ANNUAL REPORT 2013

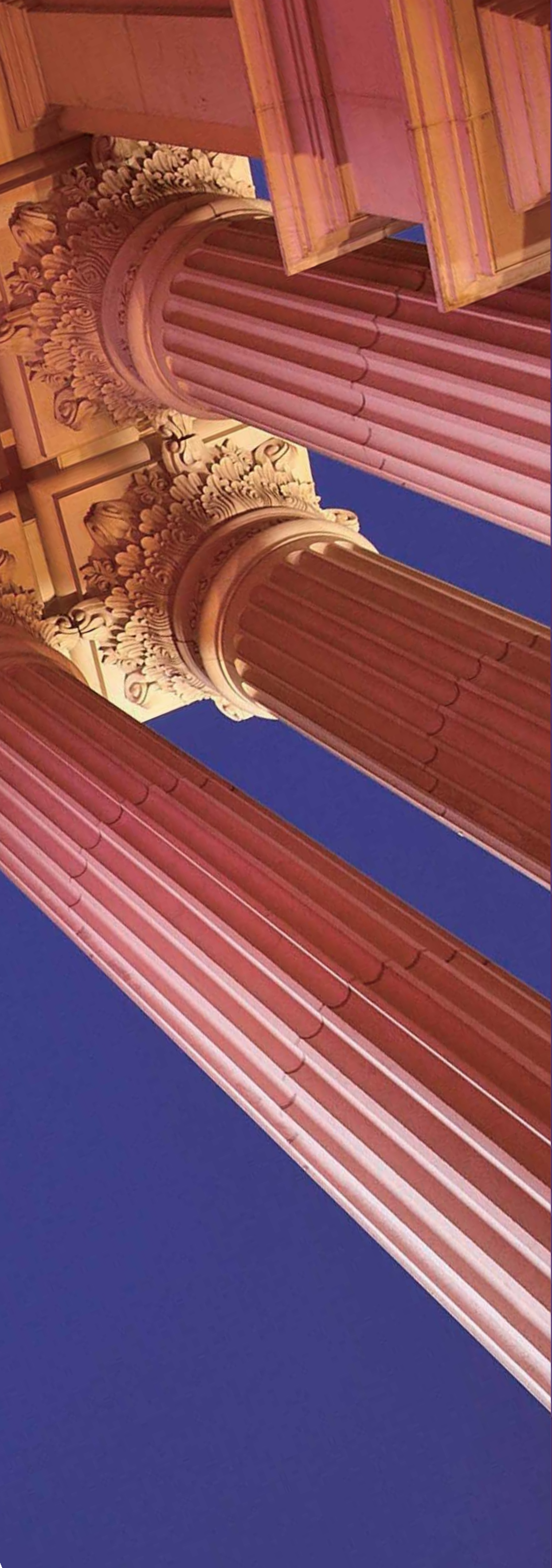
SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00487

SHAPING
THE FUTURE



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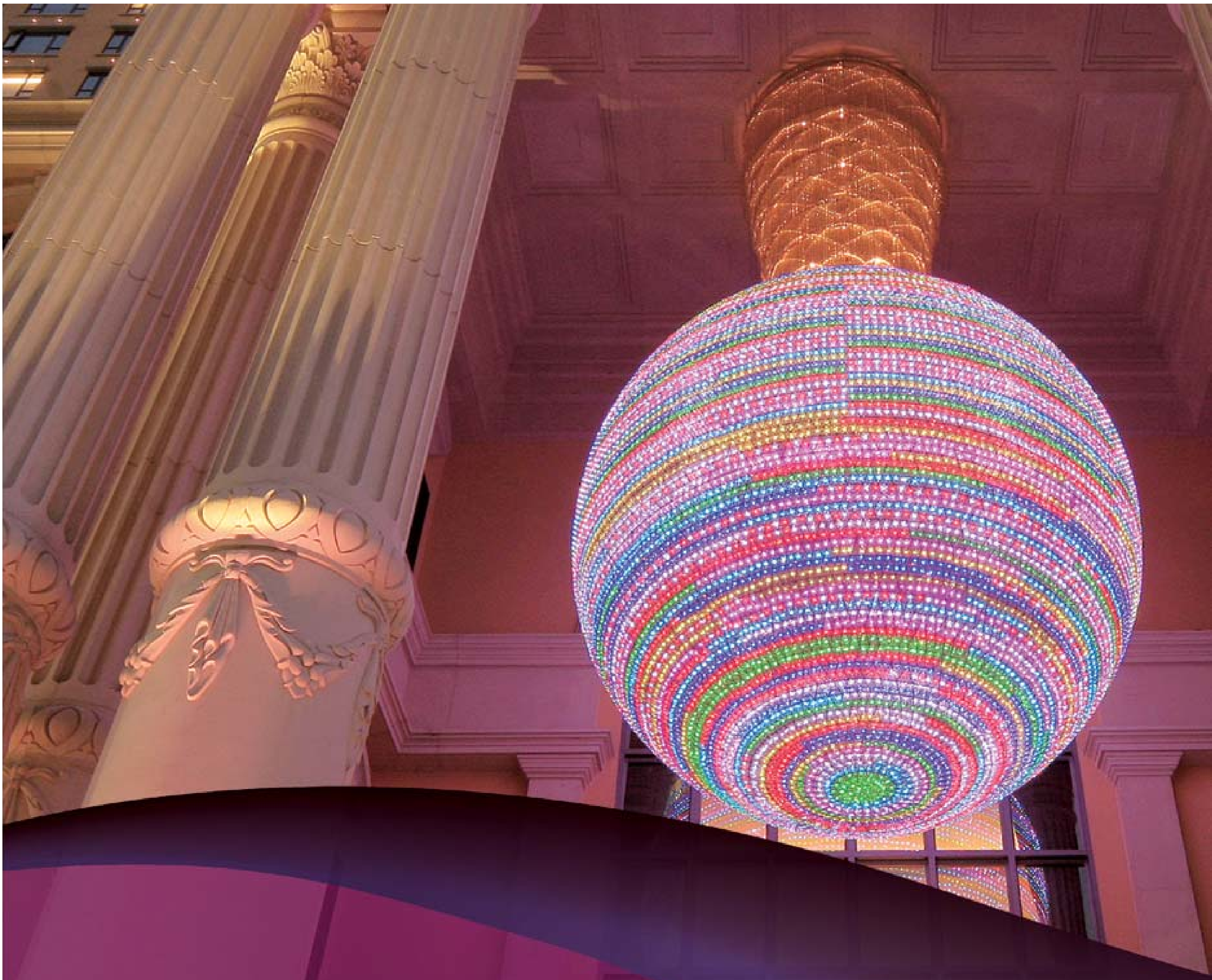


OUR VISION

The Group aims to become a leading player in the gaming, entertainment and tourist-related industries and contribute to the sustainable development of these sectors. We endeavour to create long-term value for all of our stakeholders, while adhering to a high standard of corporate governance.

CORPORATE INFORMATION

Directors

Executive Directors

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Company Secretary

Ms. Chiu Nam Ying, Agnes

Financial Controller

Mr. Wong Chi Keung, Alvin

Authorised Representatives

Dr. Ma Ho Man, Hoffman
Ms. Chiu Nam Ying, Agnes

Audit Committee

Mr. Chin Wing Lok, Ambrose *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann

Remuneration Committee

Mr. Luk Ka Yee, Patrick *(Chairman)*
Mr. Yeung Hoi Sing, Sonny
Mr. Choi Kin Pui, Russelle
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Nomination Committee

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Executive Committee

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers on Hong Kong Laws

Iu, Lai & Li

Legal Advisers on Bermuda Laws

Conyers Dill & Pearman

Principal Bankers

Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Royal Bank of Canada
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Principal Share Registrar and Transfer Agent in Bermuda

MUFG Fund Services (Bermuda) Limited
(formerly known as Butterfield Fulcrum Group (Bermuda) Limited)
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong*

* With effect from 31 March 2014, the address will be changed to:
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 00487

Website

www.successug.com

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2013 HK$'000	Year ended 31 December 2012 HK$'000	Year ended 31 December 2011 HK$'000
Results			
Turnover			
Cruise ship leasing and management	**84,000**	80,400	69,600
Travel	**1,430,182**	1,543,924	1,398,844
Lottery	**70,600**	10,654	87
	1,584,782	1,634,978	1,468,531
Loss from operations	**(30,223)**	(30,498)	(72,253)
Profit/(loss) attributable to owners of the Company	**18,644**	(33,034)	(77,666)

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Consolidated statement of financial position			
Total assets	**1,199,307**	1,343,771	1,407,971
Total liabilities	**189,758**	577,776	905,915
Net assets	**1,009,549**	765,995	502,056

GROUP STRUCTURE

CHAIRMAN'S STATEMENT

Ponte 16 and our lottery business in China have made remarkable progress in 2013 and will become the dual growth engines for the Group in the future.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board of directors (the "Board") of Success Universe Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 (the "Year").

DUAL GROWTH ENGINES

Despite the moderation in its economic growth in 2013, the GDP and disposable income per capita of China continued to rise during the Year. The uninterrupted expansion of the middle class in China, with their thriving consumption power, served as the catalyst for the rapid development of gaming and tourism industries in the Greater China. Given such a favourable backdrop, the Group has established itself in Macau's gaming business with our flagship investment project – Ponte 16, and the lottery market in China. On our diligent effort and having persisted in the last few years, I am proud to report that Ponte 16 and our lottery business in China have made remarkable progress in their operations in 2013. This performance reinforces our confidence that these two business streams are certain to be the dual growth engines for the Group in the coming future. It is our endeavour to continue strengthening our management capabilities in order to deliver the vision in becoming a key player in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

PONTE 16 — A TOURIST DESTINATION OF CHOICE IN MACAU

In 2013, Ponte 16 celebrated its fifth anniversary and we are proud of its accomplishment in being a premier resort destination in just a few years' time. Since its opening in 2008, it organised series of exciting, world-class events, shows and exhibitions to establish Ponte 16 as a unique one-stop destination for tourists all over the world. Last year, Ponte 16 launched the new generation 5D reality adventure game "Dangerous", featuring Michael Jackson elements to match and fulfill the desire of the younger generation. The collaboration and launching of large scale events in Macau demonstrated Ponte 16's dedication to source excitements all round the world to the local scene. This has made Ponte 16 unique from its peers and has significantly boosted its appeal as tourist destination of choice. On the New Year's Eve of 2013, the resort held a tremendous countdown event to celebrate the new start of a year. The courtyard of Ponte 16 was packed with over 4,000 spectators for the greatest hits and live music performed by the singers and artists from Hong Kong and Macau until midnight. This special party at the Inner Harbour brought its guests an unforgettable New Year's Eve that was full of joy, warmth and festive blessings. All these fabulous tourist attractions, facilitated by enormous marketing efforts, created a refreshing experience to visitors and its returning customers at Ponte 16. This in turn drove a steady and sustainable growth in 2013.

The growing affluence of the middle class in China is a key driver for the continuous growth in tourism and gaming industries in Macau. This formidable force of consumption is constantly in search of quality and opportunity to indulge in life. The resort will keep on its endeavour to lift the standards of its amenities so as to offer them a wide range of cultural and entertainment experience. We strongly believe this will eventually help to build a pool of loyal customers for Ponte 16. It will also weave in a diverse range of leisure activities, events and seasonal promotions to appeal to the up and rising affluent Chinese middle class families. Adding to the versatile activities offered, Ponte 16 is going to launch an online magazine to showcase the exclusive cultural and world heritage spots. We are confident that this will put Ponte 16 ahead in the industry.

CHINA LOTTERY BUSINESS — ACTIVE PENETRATION WITH SOLID FOUNDATION

In 2013, we successfully expanded our existing sports lottery sales agency services network to Heilongjiang province after settled in Jiangxi and Qinghai provinces. The lottery market in China has been rapidly growing over the past few years. Lottery sales in China reached approximately RMB309.3 billion in 2013, increased by approximately 18.3% year-on-year. This trend is expected to carry on. Given this enormous growth potential and our existing local network, we are actively seeking opportunities through expansion to other provinces in China. Our existing lottery business is gradually and steadily making a significant contribution to the Group.

To capture the influx of sports lottery sales brought by the upcoming FIFA World Cup 2014, the Group is setting up and initiating a multimedia football commentary channel. This will provide viewers with helpful information whilst engaging their interest onto our lottery platform 128cai.com. The programme is meant to expand our loyal customer base, and in turn boosting our lottery sales.

In the beginning of 2014, the Group entered into a cooperation agreement with 北京中投視訊文化傳媒有限公司 (Beijing Zhongtoushixun Culture Media Co., Ltd.) ("CNLive") and 北京天潤瑞怡文化發展有限公司 (Beijing Rejoy Culture Development Co., Ltd.) ("Rejoy Culture") to further strengthen our distribution channels. CNLive is an operating arm of the China Internet Information Centre of the State Council Information Office of The People's Republic of China and it operates a mobile television and internet media platform in China. We believe that the customer base and the technology expertise of CNLive and Rejoy Culture in the mobile internet industry will help us to reach an array of mobile lottery players, hence expanding our revenue stream in the lottery business.

