 Shiu Fai Terrace, located in Mid-Levels East, is a traditional prestigious location for luxury residential project in Hong Kong. A luxury residential tower which provides a total residential gross floor area of around 40,726 square feet will be redeveloped. Superstructure work is in progress. Completion of the project is scheduled for 2015.

No. 1 South Lane is located in the Western District and enjoys close proximity to the future Hong Kong University MTR Station. It will be redeveloped into a luxury residential/retail tower with a total gross floor area of around 41,966 square feet and consists of 92 residential units. Foundation work is in progress. Completion of the project is re-scheduled to the second quarter of 2016 and it is expected to be launched in the second quarter of 2014.

The Group has a two-phase redevelopment project in Wanchai (87.5% interest) undertaken with the Urban Renewal Authority. All residential units of The Zenith (Phase I project) were sold. One WanChai (Phase II project with preservation of the core elements of Wanchai Market) is a residential/commercial complex development with total gross floor area of approximately 159,700 square feet which provides 237 residential units and retail properties. Certificate of compliance was issued in January 2013 and the residential units are being handed over to individual purchasers. 230 units were sold and recognised up to 31st December, 2013, representing 97.05% of total units.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels with site area of about 36,000 square feet which provides a total residential gross floor area of around 87,800 square feet. This site will be developed into a luxury residential project. Superstructure work is in progress. Launching of the project is re-scheduled to the fourth quarter of 2014.

The Hermitage (25% interest) is one of the Group's joint venture development projects in West Kowloon Reclamation Area. It comprises 6 residential tower blocks and provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. As at 31st December, 2013, 962 units were sold and recognised, representing 99.79% of total units.

The Coronation (15% interest) is another joint venture development project of the Group in West Kowloon Reclamation Area. It comprises 6 residential tower blocks and provides in aggregate 740 residential units and retail properties with a total gross floor area of around 650,600 square feet. As at 31st December, 2013, 739 units were sold, representing 99.86% of total units.

Mainland China Property Investment

The average occupancy rate of the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen was approximately 99.71% for the Year.

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex and has a gross floor area of around 263,708 square feet. The average occupancy rates of the office and retail spaces for the Year were approximately 92.11% and 75.02% respectively.

Platinum (50% interest), a 20-storey Grade A office building located at Taicang Road of Huangpu District in Shanghai, has a gross floor area of about 466,464 square feet. The average occupancy rate for the Year was approximately 93.11%.

Hilton Beijing (50% interest), having 503 rooms, average occupancy rate was approximately 75.94% for the Year.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, average occupancy rate was approximately 85.41% for the Year.

Mainland China Property Development

Splendid City is a residential and commercial project located at Yingbin Avenue of Jinniu District in Chengdu with a gross floor area of approximately 3.74 million square feet. It comprises two phases with 19 residential tower blocks and a commercial building. Phase I provides 1,226 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet and a commercial building with gross floor area of approximately 272,740 square feet. Phase II provides 1,625 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet. As at 31st December, 2013, 1,212 units of Phase I were sold (representing 98.86% of total units) while 1,565 units of Phase II were sold and 8 units were presold (representing 96.80% of total units).

The Metropolis is a residential project located at Yixue Lane and Tangba Street of Jinjiang District in Chengdu, with site area of approximately 194,411 square feet and corresponding gross floor area of approximately 1.65 million square feet. It will comprise 3 twin residential tower blocks and will be developed in phases. Tower 1 had been completed and provides 572 units with flat size ranging from gross floor area of approximately 704 square feet to 2,692 square feet. 372 units were sold (i.e. 65.03%) up to 31st December, 2013. Superstructure work of Tower 2 and the final interior fitting works to its common areas are substantially completed. Tower 2 will provide 573 units with flat size ranging from gross floor area of approximately 735 square feet to 2,805 square feet and will be launched in the third quarter of 2014. Construction work of Tower 3 is scheduled to be commenced in late 2014.

Chinese Estates Plaza, a commercial and residential project at Tidu Street of Qingyang District in Chengdu, has a site area of about 404,267 square feet with a development scale of 3.2 million square feet. It will comprise a Grade A office building, a five stars hotel, a shopping arcade and 4 residential tower blocks. Superstructure construction of the office building, shopping arcade and the hotel portion is substantially completed and fit-out works are in progress. Superstructure work of the residential towers is in progress. Completion of the office building and hotel is scheduled for the second quarter of 2014 whereas completion of the shopping arcade is scheduled for the fourth quarter of 2014. The first residential tower is expected to be launched by the fourth quarter of 2014.

The Coronation, a commercial and residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), has a site area of around 2,207,546 square feet and a gross floor area of approximately 11.08 million square feet. Its piling work and the associated substructure work are in progress. The project will be developed in four phases and Phase I will be divided into several zones. Completion of the first zone of Phase I is scheduled for the second quarter of 2014 and the entire Phase I is expected to be completed in the fourth quarter of 2016.

Overseas Property Investment

River Court is a Grade A freehold office building situate at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 431,324 square feet, together with certain car parking spaces. It was fully let out as of 31st December, 2013.

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD

Disposal of Chi Cheung Group

As announced on 5th December, 2012, the Group entered into a sale and purchase agreement with an independent third party in relation to the disposal of 209,931,186 shares in Chi Cheung Investment Company, Limited (“Chi Cheung”) (now known as LT Holdings Limited), the then subsidiary of the Company whose shares are listed on the Stock Exchange, representing (i) all the share interests of the Group in Chi Cheung; and (ii) approximately 61.96% of the entire issued share capital of Chi Cheung as at the date of the announcement, at a final consideration of approximately HK\$559,199,000. The disposal was completed on 6th February, 2013.

Administrative Procedures for Repossession of Land in Macau by Macau Government

As set out in the Company’s announcement dated 17th June, 2012, Moon Ocean Ltd., a wholly-owned subsidiary of the Company (“Moon Ocean”), received a notice of preliminary hearing dated 15th June, 2012 (the “Hearing Notice”) from the Land, Public Works and Transport Bureau (the “LPWT”) of the Macau Special Administrative Region of the People’s Republic of China (“Macau”) regarding the transfers of the rights deriving from the land concession for the five plots of land adjacent to the Macau International Airport (according to the Company’s record, formerly known as Lots 1C; 2; 3; 4 and 5 (parcels 5A, 5B & C), Avenida Wai Long, Taipa, Macau, which registered in Macau Land Registry under Nos. 22993, 22991, 22995, 22990 and 22989 and later revised as Lots 1C1; 1C2; 1C3; 2a; 2b; 2d; 3; 4a; 4b; 5a1; 5a2; 5a3; 5b1; 5b2; 5b3; 5b4; 5b5; 5b6; A3a; A3b; A4a; A4b; E1a; E1b; E2 and E3 which registered in the Macau Land Registry under No. 22989 as per the 2011 Revision (as defined hereinafter)) (the “Macau Land”) from five Macau companies to which the land concession was originally granted (the “Original Owners”) to Moon Ocean (the “Land Transfers”) and the amendment of the related land concession contracts.

It was stated in the Hearing Notice that (i) the Chief Executive of Macau had approved the initiation of the procedures for declaring the act of the Chief Executive of Macau in confirming the approval of the Land Transfers and the related amendments of the land concession contracts in March 2006 invalid and returning the Macau Land to the Original Owners (the “Matter”); and (ii) Moon Ocean might make written submission regarding the Matter within 15 days from the receipt of the Hearing Notice.

The Group’s Macau legal adviser made the submission which set out basis for opposing the Matter on 29th June, 2012 and as set out in the Company’s announcement dated 14th August, 2012, Moon Ocean received a notice from the LPWT stating that (i) the Chief Executive of Macau had declared the previous act of the Chief Executive of Macau in confirming the approval of the Land Transfers and the related amendments of the land concession contracts in March 2006 invalid (the “Decision”); and (ii) Moon Ocean might present objection to the Decision within 15 days from the gazetting of the Decision and might also appeal to the Court of Second Instance. The Decision was then published on the official bulletin of the Macau government dated 15th August, 2012.

As announced on 28th August, 2012, the Group’s Macau legal adviser filed on behalf of Moon Ocean an objection to the Decision. As Moon Ocean had not received any reply from the Chief Executive of Macau regarding such objection, Moon Ocean and a promissory purchaser of La Scala jointly lodged an appeal to the Court of Second Instance against the Decision on 14th September, 2012 (the “First Appeal”) as disclosed in the announcement published on the same date.