To garner greater share in the thriving lottery market, the Group has become an official business partner of Shanghai Welfare Lottery Issuance Centre and has been authorised to provide the telephone agency sales services of welfare lottery through the Group's technology service platform in March 2014. Since the welfare lottery market is an even larger segment, together with the comprehensive sports and welfare lottery sales services as well as our specialised online portal 128cai.com, we believe the lottery business is going to be another driving force for the Group in the near future.

BECOMING A LEADER IN THE GAMING, ENTERTAINMENT AND TOURIST-RELATED INDUSTRIES

With various encouraging signs from the outlook of Macau gaming industry, and flourishing lottery market in China, the Board believes that we are well-positioned to seize the plentiful opportunities in the future. We are gradually achieving our goal to become one of the leading players in the gaming, entertainment and tourist-related industries in the Asia-Pacific region. These well planned efforts will result in delivering long-term value for our shareholders.

APPRECIATION

I would like to take this opportunity to thank our shareholders, customers and business partners for their continuous support, and express my gratitude to my fellow directors for their dedication and insights, and our staff for their relentless effort. Our achievements would not have been possible without the commitment and hard work of our staff at all levels.

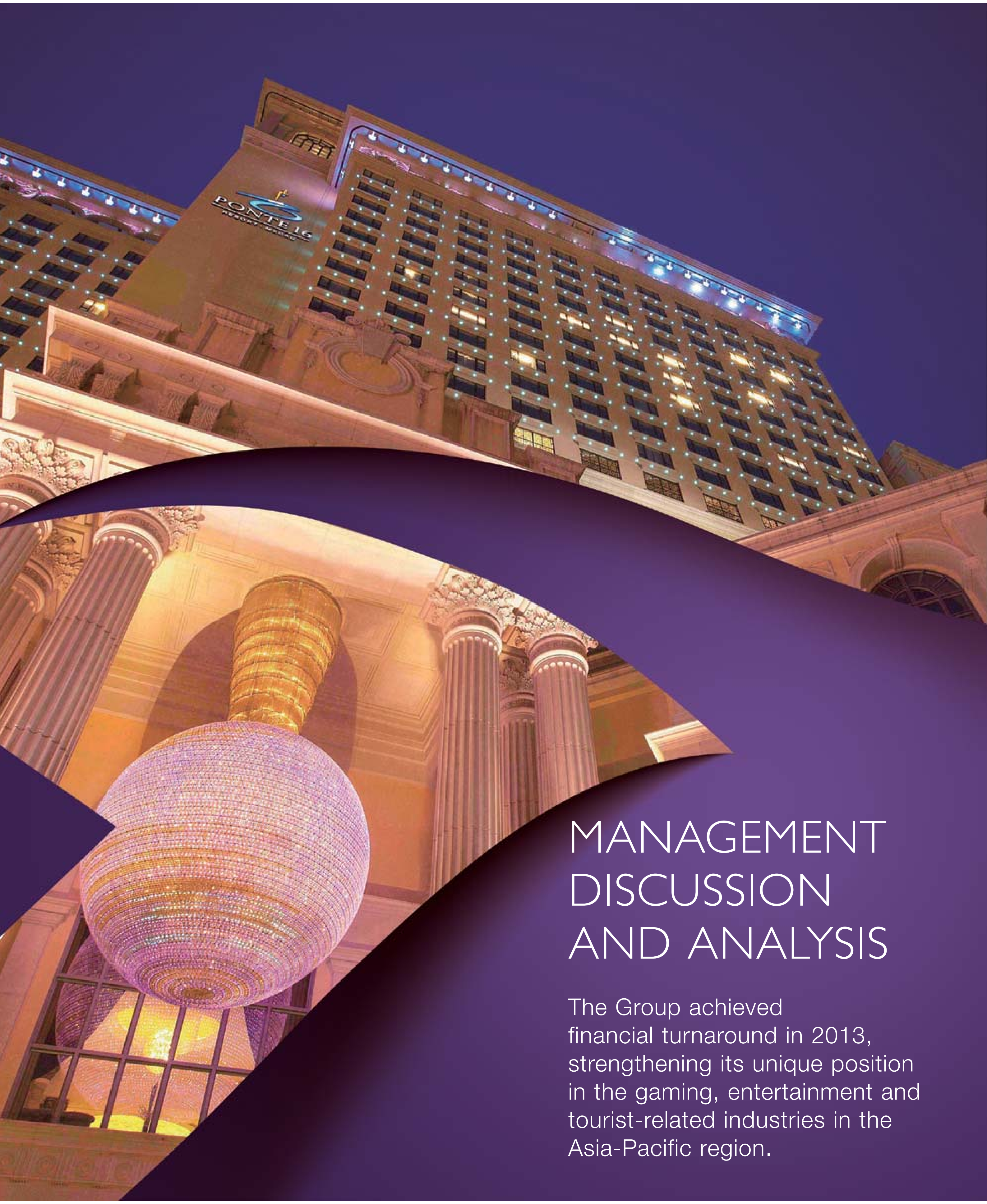
Yeung Hoi Sing, Sonny
Chairman

Hong Kong
28 March 2014

BUSINESS HIGHLIGHTS

- Turnover achieved approximately HK$1,584.8 million for 2013
- Profit attributable to owners of the Company realised approximately HK$18.6 million, making a financial turnaround in 2013
- Earnings per share was 0.42 HK cents for 2013
- For lottery business, sports lottery sales agency services network in China expanded to Heilongjiang province in 2013, in addition to existing network in Jiangxi and Qinghai provinces
- For the flagship investment project, Ponte 16, the adjusted EBITDA* substantially increased by approximately 19% to approximately HK$387.3 million. Shared profit relating to Ponte 16 amounted to approximately HK$51.0 million, representing approximately 444% year-on-year growth

* *Adjusted EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation (and excluded interest income from the pledged deposit)*



MANAGEMENT DISCUSSION AND ANALYSIS

The Group achieved financial turnaround in 2013, strengthening its unique position in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2013, the Group further cemented its position in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

Ponte 16, the flagship investment project of the Group, has been benefiting from the flourishing Macau gaming market driven by the increasing number of travellers from China and other key Asia-Pacific countries. For the year ended 31 December 2013 (the "Year"), Ponte 16 continued to be the major growth driver of the Group and delivered another set of impressive growth. The lottery business in China had made a step forward since the testing of technology service platform was completed and operations were commenced in late 2012, and contributed revenue to the Group in 2013 at its early stage of operations.

On top of the improvement in performance of Ponte 16, the Group recorded a gain recognised on derecognition of a long-term payable as a result of the World Fortune Acquisition (as defined hereinafter), offsetting the loss from the Golden Sun Acquisition (as defined hereinafter). Consequently, the Group realised a set of positive results for the Year.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this annual report.

RESULTS

The Group recorded a turnover of approximately HK$1,584.8 million for the Year, decreased by approximately 3% from approximately HK$1,635.0 million in 2012. Gross profit dropped by approximately 5% to approximately HK$83.6 million (2012: approximately HK$87.9 million). Shared profit of the associates relating to Ponte 16 for the Year amounted to approximately HK$51.0 million (2012: approximately HK$9.4 million). In 2013, a one-off gain of approximately HK$83.4 million was recorded due to the derecognition of a long-term payable as a result of the World Fortune Acquisition (as defined hereinafter), mitigating the impact of the loss of approximately HK$71.8 million from the Golden Sun Acquisition (as defined hereinafter). As a result, profit attributable to owners of the Company amounted to approximately HK$18.6 million, compared with a loss attributable to the owners of the Company of approximately HK$33.0 million in 2012. Earnings per share in 2013 was 0.42 HK cents (2012: loss per share of 0.83 HK cents).

ACQUISITIONS

Acquisition of the interest pursuant to the exercise of option by Maruhan Corporation

Reference was made to the Company's announcements dated 18 February 2013 and 28 March 2013 as well as the Company's circular dated 29 April 2013. In May 2013, Golden Sun Profits Limited ("Golden Sun", a then indirect non-wholly owned subsidiary of the Company) completed its acquisition of the legal and beneficial ownership of the entire equity interest of Maruhan Corporation ("Maruhan") in World Fortune Limited ("World Fortune", a then indirect non-wholly owned subsidiary of the Company) together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune (collectively the "World Fortune Interest") pursuant to the exercise of option by Maruhan (the "World Fortune Acquisition"). The purchase price of the World Fortune Interest of HK$219,117,318 was settled as to HK$109,558,659 by cash and as to HK$109,558,659 by way of allotment and issue of 550,546,025 new ordinary shares of the Company at an issue price of HK$0.199 per share.

Following the completion of the World Fortune Acquisition, the Company increased its effective beneficial interest in World Fortune from approximately 85.71% to 95.45%. The gain, before expenses, on derecognition of a long-term payable of approximately HK$83.4 million was recognised in 2013.

Acquisition of the interest pursuant to the exercise of option by SBI Macau Holdings Limited

Reference was made to the Company's announcements dated 6 September 2013 and 3 October 2013. In October 2013, Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, completed its acquisition of the legal and beneficial ownership of the entire equity interest of SBI Macau Holdings Limited ("SBI Macau") in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau (the "Golden Sun Interest"), pursuant to the exercise of option by SBI Macau (the "Golden Sun Acquisition"). The purchase price of the Golden Sun Interest was HK$130,000,000, of which HK$65,000,000 was settled by cash and HK$65,000,000 was settled by way of allotment and issue of 311,004,784 new ordinary shares of the Company at an issue price of HK$0.209 per share.

Subsequent to the completion of the Golden Sun Acquisition, Golden Sun and World Fortune became indirect wholly-owned subsidiaries of the Company. The loss, before expenses, on derecognition of a long-term payable of approximately HK$71.8 million was recognised for the Year.

Acquisition of the interest in Honour Rich China Development Limited

In December 2013, Victory Devotion Limited, a direct wholly-owned subsidiary of the Company, acquired 10% equity interest in Honour Rich China Development Limited (the "JV Company", an indirect non-wholly owned subsidiary of the Company) from Up Fly Limited, being a shareholder of the JV Company, at a consideration of an amount equivalent to HK$7.8 (the "Honour Rich Acquisition"). The Company increased its effective beneficial interest in the JV Company from 70% to 80% after the Honour Rich Acquisition. The Group is optimistic on the prospects of lottery industry in China and believes this is a golden opportunity to increase its interest in the JV Company as well as capture the enormous growth potential in the lottery business subsequently.

DIVIDENDS

No interim dividend was paid in 2013 (2012: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the Year (2012: nil).

TRAVEL BUSINESS

Running one of the largest travel agencies in North America, the Group continued to focus on the high-end market segment.

REVIEW OF OPERATIONS

Travel Business

The Group runs one of the largest travel agencies in North America with offices located in Canada and the United States of America. The business mainly focuses on the inbound and outbound travel packages and arrangements for high-end market segment, such as MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller).

The unfavourable global economy, especially the unstable economy in North America continued to have negative impact on the performance of the travel business of the Group. In 2013, turnover in this segment decreased by approximately 7% to approximately HK$1,430.2 million (2012: approximately HK$1,543.9 million). Loss in this segment posted approximately HK$16.1 million for the Year (2012: profit of approximately HK$1.1 million), including an impairment loss on certain assets of approximately HK$2.8 million in 2013 (2012: approximately HK$0.4 million).

CRUISE SHIP BUSINESS

The cruise ship business remained as a steady revenue contributor for the Group.

Cruise Ship Business

M.V. Macau Success (in which the Group has a 55% interest) is a nine-deck cruise ship, operating on a daily basis from Hong Kong to international waters. The cruise ship features a casino and numerous entertainment facilities, with a total capacity of 660 persons and more than 200 passenger rooms.

The cruise ship business posted a modest growth in revenue during the Year. It was mainly due to the increase in leasing and management fee income. This segment recorded approximately 4% increase in turnover to approximately HK$84.0 million (2012: approximately HK$80.4 million), and posted a profit of approximately HK$0.5 million in 2013 as compared with approximately HK$2.9 million in 2012. The reduction in profit was caused by the increase in operating cost during the Year.

LOTTERY BUSINESS

In addition to Jiangxi and Qinghai provinces, the Group successfully expanded its existing sports lottery sales agency services network in China to Heilongjiang province.

Lottery Business

The Group offers sports lottery sales agency services in China through the subsidiaries of the JV Company. In addition to Jiangxi and Qinghai provinces, the Group expanded its existing sports lottery sales agency services network to Heilongjiang province in 2013.

A technology service platform commenced operation in late 2012, and has since effectively boosted its sports lottery agency sales during the Year. This has significantly contributed to and lifted the lottery commission and service income of the Group. To facilitate information flow to its loyal retail customers, the Group upgraded its specialised online lottery platform 128cai.com to offer diverse lottery game information, exclusive analysis recommendation and round-the-clock online customer services in 2013. Besides, the Group further collaborated with Taobao, Jingdong and Netease, with the aim of expanding its exposure further and wider in the mass market, and that helping to build a stronger, trustworthy brand image amongst lottery players. In September 2013, the Group successfully organised a tour to the sports lottery centre in Beijing for loyal customers to witness the lottery draw of Super Lotto. This marketing campaign not only enabled the Group to establish dynamic interactions with customers, but also demonstrated the solid foundation of the Group in the lottery business.

Turnover of the lottery business for the Year was approximately HK$70.6 million (2012: approximately HK$10.7 million), representing a growth of approximately 563% as compared with the previous year. As a result, loss recorded for the Year was reduced to approximately HK$13.4 million (2012: approximately HK$21.9 million).

Thanks to the continuous growth of GDP and individual disposable income in China, favourable government regulations, as well as the evolving public acceptance of lottery games in China, the industry has been enjoying substantial growth. According to the Ministry of Finance of China, lottery sales reached approximately RMB309.3 billion in 2013, equivalent to a growth of 18.3% year-on-year, of which, sports lottery sales rose by 20.2% year-on-year to approximately RMB132.8 billion.

In view of the enormity of the lottery market in China, the Group has increased its investment in the business in 2013. The paid-up share capital of the subsidiary of the JV Company has been enlarged to RMB50 million. This has supported the Group in strengthening its business network, expanding the customer base, hence capturing greater market share.

INVESTMENT PROJECT — PONTE 16

Ponte 16 captured the growing number of Chinese travellers to Macau and their lavish spending, and achieved substantial growth in adjusted EBITDA.

Investment Project — Ponte 16

2013 marked the fifth anniversary of Ponte 16, a world-class integrated casino-entertainment resort in Macau. Uniquely situated next to the Macau's World Heritage Site in the exclusive Inner Harbour, Ponte 16 has become a preferred travel and leisure destination for both tourists and families to enjoy the entertainment, culture and the history of Macau.

The gaming sector, being the growth engine of Macau, registered an approximately 18.6% year-on-year growth in 2013, achieved gross gaming revenue of approximately MOP360.7 billion. Fuelled by the record breaking number of Chinese travellers, and their lavish spending in 2013, the casino and the five-star hotel, Sofitel Macau At Ponte 16, achieved another year of solid growth.

Adjusted EBITDA* of Ponte 16 substantially increased by approximately 19% to approximately HK$387.3 million (2012: approximately HK$324.5 million) for the Year. The growth was driven by the rapid increase in gaming revenue arising from the mass market and the greater guest spending at Ponte 16.

Focusing on the huge size of the mass market players, the casino of Ponte 16 had 109 gaming tables, of which 84 were for mass market, 9 for high-limit and 16 for VIP, as at 31 December 2013. Average occupancy rate of the hotel remained high at over 90% for 2013.

In 2013, Ponte 16 celebrated its fifth anniversary for its stellar accomplishment, having established itself as a premier resort destination in such a short space of time since official opening in 2008. Ponte 16 organised various marketing and cultural initiatives in order to enrich its attraction to global travellers. Housing the first and only Michael Jackson ("MJ") Gallery in Asia, Ponte 16 injected new MJ elements to its facilities and entertainment. In 2013, Ponte 16 launched an indoor reality adventure game "Dangerous" to broaden its entertainment mix. Featuring 5D sensation and MJ elements, the room-escape game has gained overwhelming response from the younger generation and helped capture a different type of customers.

* *Adjusted EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation (and excluded interest income from the pledged deposit)*

By putting effort to exceed expectation from customers all over the world, Ponte 16 presented a series of all-rounded events to experience the French elegance in 2013. In April and September 2013, Ponte 16 enlisted a Michelin Star chef and its executive chef from France to present their exquisite, award-winning cuisine at the French restaurant, Privé. In May 2013, Ponte 16 organised a Burgundy-themed gourmet festival to introduce French specialties including escargots and Burgundy cheese platter; it also proudly presented the cultural programme “Musique Littéraire” which combined the best of Chinese and French culture and affection. In October 2013, Ponte 16 hosted an exclusive photo exhibition of Brigitte Bardot, the iconic star of France. This art exhibition featured photos of Brigitte that were never shown before to the public, and the behind-the-scenes of some of her most famous films.

All these events were met with huge success in terms of bringing its guests and the Macau tourism with the world-class lifestyle and horizons. This successfully helped differentiate Ponte 16 from peers with its global vision and connections, as well as expand its customer base.

In November 2013, the world famous spa, So SPA with L’Occitane and well-being amenities arrived at Ponte 16. Rejuvenating with the French cosmetology in front of the China across Macau Harbour, the spa has become a must-go place after a long day of excitements in the never-resting Macau for its valuable guests.

Featuring a superb location, world-class facilities and attentive services, Sofitel Macau At Ponte 16 received a number of reputable awards from the tourists in 2013, which included “China Hotel Award 2013” by China LifeStyle magazine, “2013 Certificate of Excellence” by “Daodao.com” (the official Chinese website of TripAdvisor), “2013 Travel Award – China Top 100 Hotels” by Travel & Leisure China magazine, “2013 Continental Diamond Award – Best Cultural Theme Hotel” by World Hotel China and “2013 U Travel Award – U Favorite Travel Hotel & Resort Brand” by HK U Magazine. The fine dining restaurant, Privé was awarded “Best Restaurants (Hong Kong and Macau Edition)” by Hong Kong Tatler magazine and “100 TOP Tables 2013” by South China Morning Post. The Executive Chef of Privé was awarded “Maîtres Cuisiniers de France 2013” by Association des Maîtres Cuisiniers de France. These accolades approved Ponte 16’s commitment of being one of the finest five-star resorts in Macau in all aspects.

Ponte 16 has not only made its effort in delivering good business performance, but also been searching for innovative ways to fulfill its corporate social responsibility. In 2013, the resort replaced its traditional festive mooncake boxes with environmentally friendly boxes that were made of paper certified by FSC (Forest Stewardship Council) during the Mid-Autumn Festival to help shape a more sustainable world.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 31 December 2013, the Group had net current assets of approximately HK$79.0 million (31 December 2012: net current liabilities of approximately HK$175.1 million) and net assets of approximately HK$1,009.6 million (31 December 2012: approximately HK$766.0 million).

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are Hong Kong dollars, Renminbi, Canadian dollars and United States dollars as substantially all the turnover are in Hong Kong dollars, Renminbi, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being a Director and a controlling shareholder of the Company) provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2014 to 31 October 2016 by a letter agreement dated 21 March 2014. As at 31 December 2013, the Company had owed to Mr. Yeung in the amount of approximately HK$50.0 million (31 December 2012: nil).

In 2013, Jade Travel Ltd. ("Jade Travel, Canada", being a then 80% indirectly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry fixed interest rates and the loans shall be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. In addition, during the Year, Jade Travel, Canada purchased a certain asset under a finance lease which shall be repayable by consecutive monthly instalments. As at 31 December 2013, the outstanding bank loans and finance lease liabilities were approximately CAD1.6 million and CAD18,000 (equivalent to approximately HK$11.8 million and HK$0.1 million) respectively (31 December 2012: approximately CAD1.7 million and nil (equivalent to approximately HK$13.3 million and nil) respectively).

Apart from the aforesaid loans, as at 31 December 2013, there were loans from non-controlling shareholders of approximately CAD1.4 million and HK$7.3 million, totally equivalent to approximately HK$17.8 million (31 December 2012: approximately CAD1.4 million and HK$7.3 million, totally equivalent to approximately HK$17.9 million). During the Year, the Company had fully repaid the outstanding other loans payables of approximately HK$187.3 million (31 December 2012: the outstanding other loans payables were approximately HK$187.3 million). The loans were interest-free and unsecured.

As at 31 December 2013, total equity attributable to owners of the Company was enlarged to approximately HK$984.7 million (31 December 2012: approximately HK$741.6 million), which was mainly due to the completion of the World Fortune Acquisition and the Golden Sun Acquisition. The gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 6% as at 31 December 2013 (31 December 2012: approximately 2%).

Pledge of Assets

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

(a) the Group pledged the time deposits of approximately CAD1.2 million and HK$0.7 million, totally equivalent to approximately HK$9.7 million (31 December 2012: approximately CAD1.2 million and HK$0.7 million, totally equivalent to approximately HK$10.4 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately CAD1.5 million, HK$0.2 million and MOP0.5 million, totally equivalent to approximately HK$11.6 million (31 December 2012: approximately CAD1.5 million, HK$0.2 million and MOP0.5 million, totally equivalent to approximately HK$12.5 million) for the operations of the Group;

(b) World Fortune pledged all (31 December 2012: all) of its shares in Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group) to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities of HK$1,900 million and RMB400 million granted to Pier 16 – Property Development (the "Syndicated Loan Facilities");

(c) the Group's self-occupied properties with carrying amount of approximately CAD2.4 million (equivalent to approximately HK$17.4 million) (31 December 2012: approximately CAD2.6 million (equivalent to approximately HK$20.7 million)), together with a time deposit approximately CAD0.2 million (equivalent to approximately HK$1.1 million) (31 December 2012: nil) were pledged to a bank to secure bank loans to Jade Travel, Canada; and

(d) the Group's certain asset with a carrying amount of approximately CAD18,000 (equivalent to approximately HK$0.1 million) (31 December 2012: nil) was pledged to secure a finance lease to Jade Travel, Canada.

Contingent Liabilities

The Company gave a corporate guarantee (the "Guarantee") to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 31 December 2013 was approximately HK$1,048.8 million (31 December 2012: approximately HK$1,273.3 million).

Human Resources

As at 31 December 2013, the Group had a total of 494 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

PROSPECTS

The economy of China has seen robust growth over the last decade, translated into the increase in disposable income and a rapidly growing middle class. This emerging population with great spending power is in search of quality and indulgence in life, which will offer flourishing opportunities to the gaming, entertainment and tourist-related industries. With its well-established business portfolio and sound business strategy, the Group is ready to capitalise this growing market.

In January 2014, 致勝盈彩網絡科技有限公司 (Success Lottery Services Limited) ("Success Lottery", an indirect non-wholly owned subsidiary of the Company), previously known as 上海德彩譽富網絡科技有限公司 (Shanghai Success Lottery Services Limited), entered into a cooperation agreement with 北京中投視訊文化傳媒有限公司 (Beijing Zhongtoushixun Culture Media Co., Ltd) ("CNLive") and 北京天潤瑞怡文化發展有限公司 (Beijing Rejoy Culture Development Co., Ltd) ("Rejoy Culture") to promote the lottery agency sales of Success Lottery by utilising the mobile internet platform as well as the customer bases of CNLive and Rejoy Culture.

CNLive is an operating arm of the China Internet Information Centre of the State Council Information Office of the People's Republic of China, and it operates a mobile television and internet media platform in China. Rejoy Culture manages sports and culture projects and is authorised by CNLive to operate the internet and mobile internet lottery platform of CNLive. The Group believes that this collaboration will strengthen its distribution capability by leveraging on the enormous customer base and the technology expertise of CNLive and Rejoy Culture in the mobile internet industry.

On top of the existing sports lottery sales agency services network in Jiangxi, Qinghai and Heilongjiang provinces, the Group has been seeking opportunities to expand to other provinces in China and tap into the welfare lottery business. In March 2014, the Group cooperated with Shanghai Welfare Lottery Issuance Centre ("Shanghai Welfare Lottery Centre") to jointly launch the telephone sales of welfare lottery in Shanghai. The Group has become an official business partner of Shanghai Welfare Lottery Centre and has been authorised to provide the telephone agency sales services of welfare lottery through the Group's technology service platform. As compared with the sports lottery, the welfare lottery is an even bigger market that accounts for approximately 57% of the overall lottery sales of 2013 in China. With the comprehensive sports and welfare lottery sales agency services as well as its specialised online lottery platform 128cai.com, the Group believes that the lottery business is going to be another driving force for the Group in the near future.

Other than developing the sales network, the Group plans to upgrade its online lottery platform 128cai.com by introducing multimedia programmes. The first foray is to launch a broadcasting channel to provide football commentary as soon as practical to get prepared for the upcoming FIFA World Cup in June 2014. Live programmes will also be introduced in the near future to provide interactive services to customers.

As the only integrated casino-entertainment resort located in the Inner Harbour of Macau, Ponte 16 infuses with top notch entertainment, upscale culinary experience and the rich culture of Macau, and offers unforgettable travelling experience to families. Adding to the versatile amenities and activities provided, Ponte 16 will be launching a karaoke in 2014, featuring MJ elements to attract the younger generation. Together with the new Chinese restaurant, Le Chinois Cantonese Restaurant that opened in January 2014, Ponte 16 has further strengthened its position as an integrated cultural, leisure and entertainment destination for the affluent middle-class Chinese.