As set out in the Company’s announcement dated 5th September, 2012, Moon Ocean received a notice of preliminary hearing (the “Second Hearing Notice”) from the LPWT stating that (i) the Chief Executive of Macau had approved the initiation of the procedures for declaring the act of the Chief Executive of Macau in confirming the approval of the increase of residential gross floor area of the Macau Land from 392,505 to 537,560 square metres and an exchange of 9 small pieces of land with a total site area of approximately 1,282 square metres initially forming part of the Macau Land for 8 small pieces of adjacent land with a total site area of approximately 5,204 square metres on 9th March, 2011 (the “2011 Revision”) invalid (the “Second Matter”); and (ii) Moon Ocean might make written submission on the issues regarding the subject matter of the above procedures within 15 days from the receipt of the Second Hearing Notice.

The Group’s Macau legal adviser made the submission which set out basis for opposing the Second Matter on 19th September, 2012 and as set out in the Company’s announcement dated 16th April, 2013, Moon Ocean received a notice from the LPWT stating that (i) the Chief Executive of Macau had declared the previous act of the Chief Executive of Macau in confirming the approval of the 2011 Revision invalid (the “Second Decision”); and (ii)

Moon Ocean might present objection to the Second Decision within 15 days from the gazetting of the Second Decision and might also appeal to the Court of Second Instance. The Second Decision was then published on the official bulletin of the Macau government dated 17th April, 2013.

As announced on 15th May, 2013, Moon Ocean and two promissory purchasers of La Scala jointly lodged an appeal to the Court of Second Instance against the Second Decision. Moon Ocean and such promissory purchasers also applied in the appeal to stay the appeal proceedings in relation to the Second Decision pending the final decision on the appeal lodged on 14th September, 2012 against the Decision.

On 11th October, 2013, the Court of Second Instance issued a notice of its decision made on 10th October, 2013 regarding the legitimacy of certain parties involved in the First Appeal (the “Parties Rulings”). In the Parties Rulings, the Court of Second Instance has determined that each of (i) the promissory purchaser of La Scala who has joined Moon Ocean as a co-appellant of the First Appeal; and (ii) the Macau Special Administrative Region, which Moon Ocean has identified as a counter-interested party in the Macau Special Administrative Region’s capacity as a shareholder of four of the Original Owners which were dissolved, is not a legitimate party in the proceedings. As a result, the Court of Second Instance has acquitted (i) the Chief Executive of Macau of the appeal filed by the promissory purchaser of La Scala on 14th September, 2012; and (ii) Macau Special Administrative Region as a counter-interested party of the First Appeal. The Company has made the relevant announcement on 15th October, 2013.

The Group continues seeking legal advice for appropriate legal actions on the above matters. The outcome of the Matter and the Second Matter are thus pending for any subsequent decision(s) of the Chief Executive of Macau or judgment(s) from the court of Macau.

In case of the Decision and the Second Decision becoming final, the Group will seek legal advice for appropriate actions to be taken in respect of La Scala project. The Group is determined to pursue claims it may have against the Macau government and/or the Original Owners for compensation for the losses of the Group.

Disposal of Property – Connected Transaction

As announced on 19th February, 2014, the associates of Ms. Lui, Lai-kwan (an Executive Director of the Company and an associate of Mr. Joseph Lau, Luen-hung (“Mr. Joseph Lau”), an Executive Director, the chairman of the Board (the “Chairman”) and the Chief Executive Officer (the “CEO”) and controlling shareholder of the Company) entered into a preliminary sale and purchase agreement to purchase a unit together with a car parking space and a motorcycle parking space of the Group’s residential property, namely One WanChai. The transaction constituted a connected transaction of the Company under the Listing Rules.

PROSPECTS

Although at rather slow paces, the signs of recovery for both the United States and European economies are enhancing. Low interest rate environments are likely to continue, helping to ensure that these economies will continue on their recovery paths. The economic growth for Mainland China is also healthily maintained, and its structure is on her track to a more sustainable growth in mid to long term. As a result, after a few years of turbulence, it is hopeful that a more stable global economic environment will be seen this year.

The Group’s retail investment properties continued to perform well during the Year. With continued increases in Mainland visitors and local consumption, our prime shopping malls like The ONE, Silvercord and Windsor House have all recorded satisfactory rental growth at 11.56%, 11.09% and 8.73% respectively for the Year. We will continue to enhance the attractiveness for our shopping malls to boost customer flow and spending by introducing new elements, providing cozy shopping environment and securing the optimal tenant mix.

The office investment properties of the Group continued to lease well during the Year. The overall occupancy rate of our commercial premises, including MassMutual Tower, Harcourt House and Windsor House had been well upheld, remaining high at 97.18% throughout the Year. Amidst improving business environments, we are confident in seeing growing rental income in these quality commercial premises in the coming years.