As part of its marketing strategy in 2014, Ponte 16 prepares to launch an online travel magazine guiding travellers to discover the inner beauty of Macau. By showcasing the unique culture, heritage and local attractions that Macau has to offer, the online travel magazine will distribute through various online channels including social networking platforms, which in turn will enhance the brand awareness of Ponte 16.

Occupying gross floor area of approximately 40,000 square meters, the phase 3 of the Ponte 16 development project will consist of a shopping arcade, an entertainment and recreation complex as well as space for gaming expansion. Currently, the construction plan is under reviewing process by the Macau Government. Upon its completion, it will open another revenue source for Ponte 16.

The Group will continue to seek sustainable growth in the travel and cruise ship businesses. Leverage on its business portfolio that encompasses the value chain, the Group will seize every cross-selling opportunity with Ponte 16. The Group will initiate collaborations and business programmes targeting the high-margin MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) markets. In March 2014, the Group increased its interest in its travel business arm from 80% to approximately 85.1%. With its endeavour, the Group is confident that the travel and cruise ship businesses will remain stable and make contribution to the Group's revenue.

Aiming to be a leading player in the gaming, entertainment and tourist-related industries, the Group will strive to maximise the synergies among its existing businesses and further strengthen its business platform. Venturing through the value chain, the Group is committed to actively exploring business opportunities to generate greater returns for its shareholders, partners and customers.

CORPORATE GOVERNANCE REPORT

Success Universe Group Limited (the "Company") is committed to maintain high corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company ("Director(s)"), the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry of all Directors, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the year under review.

BOARD OF DIRECTORS

The board of Directors (the "Board"), led by its chairman (the "Chairman"), Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the management of the business and affairs, considering and approving strategic plans and major corporate matters, as well as reviewing operational and financial performance. The Board is committed to make decisions in the best interests of both the Company and its shareholders ("Shareholders").

The Board currently consists of six members, including two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. Ma Ho Man, Hoffman (Deputy Chairman); a non-executive Director, namely Mr. Choi Kin Pui, Russelle (the "NED"); and three independent non-executive Directors, namely Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose (collectively "INEDs" or each of them "INED"). With a majority of NED and INEDs, the Board has a strong independent element. All Directors, including the NED and all INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Board is also characterised by diversity, whether considered in terms of gender, age, educational background, professional experience, skills and knowledge and independence. A list of Directors identifying their role and function is available on the Company's website and on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Directors' biographical information is set out in the biographical details of Directors and senior management on pages 46 and 47 of this annual report.

The roles of the Chairman and the Deputy Chairman of the Board (the "Deputy Chairman") who performs the function of chief executive are segregated and assumed by separate individuals to strike a balance of power and authority so that power and job responsibilities are not concentrated in any one individual of the Board. The Chairman, Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company, while the Deputy Chairman, Dr. Ma Ho Man, Hoffman, is responsible for implementing the Company's strategies regarding the business development of the Company and its subsidiaries (collectively the "Group") as well as managing the Group's business and operations. The functions and responsibilities between the Chairman and the Deputy Chairman are clearly segregated.

Except that Dr. Ma Ho Man, Hoffman is the nephew of Mr. Yeung Hoi Sing, Sonny, to the best knowledge of the Directors, there is no financial, business, family and/or other material/relevant relationship among members of the Board and between the Chairman and the Deputy Chairman who performs the function of chief executive.

The Board includes three INEDs and one of them, Mr. Chin Wing Lok, Ambrose, is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 27 years of experience in auditing, accounting and taxation.

The NED and all INEDs entered into service contracts with the Company for a term of one year. All executive Directors also entered into service contracts with the Company without specific term of office. Pursuant to the bye-laws of the Company (the "Bye-laws"), all Directors appointed by the Board shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the number of Directors) after their appointment and the retiring Director shall be eligible for re-election. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation such that all Directors should be subject to retirement by rotation at least once every three years.

The Board meets regularly throughout the year as and when required. Notices of at least 14 days are given to all Directors for all regular Board meetings. The company secretary of the Company (the "Company Secretary") assists the Chairman in preparing the agendas for the meetings and all Directors are consulted to include any matters in the agendas. Agenda and accompanying board papers are given to all Directors in a timely manner and at least 3 days before the appointed date of each meeting.

During the year under review, four regular Board meetings and six non-regular Board meetings were held. Details of the Directors' attendance at the said Board meetings are set out below:

Directors	Number of Board meetings attended/held
Executive Directors	
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	9/10
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	10/10
Non-executive Director	
Mr. Choi Kin Pui, Russelle	10/10
Independent non-executive Directors	
Mr. Luk Ka Yee, Patrick	10/10
Ms. Yeung Mo Sheung, Ann	10/10
Mr. Chin Wing Lok, Ambrose	10/10

During the year under review, an annual general meeting and a special general meeting were held. Details of the Directors' attendance at the said general meetings are set out below:

Directors	Number of general meetings attended/held	
	Annual general meeting	Special general meeting
Executive Directors		
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	1/1	1/1
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	1/1	1/1
Non-executive Director		
Mr. Choi Kin Pui, Russelle	1/1	1/1
Independent non-executive Directors		
Mr. Luk Ka Yee, Patrick	1/1	1/1
Ms. Yeung Mo Sheung, Ann	1/1	1/1
Mr. Chin Wing Lok, Ambrose	1/1	1/1

The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them in performing their duties. Adequate information, which is accurate, clear, complete and reliable, is provided to the Directors in a timely manner to keep them abreast of the Group's latest developments and any major changes to the relevant rules and regulations and thus can assist them in performing their duties.

During the year, the Board has reviewed and considered that the contribution required from each of the Directors to perform his/her responsibilities to the Company was appropriate and each of the Directors has given sufficient time to perform his/her responsibilities. The Directors have informed the Company in a timely manner of any change in the number and nature of offices held in public companies or organisations and other significant commitments. Each of the Directors discloses semi-annually to the Company the identity and nature of office he/she holds in the public companies or organisations as well as an indication of the time involved.

To assist the Directors to participate in continuous professional development, the Company arranges and funds suitable training to the Directors to update and enhance their knowledge and skills for performing the Directors' roles and responsibilities. During the year, all Directors, namely Mr. Yeung Hoi Sing, Sonny, Dr. Ma Ho Man, Hoffman, Mr. Choi Kin Pui, Russelle, Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose, received and studied reading materials regarding applicable rules and regulations updates provided by the Company from time to time and attended an in-house seminar on "Environmental, Social and Governance Reporting" organised by the Company and conducted by a professional firm. The Directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. All Directors are requested to provide their respective records of training to the Company.

DELEGATION BY THE BOARD

The Board has established four Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. The Board has reserved for its decision or consideration on matters covering corporate strategy, annual and interim results, changes of members of the Board and its committees, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Group, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to management with divisional heads responsible for different aspects of the business/affairs.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website and the website of the Stock Exchange. The Audit Committee currently consists of the NED and all INEDs and is chaired by Mr. Chin Wing Lok, Ambrose who possesses appropriate professional accounting qualification as required under the Listing Rules.

The Board has delegated to the Audit Committee the responsibility to perform the corporate governance duties set out in the CG Code during the year. The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing effectiveness of the internal control system of the Group ("Internal Control System"), overseeing the relationship with the external auditors of the Company ("External Auditors") as well as ensuring maintenance of good corporate governance standard and procedures by the Company.

During the year under review, four Audit Committee meetings were held and details of attendance of the Audit Committee members at the said Audit Committee meetings are set out below:

Audit Committee members	Number of Audit Committee meetings attended/held
Mr. Chin Wing Lok, Ambrose *(Chairman of the Audit Committee)*	4/4
Mr. Choi Kin Pui, Russelle	4/4
Mr. Luk Ka Yee, Patrick	4/4
Ms. Yeung Mo Sheung, Ann	4/4

The major work performed by the Audit Committee during the year included the following:

- Reviewed the draft annual report and accounts as well as the draft annual results announcement for the year ended 31 December 2012, and the draft interim report and accounts as well as the draft interim results announcement for the six months ended 30 June 2013;
- Discussed with the External Auditors the nature and scope of the audit and reporting obligations;
- Considered the re-appointment of the External Auditors;
- Considered the adoption of policy applicable to the Directors and the employees of the Group ("Employees");
- Considered the financial performance of the Group as well as its associates;
- Considered the engagement of an independent professional firm to review the Internal Control System;
- Reviewed the effectiveness of the Internal Control System, including the adequacy of resources, qualifications and experience of staff (the "Accounting Staff") of the Company's accounting and financial reporting function (the "Accounting Function") and their training programmes and budget;
- Reviewed and/or approved the terms of engagement of and the fee proposals provided by the External Auditors;
- Reviewed the arrangements for the Employees to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- Reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report contained in the annual report;
- Reviewed the Company's policies and practices on corporate governance;
- Reviewed the training and continuous professional development of all Directors and senior management of the Company ("Senior Management");
- Reviewed the Company's policies and practices on compliance with legal and regulatory requirements; and
- Reviewed the codes of conduct, policy, guidelines and compliance manuals applicable to the Directors and the Employees.

REMUNERATION COMMITTEE

The Company formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website and the website of the Stock Exchange. The Remuneration Committee currently consists of the Chairman of the Board, the NED and all INEDs with Mr. Luk Ka Yee, Patrick acts as the chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of all Directors and the Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, to determine specific remuneration packages of all executive Directors and the Senior Management and also to make recommendations to the Board of the remuneration of the NED and all INEDs. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the Senior Management.

During the year under review, one Remuneration Committee meeting was held and details of attendance of the Remuneration Committee members at the said Remuneration Committee meeting are set out below:

Remuneration Committee members	Number of Remuneration Committee meeting attended/held
Mr. Luk Ka Yee, Patrick *(Chairman of the Remuneration Committee)*	1/1
Mr. Yeung Hoi Sing, Sonny	1/1
Mr. Choi Kin Pui, Russelle	1/1
Ms. Yeung Mo Sheung, Ann	1/1
Mr. Chin Wing Lok, Ambrose	1/1

The major work performed by the Remuneration Committee during the year included the following:

– Reviewed the Company's remuneration policy and structure for all Directors and the Senior Management;

– Assessed the performance of the executive Directors and reviewed and determined the remuneration packages of the executive Directors and the Senior Management;

– Reviewed the terms of the service contracts of all executive Directors; and

– Considered the annual performance bonus for the Senior Management.

NOMINATION COMMITTEE

The Company formulated written terms of reference for the Nomination Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website and the website of the Stock Exchange. The Nomination Committee currently consists of the Chairman of the Board, the NED and all INEDs with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Nomination Committee.

The major responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board annually, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection for directorships, to assess the independence of INEDs, to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, and to review the Board Diversity Policy (as defined hereinafter) as appropriate.

In compliance with a new code provision in the CG Code regarding diversity of the board members, the Board adopted a policy concerning diversity of its members effective from 1 September 2013 (the "Board Diversity Policy") which set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, and will select candidates for the Board basing on a range of diversity perspectives, including but not limited to gender, age, educational background, professional experience, skills, knowledge and independence (the "Measurable Objectives"). The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Measurable Objectives set for implementing the Board Diversity Policy by considering the Company's business model and specific needs from time to time and will recommend any revision thereof, if necessary, to the Board for consideration and approval.

The Nomination Committee will review, as appropriate, the Board Diversity Policy to ensure its effectiveness. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year under review, two Nomination Committee meetings were held and details of attendance of the Nomination Committee members at the said Nomination Committee meetings are set out below:

Nomination Committee members	Number of Nomination Committee meetings attended/held
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Nomination Committee)*	2/2
Mr. Choi Kin Pui, Russelle	2/2
Mr. Luk Ka Yee, Patrick	2/2
Ms. Yeung Mo Sheung, Ann	2/2
Mr. Chin Wing Lok, Ambrose	2/2

The major work performed by the Nomination Committee during the year included the following:

– Considered the re-election of the Directors at the annual general meeting of the Company;

– Formulated the Board Diversity Policy and recommended to the Board for approval;

– Reviewed the structure, size and composition of the Board;

– Assessed the independence of all INEDs and reviewed the INED's annual confirmations on their independence; and

– Reviewed the policy for the nomination of Directors.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board with specific written terms of reference. It currently consists of all executive Directors, namely Mr. Yeung Hoi Sing, Sonny and Dr. Ma Ho Man, Hoffman with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Executive Committee. The Executive Committee is responsible for reviewing and approving, inter alia, any matters concerning the day-to-day management, business and operations affairs of the Company, and any matters to be delegated to it by the Board from time to time.