For the residential property market, the implementations of various stamp duties have not only dampened the sales volume and selling prices of the residential properties but also affected its demand in a short run. It is expected that the residential property market in Hong Kong will continue to face challenges in the foreseeable future and influenced by the cooling measures, particularly in sub-urban areas and new towns, where there are abundant

future supply. On the other hand, well located properties, such as those on the Hong Kong Island, are well sheltered by limited supply. The Group is very confident therefore, that our sumptuousness residential projects situated in prestigious locations like One WanChai, No.1 South Lane, No. 12 Shiu Fai Terrace and No. 55 Conduit Road will continue to be hot sellers.

During the Year, the Central Government was keen in establishing an effective and long-term mechanism to maintain the stability of macro-control measures for the steady development of the property markets in Mainland China. A market based mechanism will follow in future, as the reforms for land, fiscal and tax are implemented; and as the policy for housing supply system are executed by the Central Government. The Group believes that the mid to long-term property policies in Mainland China are becoming clear, which will be helpful for the country's macro-economy and property markets to grow in a more healthy manner.

The Group achieved good sales performance for The Metropolis and Splendid City, which are located in Chengdu, a core city in the western China. In particular, Splendid City is nearly fully sold out. Given the prime locations and superb quality, the Group believes that The Metropolis and the ready-for-launch mixed use development, Chinese Estates Plaza, will continue gaining market recognition and be well sought after; and that the sales of these projects will perform well in 2014.

Looking forward, the Group will continue to manage its businesses in a prudent manner and will strive for developing recurrent income streams so as to provide long-term sustainable growth for the benefit of the Group and its shareholders as a whole.

CORPORATE GOVERNANCE

Throughout the Year, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviations:-

Code Provision A.1.8 – Directors' Insurance

The latest insurance policy had not been renewed upon its expiry in August 2012 due to substantially increase in premium. The Company is of the view that the existing corporate governance measures within the Group are sound and effective such that the risk of legal action against its Directors could be minimized. Nevertheless, the Company would still consider to arrange appropriate insurance coverage for its Directors as and when competitive premium quotations could be sourced.

Code Provision A.2.1 – Chairman and Chief Executive

Mr. Joseph Lau acts as both the Chairman and the CEO since December 2006. The Board considers that this structure will not impair the balance of power and authority of the Board. At present, the Board also believes that under the leadership of Mr. Joseph Lau as the Chairman and the CEO, the Board's decision could be made effectively and it is beneficial to the management and development of the Group's businesses. The Board would still consider segregation of the roles of the Chairman and the CEO if and when appropriate.

Code Provision A.6.7 – Independent Non-executive Directors and Non-executive Directors Attending Annual General Meeting

Mr. Lau, Ming-wai, a Non-executive Director ("NED"), was unable to attend the annual general meeting of the Company held on 23rd May, 2013 (the "AGM") as he had a business engagement. Ms. Amy Lau, Yuk-wai, another NED, was also unable to attend the AGM as she was not in Hong Kong on the date of the AGM. All the Independent Non-executive Directors had attended the AGM.

Code Provision E.1.2 – Chairman Attending Annual General Meeting

Mr. Joseph Lau, the Chairman, was unable to attend the AGM as he had a business engagement. Mr. Chan, Kwok-wai, the chairman of Audit Committee and Remuneration Committee, was elected as the chairman of the AGM to ensure effective communication with shareholders of the Company at the AGM. The chairman of Nomination Committee, Ms. Phillis Loh, Lai-ping had attended the AGM.

Detailed information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2013 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the "Relevant Employees") who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group's securities had been requested to follow such code when dealing in the securities of the Company. All Relevant Employees, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the said code during the Year.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders for their continuing support. We would also like to express our sincere thanks to all staff members for their dedication and hard work.

On behalf of the Board
Joseph Lau, Luen-hung
Chairman

Hong Kong, 6th March, 2014

As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung, Ms. Chan, Sze-wan, Mr. Lam, Kwong-wai and Ms. Lui, Lai-kwan as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

Website: <http://www.chineseestates.com>

This results announcement is published on the website of the Company (<http://www.chineseestates.com>) and the HKExnews website (<http://www.hkexnews.hk>).

Results Highlights will also be posted on the Company's website on 6th March, 2014.