During the year under review, eleven Executive Committee meetings were held and details of attendance of the Executive Committee members at the said Executive Committee meetings are set out below:

Executive Committee members	Number of Executive Committee meetings attended/held
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Executive Committee)*	11/11
Dr. Ma Ho Man, Hoffman	11/11

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective Internal Control System so as to safeguard the investment of the Shareholders and the assets of the Group. The Company has annually engaged an independent professional firm (the "Independent Professional Firm") to review the Internal Control System which covers financial, operational and compliance controls as well as risk management functions. During the year, the Independent Professional Firm has conducted a review of the Internal Control System and the relevant review report has been considered by the Audit Committee for assessing the effectiveness of the Internal Control System. The Board, through the reviews made by the Independent Professional Firm and the Audit Committee, concluded that the Internal Control System was effective.

The Audit Committee has also reviewed the adequacy of resources of the Accounting Function, the qualifications and experience of the Accounting Staff, and their training programmes and budget during the year. The Board, through the review made by the Audit Committee, considered that the resources of the Accounting Function as well as the qualifications and experience of the Accounting Staff are adequate and the training programmes and budget for the Accounting Staff are sufficient.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the External Auditors, HLB Hodgson Impey Cheng Limited ("HLB"), about their reporting responsibilities on the financial statements of the Group is set out under the section headed "Auditors' responsibility" in the independent auditors' report on page 48 of this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 December 2013, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	HK$'000
Audit services	1,628
Other advisory services *(Note)*	649
	2,277

Note: Other advisory services mainly comprised interim review services and other reporting services.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide clear and full information on the Group to the Shareholders through the publication of notices, announcements, circulars and financial reports of the Company. Additional information, such as press releases and other business information are also available on the Company's website at www.successug.com, being updated in a timely manner.

The annual general meeting of the Company ("AGM(s)") provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, also being the chairman of the Nomination Committee and the Executive Committee, as well as the chairmen of the Audit Committee and the Remuneration Committee were present at the AGM held on 5 June 2013 (the "2013 AGM") to answer the Shareholders' questions. HLB also attended the 2013 AGM for the purposes of answering questions about the conduct of the audit, the preparation and contents of the auditors' report, the accounting policies and auditors independence.

Separate resolutions are proposed at general meetings on each substantially separate issues, including the election of individual Directors and the re-appointment of an INED who had served on the Board for more than 9 years. Notices of at least 20 clear business days and 10 clear business days are given to the Shareholders for all AGMs and special general meetings ("SGM(s)") of the Company respectively. Detailed procedures for conducting a poll are clearly explained at the commencement of the general meetings.

The Board adopted a Shareholders' communication policy for the purposes of ensuring that the Shareholders are provided with ready, equal and timely access to information about the Company, enabling the Shareholders to exercise their rights in an informed manner and allowing the Shareholders to engage actively with the Company. Details regarding the necessary procedures for the Shareholders to propose a person for election as a Director are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes is the Company Secretary. Her biographical information is set out under the section headed "Company Secretary" in the biographical details of Directors and Senior Management on page 47 of this annual report.

During the year under review, in compliance with Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening a SGM

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call SGMs, and Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company's head office and principal place of business (the "Head Office") at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the SGM.

If the Board do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Putting forward proposals at Shareholders' Meetings

To put forward proposals at an AGM or a SGM, the Shareholders should submit a written notice of those proposals with the detail contact information to the Company Secretary at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

Shareholders' enquiries

The Shareholders should direct their questions about their shareholdings to the Company's Branch Share Registrar in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board in writing with their contact information and deposited at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's memorandum of association and the Bye-laws.

REPORT OF DIRECTORS

The directors ("Director(s)") of Success Universe Group Limited (the "Company") is pleased to present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the leasing and management of the 55% owned cruise ship, travel-related and lottery businesses.

Particulars of the Company's subsidiaries as at 31 December 2013 are set out in note 19(a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss on page 50 of this annual report.

No interim dividend was paid during the year (2012: nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2013 (2012: nil).

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2013 by business and geographical segments is set out in note 6 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 130.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 55 of this annual report and other details of the reserves of the Group are set out in note 38 to the consolidated financial statements.

CHARITABLE CONTRIBUTIONS

No charitable and other donations were made by the Group during the year (2012: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 36 to the consolidated financial statements.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group as at 31 December 2013 are set out in notes 29 and 35 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:
Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director ("NED"):
Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors ("INED(s)"):
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

In accordance with bye-law 87 of the bye-laws of the Company (the "Bye-laws"), Dr. Ma Ho Man, Hoffman ("Dr. Ma") and Mr. Choi Kin Pui, Russelle shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "2014 AGM").

The Company has received from each of the existing INEDs, namely Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann ("Ms. Ann Yeung") and Mr. Chin Wing Lok, Ambrose, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and all of the said INEDs were considered to be independent.

CHANGES OF DIRECTORS' INFORMATION

Ms. Ann Yeung, an INED, was appointed as an independent non-executive director of Dejin Resources Group Company Limited, a company whose issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 3 September 2013.

Save as disclosed above, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Interim Report 2013 of the Company and up to the date of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2014 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS/DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

(A) On 1 December 2008, the Company as borrower and Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), an executive Director and a controlling shareholder of the Company, as lender entered into a letter agreement regarding an unsecured term loan facility of up to HK$200 million ("Loan Facility"). The rate of interest on the entire principal amount drawn and outstanding under the Loan Facility was the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. On 14 April 2009, the Company and Mr. Yeung also entered into a letter agreement to increase the principal amount of the Loan Facility up to HK$290 million. In addition, Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to him under the revised Loan Facility before 30 June 2010 (the "Final Repayment Date"). The Final Repayment Date was extended to (i) 30 June 2011 by a letter agreement dated 25 June 2009; and (ii) 30 October 2012 by another letter agreement dated 23 June 2010.

On 15 March 2012, Mr. Yeung entered into a letter agreement with the Company to further extend the Final Repayment Date to 31 October 2013 and to confirm that any amount repaid under the revised Loan Facility should be available to further advances within the availability period of the revised Loan Facility.

Besides, the Final Repayment Date was further extended to 31 October 2014 by a letter agreement dated 18 March 2013. After the reporting period, the Company and Mr. Yeung entered into a letter agreement on 21 March 2014 to further extend the Final Repayment Date to 31 October 2016.

(B) On 21 May 2013, Golden Sun Profits Limited, a then indirect non-wholly owned subsidiary of the Company, completed its acquisition of the legal and beneficial ownership of the entire equity interest of Maruhan Corporation ("Maruhan", a substantial shareholder of World Fortune Limited ("World Fortune", a then indirect non-wholly owned subsidiary of the Company) before completion of the Acquisition (as defined hereinafter)) in World Fortune together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune (collectively the "Interest") pursuant to the exercise of option by Maruhan on 14 February 2013 (the "Acquisition"). The purchase price of the Interest of HK$219,117,318 was settled as to HK$109,558,659 by cash and as to HK$109,558,659 by way of allotment and issue of 550,546,025 new ordinary shares of the Company at an issue price of HK$0.199 per share. Immediately following the completion of the Acquisition, the Company increased its effective beneficial interest in World Fortune from approximately 85.71% to 95.45%. For details of the Acquisition, please refer to the Company's announcements dated 18 February 2013 and 28 March 2013 as well as the Company's circular dated 29 April 2013.

The connected transaction mentioned in paragraph (A) above is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules. Details of the connected transaction mentioned in paragraph (B) above are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules. Details of other connected transactions of the Company during the year which are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules are set out in notes 42(f), (g) and (h) to the consolidated financial statements.

Save as disclosed in paragraph (A) above, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which any of the Directors or controlling shareholders or its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

On 14 March 2013, Dr. Ma, an executive Director and the Deputy Chairman of the Company, became a substantial shareholder of Well Way Group Limited (formerly known as Trasy Gold Ex Limited) ("Well Way"), whose issued shares are listed on the Growth Enterprise Market of the Stock Exchange. Dr. Ma disposed of all shares of Well Way held by him and the said disposal was completed on 17 September 2013. During the period from 14 March 2013 to 17 September 2013 (the "Period"), the principal businesses of Well Way and its subsidiaries ("Well Way Group") were, among others, the provision and operation of travel business in Singapore. Well Way Group also participated and involved in the business of operating as tours and travel agents in Malaysia after completion of a discloseable transaction of Well Way on 31 August 2013. The said business of Well Way Group (the "Competing Business") competed or was likely to compete with the Group's travel business during the Period.

As the Competing Business was operated at different locations and in different scale, and the board of directors of Well Way was independent of the board of directors of the Company (the "Board"), the Group had therefore been capable of carrying on its businesses independently of, and at arm's length from, the Competing Business during the Period.

Save as disclosed above, during the year ended 31 December 2013, none of the Directors and their respective associates was interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2013, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

Interest in the shares of the Company ("Share(s)")

Name of Director	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding %
Mr. Yeung *(Note)*	Long position	Corporate interest	2,466,557,462	50.07

Note: Mr. Yeung, an executive Director and the Chairman of the Company, was deemed to have corporate interest in 2,466,557,462 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme are set out in note 37(b) to the consolidated financial statements.

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2013, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares held	Approximate percentage of shareholding %
Silver Rich Macau Development Limited	Long position	Beneficial owner	2,466,557,462	50.07
Fiducia Suisse SA *(Note 1)*	Long position	Trustee	2,466,557,462	50.07
Mr. David Henry Christopher Hill *(Note 1)*	Long position	Interest of controlled corporation	2,466,557,462	50.07
Mrs. Rebecca Ann Hill *(Note 2)*	Long position	Interest of spouse	2,466,557,462	50.07
Ms. Liu Siu Lam, Marian *(Note 3)*	Long position	Interest of spouse	2,466,557,462	50.07
Maruhan	Long position	Beneficial owner	956,633,525	19.42

Notes:

1. The entire issued share capital of Silver Rich Macau Development Limited is held by Fiducia Suisse SA, which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,466,557,462 Shares held by Silver Rich Macau Development Limited.

2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,466,557,462 Shares in which Mr. David Henry Christopher Hill had a deemed interest.

3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 2,466,557,462 Shares in which Mr. Yeung had a deemed interest.

Save as disclosed above, as at 31 December 2013, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loans provided by World Fortune, an indirect wholly-owned subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 31 December 2013. Pier 16 – Property Development is principally engaged in the investment, development and, through its subsidiaries, operating Ponte 16, a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 31 December 2013 were set out below:

Name of associate	**Shareholder's loans** HK$ million	**Corporate guarantee** HK$ million	**Aggregate Financial Assistance** HK$ million
Pier 16 – Property Development	856	1,176	2,032

The shareholder's loans provided by World Fortune are unsecured, interest-free and have no fixed terms of repayment.

Further details are set out in notes 20 and 41 to the consolidated financial statements.

Set out below is a consolidated balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its audited consolidated financial statements for the year ended 31 December 2013:

	Consolidated balance sheet HK$'000	**Group's attributable interests** HK$'000
Non-current assets	2,168,606	1,062,617
Current assets	721,447	353,509
Current liabilities	(502,678)	(246,312)
Non-current liabilities	(2,935,782)	(1,438,533)

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2013.

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

During the year ended 31 December 2013, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for approximately 15.0% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 5.3% and the five largest suppliers of the continuing operations of the Group accounted for approximately 68.7% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 59.7%.

None of the Directors or any of their respective associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the above five largest customers or five largest suppliers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

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

EMOLUMENT POLICY

The remuneration committee (the "Remuneration Committee") of the Board is responsible for determining specific remuneration packages of all executive Directors and senior management of the Company ("Senior Management"). Besides, the Remuneration Committee makes recommendations to the Board for its determination on the remuneration of the NED and all INEDs. Factors which include, inter alia, salaries paid by comparable companies, qualifications, experience, time commitment and responsibilities of the Directors and the Senior Management as well as prevailing market condition are considered by the Remuneration Committee for determining/making proposals on remuneration of the relevant Directors and Senior Management.

The remuneration packages of employees of the Group (other than the executive Directors and the Senior Management) are determined and reviewed periodically on the basis of their respective qualifications, experience, responsibilities and performance as well as prevailing market condition. In addition to salaries, the Company offers staff benefits which include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. The Group also operates a share option scheme pursuant to which share options might be granted as a long-term incentive to its directors and employees.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 37(a) to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 28 to 37 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

(A) In March 2014, 665127 British Columbia Ltd. ("665127 BC Ltd.", an indirect non-wholly owned subsidiary of the Company) entered into a share repurchase agreement with one of its non-controlling shareholders to repurchase her entire equity interest in 665127 BC Ltd., namely 600 common shares without par value, at a cash consideration of an amount equivalent to approximately HK$42 from that non-controlling shareholder (the "Share Repurchase"). Besides, the said non-controlling shareholder assigned to 1338 Successful Venture Ltd., an indirect wholly-owned subsidiary of the Company and the immediate holding company of 665127 BC Ltd., an approximately 85.1% interest in all of her right, title and interest in and to a debt of an amount equivalent to approximately HK$2.2 million owed by a wholly-owned subsidiary of 665127 BC Ltd. at a consideration of an amount equivalent to approximately HK$7. Immediately after the Share Repurchase, the Company increased its effective beneficial interest in 665127 BC Ltd. from 80% to approximately 85.1%.

(B) As mentioned in paragraph (A) under the section headed "Connected transactions/Directors' and controlling shareholders' interests in contracts of significance" in this report, a letter agreement was entered into between the Company and Mr. Yeung on 21 March 2014 to further extend the Final Repayment Date regarding the revised Loan Facility to 31 October 2016.

AUDITORS

At the annual general meeting of the Company held on 5 June 2012, HLB Hodgson Impey Cheng retired as auditors of the Company (the "Auditors") and HLB Hodgson Impey Cheng Limited were appointed as the Auditors due to the reorganisation of the practice of HLB Hodgson Impey Cheng as HLB Hodgson Impey Cheng Limited in March 2012.

The consolidated financial statements of the Group for the year ended 31 December 2013 have been audited by HLB Hodgson Impey Cheng Limited, who shall retire at the 2014 AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 28 March 2014

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 59, joined the Group in 2003. He is an executive director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") of the Company, and a member of the remuneration committee (the "Remuneration Committee") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He was a member of the Eighth to Eleventh National Committee of the Chinese People's Political Consultative Conference and has over 30 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading, and securities and futures brokerage. He is presently the sole beneficial owner of Success Securities Limited ("Success Securities"), which is a licensed corporation under the Securities and Futures Ordinance as well as a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in property development businesses in Hong Kong, Macau and Canada. He is also a director of Silver Rich Macau Development Limited, being a substantial shareholder of the Company. Mr. Yeung is the uncle of Dr. Ma Ho Man, Hoffman, an executive director and the Deputy Chairman of the Company.

Dr. Ma Ho Man, Hoffman, aged 40, joined the Group in 2005. He is an executive director and the Deputy Chairman of the Company as well as a director of the subsidiaries of the Company. Dr. Ma is also a member of the Executive Committee. He is responsible for implementing the Company's strategies regarding the business development of the Group as well as managing the Group's business and operations. Dr. Ma joined Success Securities, which is beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), being an executive director and the Chairman of the Company, in 2000. He has been a director of Success Securities since November 2008 and is responsible for overseeing its marketing affairs. Dr. Ma is currently an executive director and the chairman of See Corporation Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange. He is presently a member of the Chongqing Committee of the Chinese People's Political Consultative Conference. Dr. Ma has over 17 years of experience in the financial industry and years of managerial experience. He was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. Dr. Ma is the nephew of Mr. Yeung.

NON-EXECUTIVE DIRECTOR

Mr. Choi Kin Pui, Russelle, aged 59, joined the Group in 2003. He is a non-executive director of the Company as well as a member of the audit committee of the Company (the "Audit Committee"), the Remuneration Committee and the Nomination Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 20 years of management experience in the telecommunication industry in Hong Kong and the United States of America (the "US"). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of Elephant Talk Communications Inc. ("ETCI"). ETCI was an American corporation whose securities were quoted on the Over-The-Counter Bulletin Board in the US and engaged in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited, a Hong Kong company engaged in the provision of internet access and outsourcing services in the People's Republic of China and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Ka Yee, Patrick, aged 52, joined the Group in 2003. He is an independent non-executive director of the Company. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Luk obtained a Law Degree in England in 1986. Throughout his tenure of career, Mr. Luk has been appointed to serve in various senior management positions which involved corporate/legal and property development as well as property management aspects. He is presently the consultant to Pacific Rich Management & Consultants Limited, a company providing property and facilities management in Hong Kong.

Ms. Yeung Mo Sheung, Ann, aged 49, joined the Group in 2004. She is an independent non-executive director of the Company as well as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998. Ms. Yeung has over 15 years of experience in legal field and is presently a solicitor of Messrs. Wong & Wong, Lawyers, a legal firm in Hong Kong. She is currently an independent non-executive director of Hao Wen Holdings Limited and Merdeka Resources Holdings Limited, the issued shares of both companies are listed on the Growth Enterprise Market of the Stock Exchange, and an independent non-executive director of Dejin Resources Group Company Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange.

Mr. Chin Wing Lok, Ambrose, aged 49, joined the Group in 2012. He is an independent non-executive director of the Company. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Chin is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 27 years of experience in auditing, accounting and taxation. Mr. Chin is presently the sole practitioner of CNT & Co., Certified Public Accountants.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes, aged 40, joined the Group in 2003. She is the company secretary of the Company and is responsible for overseeing all legal matters of the Group. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master degree of Laws from The University of Sheffield, United Kingdom. Before joining the Group, Ms. Chiu was a practicing solicitor in a local law firm and possessed experience in banking and finance as well as property related matters.

FINANCIAL CONTROLLER

Mr. Wong Chi Keung, Alvin, aged 51, joined the Group in 2008. He is the financial controller of the Group as well as the qualified accountant of the Company, and is responsible for financial and accounting matters of the Group. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He is currently an independent non-executive director, the chairman of both the audit committee and the remuneration committee as well as a member of the nomination committee of ITC Properties Group Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange. He has over 26 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies.

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SUCCESS UNIVERSE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Success Universe Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 129, which comprise the consolidated and the Company's statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practicing Certificate Number: P05895

Hong Kong, 28 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	6,7	**1,584,782**	1,634,978
Cost of sales		**(1,501,237)**	(1,547,077)
Gross profit		**83,545**	87,901
Other revenue and gains	8	**117,551**	43,453
Administrative expenses		**(153,868)**	(152,839)
Selling expenses		**(2,579)**	(2,352)
Other operating expenses	9(c)	**(74,872)**	(6,661)
Loss from operations		**(30,223)**	(30,498)
Finance costs	9(a)	**(9,086)**	(16,627)
Share of results of joint ventures		**367**	236
Share of results of associates		**51,014**	9,383
Profit/(loss) before taxation	9	**12,072**	(37,506)
Taxation	10(a)	**173**	(471)
Profit/(loss) for the year		**12,245**	(37,977)
Attributable to:			
Owners of the Company		**18,644**	(33,034)
Non-controlling interests		**(6,399)**	(4,943)
Profit/(loss) for the year		**12,245**	(37,977)
Earnings/(loss) per share	15		
– Basic		**0.42 HK cents**	(0.83) HK cents
– Diluted		**0.42 HK cents**	(0.83) HK cents

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Profit/(loss) for the year	**12,245**	(37,977)
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(2,430)**	1,426
Total other comprehensive (loss)/income for the year, net of tax	**(2,430)**	1,426
Total comprehensive income/(loss) for the year	**9,815**	(36,551)
Attributable to:		
Owners of the Company	**16,354**	(31,859)
Non-controlling interests	**(6,539)**	(4,692)
Total comprehensive income/(loss) for the year	**9,815**	(36,551)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**74,885**	83,544
Goodwill	17	**1,313**	3,862
Intangible assets	18	**34,527**	37,875
Interest in associates	20	**947,774**	921,260
Interest in joint ventures	21	**1,716**	2,029
		1,060,215	1,048,570
CURRENT ASSETS			
Inventories	22	**1,522**	1,830
Trade and other receivables	23	**45,962**	41,264
Amount due from an associate	20(d)	**–**	748
Tax recoverable	34(a)	**381**	–
Pledged bank deposits	24	**10,804**	10,419
Cash and cash equivalents	25	**80,423**	239,581
		139,092	293,842
Assets classified as held for sale	16	**–**	1,359
		139,092	295,201
CURRENT LIABILITIES			
Trade and other payables	26	**33,265**	26,762
Deferred income	27	**875**	945
Profit guarantee liabilities	28	**5,308**	9,100
Bank loans – due within one year	29	**608**	620
Loans payables – current portion	30	**–**	187,336
Long-term payables – current portion	31	**–**	225,464
Financial guarantee contract	32	**19,995**	19,995
Finance lease liabilities – current portion	33	**24**	–
Tax payable	34(a)	**–**	51
		60,075	470,273
NET CURRENT ASSETS/(LIABILITIES)		**79,017**	(175,072)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,139,232**	873,498

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2013

	Note	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
NON-CURRENT LIABILITIES			
Deferred income	27	**146**	1,102
Profit guarantee liabilities	28	**–**	5,308
Bank loans – due after one year	29	**11,148**	12,686
Loans payables	30	**17,766**	17,933
Financial guarantee contract	32	**49,990**	69,985
Finance lease liabilities	33	**107**	–
Deferred tax liabilities	34(b)	**526**	489
Loan from a director and controlling shareholder	35	**50,000**	–
		129,683	107,503
NET ASSETS		**1,009,549**	765,995
CAPITAL AND RESERVES			
Share capital	36	**49,265**	40,649
Reserves	38	**935,459**	700,985
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**984,724**	741,634
NON-CONTROLLING INTERESTS	38	**24,825**	24,361
TOTAL EQUITY		**1,009,549**	765,995

Approved and authorised for issue by the board of directors on 28 March 2014.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

The accompanying notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,332,979**	1,054,752
CURRENT ASSETS			
Deposits, prepayments and other receivables	23	**471**	489
Pledged bank deposits	24	**8,960**	9,669
Cash and cash equivalents	25	**32,837**	117,032
		42,268	127,190
CURRENT LIABILITIES			
Other payables and accruals	26	**48,218**	47,986
Financial guarantee contract	32	**19,995**	19,995
		68,213	67,981
NET CURRENT (LIABILITIES)/ASSETS		**(25,945)**	59,209
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,307,034**	1,113,961
NON-CURRENT LIABILITIES			
Financial guarantee contract	32	**49,990**	69,985
Loan from a director and controlling shareholder	35	**50,000**	–
		99,990	69,985
NET ASSETS		**1,207,044**	1,043,976
CAPITAL AND RESERVES			
Share capital	36	**49,265**	40,649
Reserves	38	**1,157,779**	1,003,327
TOTAL EQUITY		**1,207,044**	1,043,976

Approved and authorised for issue by the board of directors on 28 March 2014.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012	24,390	908,785	52,333	976	(423)	(515,904)	470,157	31,899	502,056
Loss for the year	–	–	–	–	–	(33,034)	(33,034)	(4,943)	(37,977)
Other comprehensive income for the year	–	–	–	–	1,175	–	1,175	251	1,426
Total comprehensive income/(loss) for the year	–	–	–	–	1,175	(33,034)	(31,859)	(4,692)	(36,551)
Issue of rights shares	16,259	–	–	–	–	–	16,259	–	16,259
Issue of rights shares at premium	–	292,676	–	–	–	–	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	–	(7,621)	–	–	–	–	(7,621)	–	(7,621)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	(4,500)	(4,500)
Unclaimed dividends forfeited	–	–	–	–	–	2,022	2,022	1,654	3,676
At 31 December 2012	40,649	1,193,840	52,333	976	752	(546,916)	741,634	24,361	765,995
At 1 January 2013	40,649	1,193,840	52,333	976	752	(546,916)	741,634	24,361	765,995
Profit/(loss) for the year	–	–	–	–	–	18,644	18,644	(6,399)	12,245
Other comprehensive loss for the year	–	–	–	–	(2,290)	–	(2,290)	(140)	(2,430)
Total comprehensive (loss)/income for the year	–	–	–	–	(2,290)	18,644	16,354	(6,539)	9,815
Issue of consideration shares	8,616	–	–	–	–	–	8,616	–	8,616
Issue of consideration shares at premium	–	225,123	–	–	–	–	225,123	–	225,123
Acquisition of additional interests in a subsidiary	–	–	–	–	–	(7,003)	(7,003)	7,003	–
At 31 December 2013	**49,265**	**1,418,963**	**52,333**	**976**	**(1,538)**	**(535,275)**	**984,724**	**24,825**	**1,009,549**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**12,072**	(37,506)
Adjustment for:			
Interest income	8	**(569)**	(1,588)
Finance costs	9(a)	**9,086**	16,627
Depreciation	16	**9,469**	10,754
Amortisation on intangible assets	18	**356**	418
Amortisation on financial guarantee contract	32	**(19,995)**	(16,298)
Share of results of joint ventures		**(367)**	(236)
Share of results of associates		**(51,014)**	(9,383)
Reversal of impairment loss recognised on intangible assets	18	**–**	(2,015)
Reversal of impairment loss recognised on other receivable	23	**(3,864)**	(6,410)
Impairment loss recognised on			
– goodwill	17	**2,549**	–
– intangible assets	18	**213**	361
– interest in associates	20	**–**	6,300
– other receivables	23	**268**	–
Write back of long-outstanding trade payables	8	**(152)**	(269)
Exchange alignment		**1,391**	1,114
Gain on derecognition of a long-term payable	8	**(83,429)**	–
Loss on derecognition of a long-term payable	9(c)	**71,842**	–
Gain on disposal of property, plant and equipment	8	**(244)**	(15)
Operating loss before changes in working capital		**(52,388)**	(38,146)
Decrease/(increase) in inventories		**308**	(527)
Increase in trade and other receivables		**(1,603)**	(2,701)
Increase/(decrease) in trade and other payables		**7,424**	(3,326)
Decrease in deferred income		**(906)**	(889)
Cash used in operations		**(47,165)**	(45,589)
Income tax (paid)/refunded			
– Hong Kong profits tax refunded		**–**	14
– Overseas tax (paid)/refunded		**(188)**	1,541
NET CASH USED IN OPERATING ACTIVITIES		**(47,353)**	(44,034)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(1,962)**	(6,105)
Proceeds from disposal of property, plant and equipment		**1,630**	16
Decrease in amounts due from associates		**24,500**	343,000
Decrease in amount due from a joint venture		**680**	–
Increase in pledged bank deposits		**(1,094)**	(2,513)
Interest income received		**569**	1,588
NET CASH GENERATED FROM INVESTING ACTIVITIES		**24,323**	335,986
FINANCING ACTIVITIES			
Dividend paid to non-controlling shareholder		**–**	(4,500)
Net proceeds of the issue of rights shares		**–**	173,260
Loan from non-controlling shareholder		**613**	–
Repayment of loans and long-term payables		**(174,560)**	(250,888)
Repayment of finance lease		**(14)**	–
Repayment of bank loans		**(573)**	(585)
Payment for profit guarantee liabilities		**(9,100)**	(9,100)
Loan from a director and controlling shareholder		**50,000**	–
Repayment of loan from a director and controlling shareholder		**–**	(30,332)
Repayment of loan from a related company		**–**	(129)
Unclaimed dividends forfeited		**–**	3,676
Finance costs		**(2,002)**	(6,031)
NET CASH USED IN FINANCING ACTIVITIES		**(135,636)**	(124,629)
Net (decrease)/increase in cash and cash equivalents		**(158,666)**	167,323
Cash and cash equivalents at the beginning of the year		**239,581**	72,410
Effect of foreign exchange rate changes		**(492)**	(152)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**80,423**	239,581
Analysis of balances of cash and cash equivalents			
Cash and bank balances	25	**80,423**	239,581

The accompanying notes form an integral part of these consolidated financial statements.

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its controlling shareholder is Silver Rich Macau Development Limited ("Silver Rich", a company incorporated in the British Virgin Islands with limited liability).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 19(a) to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group (as defined hereinafter) and the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "Group") and the Group's interest in associates and joint ventures made up to 31 December each year.

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the same as the functional currency of the Company.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the consolidated financial statements (continued)

Basis of measurement (continued)

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group or the Company. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statements of financial position and changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss for the year between the holders of non-controlling interests and the owners of the Company.

Where losses applicable to the non-controlling interests holders exceed its' interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests holders, are charged against the Group's interest except to the extent that the non-controlling interests holders has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the non-controlling interests holders' share of losses previously absorbed by the Group has been recovered.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(k).

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exits only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the associate or joint venture, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated statement of profit or loss includes the Group's share of the post-acquisition, post-tax results of the associate and joint venture for the year, including any impairment loss on goodwill relating to the investment in associate and joint venture for the year (see notes 2(e) and (i)). The Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

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

In the Company's statement of financial position, investments in associate and joint venture are stated at cost less impairment loss (see note 2(i)).

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating units ("CGU(s)") or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)). In respect of associate or joint venture, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill (continued)

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or joint venture is recognised immediately in profit or loss.

On disposal of a CGU of an associate or a joint venture, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Building	2.5%
Cruise ship	5%
Leasehold improvements	Over lease terms
Plant and machinery	20%
Furniture, fittings and office equipment	18% – 33$^1/_3$%
Motor vehicles	30% – 33$^1/_3$%
Motor yacht	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. There is no depreciation imposed on the freehold land.

(g) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised on their fair values. They represent mainly trademark and relationship with customers. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis from the date of acquisition over their estimated useful lives as follows:

Client list	15 years

The asset's useful lives and their amortisation method are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (other than goodwill) (continued)

Intangible assets with indefinite useful lives are not amortised. The intangible asset and its status are reviewed annually to determine whether events and circumstances continue to support indefinite useful life. Should the useful life of an intangible asset change from indefinite to finite, the change would be accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Operating lease charges

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

(i) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

– For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

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

Impairment losses recognised in profit or loss in respect of other receivables are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses in respect of other receivables are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

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

- property, plant and equipment;
- intangible assets;
- investments in subsidiaries, associates and joint ventures; and
- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

- *Reversals of impairment losses*

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out formula and comprises all costs of purchase in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from an associate, amount due from a joint venture, pledged bank deposits as well as cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

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

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial Liabilities

Other financial liabilities

Other financial liabilities (including trade and other payables, profit guarantee liabilities, long-term payables, loans payables, finance lease liabilities, bank loans, loan from a director and controlling shareholder as well as loan from a controlling shareholder) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Financial liabilities (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety. The Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

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

(m) Employee benefits

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

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

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(o) Provisions and contingent liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) ***Cruise ship leasing and management fee income***

– Cruise ship leasing income is recognised on an accrual basis in accordance with the terms of the leasing agreement.

– Cruise ship management fee income is recognised when the management service is rendered.

(ii) ***Travel-related agency service fee income***

– Revenue from the sale of air tickets is recognised when the tickets are issued.

– Revenue from the sale of tour packages is recognised when travel arrangements have been booked and confirmed with customers. Deposits from customers are reported as liabilities.

– Revenue from the sale of group tours is recognised at the point of group departure. Deposits from customers are reported as liabilities until the tour departs.

– Other income consists of revenue earned based on volume sales through various on-line ticket processing systems. Other income is recognised when it is measurable and all contractual obligations have been fulfilled.

(iii) Lottery commission and services income is recognised when the sales agency services are provided.

(iv) Management fee income is recognised when the amounts are measurable and the ultimate collections are reasonably assumed.

(v) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income is recognised on a time-apportioned basis using the effective interest method.

(vii) Services income is recognised when services are provided.

(viii) Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Foreign currencies

In preparing the consolidated financial statements of each individual entity, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

– exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

– exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

– exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

– For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

– On the disposal of a foreign operation (i.e. a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

– For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

– Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of foreign currency translation reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Borrowing costs

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

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

(s) Related parties

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

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

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

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

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied for the first time, the following New HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2013.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – 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 Disclosures of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"

The Group has applied the amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" for the first time in the current year. 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements", HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee; (b) it is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as 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, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

Impact of the application of HKFRS 11 (continued)

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. 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 (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". The amendments 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" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, 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 amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The "Annual Improvements to HKFRSs 2009 – 2011 Cycle" include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 "Presentation of Financial Statements";
- amendments to HKAS 16 "Property, Plant and Equipment"; and
- amendments to HKAS 32 "Financial Instruments: Presentation".

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes".

The application of the above New HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The Group has not early applied the following New HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contribution[2]
HKAS 32 (Amendments)	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 1 January 2014*
2 *Effective for annual periods beginning on or after 1 July 2014*
3 *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*
4 *Effective for annual periods beginning on or after 1 January 2016*
5 *No mandatory effective date yet determined but is available for adoption*

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at 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 reporting 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 9 "Financial Instruments" (continued)

The date when entities would be required to apply HKFRS 9 was previously stated at 1 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HK (IFRIC) – Int 21 "Levies"

HK (IFRIC) – Int 21 "Levies" addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of assessing the potential impact of the above New HKFRSs upon initial application but is not yet in a position to state whether the above New HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Financial assets				
Loans and receivables (including cash and bank balances)	**962,169**	1,089,966	**41,815**	126,737
Financial liabilities				
Amortised costs	**118,226**	485,209	**98,218**	47,986

(b) Financial risk management and fair values

The Group has exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the Group's credit risk is primarily attributable to the trade and other receivables and cash and cash equivalents. Management has a credit policy in a place and the exposures to these credit risks are monitored on an ongoing basis.

The management has established a credit policy under which credit evaluations are performed on all customers requiring credit. Trade receivables are due within 3 to 6 months from the date of billing. Trade debtors with balances that are more than 3 to 6 months are requested to settle all outstanding balance before any further credit is granted. Normally, the Group does not obtain collateral from customers.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(i) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has a certain concentration of credit risk as 0.83% and 1.55% (2012: 0.6% and 0.95%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position after deducting any impairment allowance. Except for a financial guarantee given by the Company as set out in note 32, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the Company's statement of financial position is disclosed in note 32.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its current and expected liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

The Group

	At 31 December 2013				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	33,265	–	–	33,265	33,265
Profit guarantee liabilities	5,308	–	–	5,308	5,308
Finance lease liabilities	24	24	83	131	131
Loans payables	–	17,766	–	17,766	17,766
Loan from a director and controlling shareholder	–	–	52,500	52,500	50,000
Bank loans	1,268	1,268	15,504	18,040	11,756
	39,865	19,058	68,087	127,010	118,226

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(ii) Liquidity risk (continued)

The Group (continued)

	At 31 December 2012				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	26,762	–	–	26,762	26,762
Profit guarantee liabilities	9,100	5,308	–	14,408	14,408
Loans payables	93,668	17,933	–	111,601	205,269
Long-term payables	133,767	–	–	133,767	225,464
Bank loans	1,368	1,368	18,100	20,836	13,306
	264,665	24,609	18,100	307,374	485,209

The Company

	At 31 December 2013				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables and accruals	48,218	–	–	48,218	48,218
Loan from a director and controlling shareholder	–	–	52,500	52,500	50,000
	48,218	–	52,500	100,718	98,218

	At 31 December 2012				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables and accruals	47,986	–	–	47,986	47,986

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(ii) Liquidity risk (continued)

As at 31 December 2013, it was not probable that the counter parties to the financial guarantee will claim under the contracts. Consequently, the carrying amount of the financial guarantee contract of approximately HK$70.0 million (2012: approximately HK$90.0 million) has not been presented above.

	At 31 December 2013		At 31 December 2012	
	HK$'000	Expiry period	HK$'000	Expiry period
Guarantee given to bank in respect of banking facilities granted to an associate	**1,176,000**	**2017**	1,176,000	2017

(iii) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are HK$, Renminbi ("RMB"), Canadian dollars and United States dollars as substantially all the turnover are in HK$, RMB, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

(iv) Interest rate risk

The market risk exposure of the Group is the changes in interest rates. The Group has no significant interest-bearing assets and liabilities. Accordingly, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(v) Fair value

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions. The directors of the Company ("Director(s)") consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values as at 31 December 2013 and 2012.

The Group does not have any financial instrument that is measured subsequent to initial recognition at fair value.

(vi) Other price risk

The Group is exposed to other price risk mainly through the cost of fuel oil. The Group manages this exposure by entering into an agreement with the lessee of the cruise ship for reimbursement of fluctuation of price of fuel oil while its price is over a certain amount.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimated uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

(i) Impairment of property, plant and equipment and freehold land and buildings

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade receivables and other receivables, where applicable, at the end of each reporting period. The estimates are based on the aging of the trade receivables and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Impairment of goodwill

The Group performs annual test on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 2(i). The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(iv) Impairment of intangible assets

The Group performs annual test on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2(i). The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(v) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of the intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(i) ***Impairment test for interest in associates***

The Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2013. The Group has engaged Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among their staff, fellow members of the Hong Kong Institute of Surveyor, to carry out a valuation of the interest in associate as at 31 December 2013 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a pre-tax discount rate of 17.00% (2012: 16.09%). The cash flows beyond the five-year period are extrapolated using a steady 4.28% (2012: 4.90%) growth rate for the casino and hotel industries in which are operated by associates.

Management has considered the above assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interest in associates and other key assumptions, which are based on the Directors' best estimates. The valuation is sensitive to these parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the net assets and results of the Group.

(ii) ***Maruhan Put Option***

On 1 October 2007, Golden Sun Profits Limited ("Golden Sun"), an indirect subsidiary of the Company, as vendor and the Company as Golden Sun's guarantor entered into a sale and purchase agreement with Maruhan Corporation ("Maruhan"), a then independent third party, as purchaser regarding (i) the disposal of 10.2% interest of the entire issued share capital (the "World Fortune Sale Shares") of World Fortune Limited ("World Fortune"), a subsidiary of Golden Sun; and (ii) the assignment of all rights, title, interests and benefits of and in the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun for a total consideration of approximately HK$208,501,000 (the "World Fortune Disposal"). The World Fortune Disposal was completed on 29 October 2007.

On the date of completion of the World Fortune Disposal, Golden Sun, the Company, Maruhan and World Fortune entered into a shareholders' agreement (the "World Fortune Shareholders' Agreement"). Pursuant to the terms of the World Fortune Shareholders' Agreement, (i) Golden Sun, in consideration of HK$1 paid by Maruhan, granted to Maruhan the right to require Golden Sun to purchase or procure the purchase of Maruhan's entire equity interest in World Fortune and the entire amount of shareholder's loan provided by Maruhan to World Fortune (the "Maruhan Put Option"); and (ii) Maruhan shall advance to World Fortune a further sum of approximately HK$116,369,000 by way of shareholder's loan to World Fortune which would on-lend the same to Pier 16 – Property Development Limited ("Pier 16 – Property Development") for the purpose of financing and completing the development of Ponte 16, the integrated casino-entertainment resort.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(ii) Maruhan Put Option (continued)

The Maruhan Put Option shall be exercised at any time on any business day during the period commencing from the fifth anniversary of 29 October 2007, the date of entering into the World Fortune Shareholders' Agreement, and ending on the day falling six months thereafter. The Maruhan Put Option purchase price shall be determined based on Maruhan's effective interest of 4.998% in the properties held by Pier 16 – Property Development (the "Property") and with reference to a 30% discount to the then prevailing market value of the Property to be determined by an independent professional valuer to be agreed by the shareholders of World Fortune. If the value of the Property as determined by the said valuer after taking into account a 30% discount exceeds HK$6,500 million or is below HK$3,900 million, the Maruhan Put Option purchase price shall be calculated with reference to HK$6,500 million or HK$3,900 million (as the case may be) and to be settled as to 50% by cash and 50% by allotment and issue of new shares by the Company.

The Directors considered that after the completion of the World Fortune Disposal, the Group still retains substantially all the risks and rewards of ownership of the World Fortune Sale Shares. Therefore, the Group continues to account for World Fortune as a wholly-owned subsidiary of the Company. The consideration of approximately HK$208,501,000 received has been recognised as liabilities and classified under loans payables (note 30) and long-term payables (note 31) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the Maruhan Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimated future cash outflows when it is required to acquire the World Fortune Sale Shares.

Reference was made to the Company's announcements dated 18 February 2013 and 28 March 2013 as well as the Company's circular dated 29 April 2013. In May 2013, Golden Sun completed its acquisition of the legal and beneficial ownership of the entire equity interest of Maruhan in World Fortune together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune pursuant to the exercise of option by Maruhan. The details please refer to note 39(a) to the consolidated financial statements.

(iii) SBI Macau Put Option

On 7 July 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company, as vendor and the Company as Favor Jumbo's guarantor entered into a sale and purchase agreement with SBI Macau Holdings Limited ("SBI Macau"), an independent third party, as purchaser regarding (i) the disposal of 910 shares (the "Golden Sun Sale Shares") of Golden Sun, being 4.55% of the entire issued share capital of Golden Sun, a subsidiary of Favor Jumbo; and (ii) the assignment of all rights, title, interests and benefits of and in 4.55% of the entire amount of the interest-free shareholder's loan due by Golden Sun to Favor Jumbo at face value which amounting to approximately HK$39,486,000 (collectively the "Golden Sun Disposal"). The total consideration for the Golden Sun Disposal was HK$130.0 million. In addition, Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK$9.1 million for each full fiscal year for a period of sixty successive months immediately after the date of completion of the Golden Sun Disposal. The details of the profit guarantee liabilities have been set out in note 28 to the consolidated financial statements.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(iii) SBI Macau Put Option (continued)

The Golden Sun Disposal was completed on 8 August 2008. On the date of completion of the Golden Sun Disposal, Favor Jumbo, the Company, SBI Macau, SBI Holdings, Inc. (SBI Macau's holding company) and Golden Sun entered into a shareholders' agreement (the "Golden Sun Shareholders' Agreement"). Pursuant to the terms of the Golden Sun Shareholders' Agreement, Favor Jumbo, in consideration of HK$1 paid by SBI Macau, granted to SBI Macau the right to require Favor Jumbo to purchase or procure the purchase of the entire equity interest in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau (the "SBI Macau Put Option").

The SBI Macau Put Option purchase price shall be HK$99,465.77 per ordinary share in the share capital of Golden Sun held by SBI Macau as at completion of the SBI Macau Put Option plus the face value of the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the SBI Macau Put Option, and the reserve as calculated in accordance with the terms of the Golden Sun Shareholders' Agreement.

The SBI Macau Put Option can be exercised at any time on any business day during the period commencing from the fifth anniversary of 8 August 2008, the date of entering into the Golden Sun Shareholders' Agreement, and ending on the day falling two months thereafter.

The Group may need to settle a sum being HK$130.0 million plus reserves as calculated in accordance with the terms of the Golden Sun Shareholders' Agreement, of which 50% will be settled by cash and the balance by allotment and issue of new shares, provided that the Company would be able to comply with minimum public float requirements under the Listing Rules after the issuance of the new shares, the number of shares to be issued would be reduced and the outstanding balance would be settled in cash accordingly, if the SBI Macau Put Option is exercised.

The Directors considered that after the completion of the Golden Sun Disposal, the Group still retains substantially all the risks and rewards of ownership of the Golden Sun Sale Shares. Therefore, the Group accounts for Golden Sun as a wholly-owned subsidiary of the Company. The consideration of HK$130.0 million received has been recognised as liabilities and classified under profit guarantee liabilities (note 28), loans payables (note 30) and long-term payables (note 31) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the SBI Macau Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimate future cash outflow when it is required to acquire the Golden Sun Sale Shares.

Reference was made to the Company's announcements dated 6 September 2013 and 3 October 2013. In October 2013, Favor Jumbo completed its acquisition of the legal and beneficial ownership of the entire equity interest of SBI Macau in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau pursuant to the exercise of option by SBI Macau. The details please refer to note 39(b) to the consolidated financial statements.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the CODM for the purposes of resource allocation and performance assessment.

The CODM consider the business from both geographic and service perspective.

The Group has presented the following three reportable segments. These segments are managed separately. The travel segment, the cruise ship leasing and management segment as well as lottery segment provide different services and require different information technology systems and marketing strategies.

(a) Segment results, assets and liabilities

The cruise ship leasing and management reportable segment provides cruise ship management services and the leasing of cruise ship. Geographically, management considers the cruise ship leasing and management business is performed in South China Sea.

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America and Hong Kong separately.

The lottery reportable operating segment provides sports lottery sales agency services to the sports lottery market in the People's Republic of China (the "PRC") through the subsidiaries of a joint venture company of the Company.

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' salaries, share of results of associates and joint ventures, investment income and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to reportable segments.

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

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets are allocated to reportable segments other than current and deferred tax assets, tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly include part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities (continued)

All liabilities are allocated to reportable segments other than current, deferred tax liabilities and corporate liabilities. Unallocated corporate liabilities mainly include profit guarantee liabilities, loans payables, long-term payables, financial guarantee contracts, loan from a director and controlling shareholder and part of other payables borne by the central administration companies.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Cruise ship leasing and management		Travel		Lottery		Elimination		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Revenue from external customers	84,000	80,400	1,430,182	1,543,924	70,600	10,654	–	–	1,584,782	1,634,978
Inter-segment revenue	–	–	–	321	–	–	–	(321)	–	–
Reportable segment revenue	84,000	80,400	1,430,182	1,544,245	70,600	10,654	–	(321)	1,584,782	1,634,978
Reportable segment profit/(loss)	475	2,872	(16,108)	1,061	(13,422)	(21,910)	1,135	1,545	(27,920)	(16,432)
Share of results of joint ventures									367	236
Share of results of associates									51,014	9,383
Gain on derecognition of a long-term payable									83,429	–
Loss on derecognition of a long-term payable									(71,842)	–
Unallocated corporate income									21,068	23,539
Unallocated corporate expenses									(35,672)	(38,384)
Finance costs									(8,372)	(15,848)
Consolidated profit/(loss) before taxation									12,072	(37,506)
Taxation									173	(471)
Consolidated profit/(loss) for the year									12,245	(37,977)

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities (continued)

	Cruise ship leasing and management		Travel		Lottery		Total	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Reportable segment assets	90,346	87,260	69,450	90,022	38,577	24,951	198,373	202,233
Unallocated corporate assets								
– Interest in associates							947,774	921,260
– Interest in joint ventures							1,716	2,029
– Amount due from an associate							–	748
– Tax recoverable							381	–
– Corporate assets							51,063	217,501
							1,199,307	1,343,771
Reportable segment liabilities	7,948	5,347	37,353	41,487	15,581	11,139	60,882	57,973
Unallocated corporate liabilities								
– Tax payable							–	51
– Deferred tax liabilities							526	489
– Corporate liabilities							128,350	519,263
							189,758	577,776

(b) Other segment information

	Cruise ship leasing and management		Travel		Lottery		Other corporate entities		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Interest income	57	24	4	19	21	11	487	1,772	569	1,826
Amortisation of intangible assets	–	–	(356)	(418)	–	–	–	–	(356)	(418)
Depreciation	(6,040)	(6,039)	(1,048)	(1,255)	(2,112)	(2,258)	(269)	(1,202)	(9,469)	(10,754)
Reversal of impairment loss recognised on:										
– other receivable	3,864	6,410	–	–	–	–	–	–	3,864	6,410
– intangible assets	–	–	–	2,015	–	–	–	–	–	2,015
Impairment loss recognised on:										
– intangible assets	–	–	(213)	(361)	–	–	–	–	(213)	(361)
– goodwill	–	–	(2,549)	–	–	–	–	–	(2,549)	–
– other receivable	–	–	–	–	(268)	–	–	–	(268)	–
Finance costs	–	–	(714)	(779)	–	–	(8,372)	(15,848)	(9,086)	(16,627)
Additions to non-current assets*	424	1,239	264	209	1,311	4,622	108	35	2,107	6,105

* Additions to non-current assets only include the additions to property, plant and equipment during the year

6. SEGMENT INFORMATION (CONTINUED)

(c) An analysis of the Group's revenue from all services is as follows:

	2013 HK$'000	2012 HK$'000
Sales of air tickets	**1,358,110**	1,443,858
Travel and related service fee income	**72,072**	100,066
Cruise ship leasing and management fee income	**84,000**	80,400
Lottery commission and services income	**70,600**	10,654
	1,584,782	1,634,978

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, goodwill, intangible assets, interest in associates and joint ventures.

The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of operations to which these intangibles are allocated. In the case of interest in associates and joint ventures, it is based on the location of operations of such associates and joint ventures.

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Hong Kong (place of domicile)	**–**	3,597	**2,110**	2,623
Macau	**–**	–	**947,774**	921,260
North America	**1,430,182**	1,540,327	**52,856**	61,013
South China Sea, other than in Hong Kong	**84,000**	80,400	**50,052**	55,634
PRC	**70,600**	10,654	**7,423**	8,040
	1,584,782	1,634,978	**1,060,215**	1,048,570

(e) Major customer

There is no single external customer amount to 10% or more of the Group's revenue.

(f) Revenue from major services

The Group's revenue from its major services was listed in note 7 to the consolidated financial statements.

7. TURNOVER

The principal activities of the Group are leasing of and provision of management services to the cruise ship, travel-related business as well as provision of sales agency services of sport lottery.

Turnover represents cruise ship leasing and management fee income, travel-related agency service fee income as well as lottery commission and services income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 HK$'000	2012 HK$'000
Cruise ship leasing and management fee income	**84,000**	80,400
Lottery commission and services income	**70,600**	10,654
Travel-related agency service fee income		
– Sales of air tickets	**1,358,110**	1,443,858
– Travel and related service fee income	**72,072**	100,066
	1,430,182	1,543,924
	1,584,782	1,634,978

8. OTHER REVENUE AND GAINS

	2013 HK$'000	2012 HK$'000
Other revenue		
Interest income on bank deposits	**569**	1,588
Loan interest income	**–**	238
Total interest income on financial assets not at fair value through profit or loss	**569**	1,826
Commission income	**2**	13
Management fee income from an associate	**541**	5,354
Write back of long-outstanding trade payables	**152**	269
Gain on disposal of property, plant and equipment	**244**	15
Reimbursement on cost of fuel oil	**3,467**	4,016
Service fee income	**2,692**	2,898
Other income	**2,413**	3,521
	10,080	17,912
Other gains		
Amortisation on financial guarantee contract	**19,995**	16,298
Gain on derecognition of a long-term payable	**83,429**	–
Net exchange gain	**183**	818
Reversal of impairment loss recognised on intangible assets	**–**	2,015
Reversal of impairment loss recognised on other receivable*	**3,864**	6,410
	107,471	25,541
Total	**117,551**	43,453

* This represents impairment on debts due by a debtor which has been long-outstanding. The Directors considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous years. During the year, the debtor has made repayment in respect of such long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year (note 23(b)).

9. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging the following:

	2013 HK$'000	2012 HK$'000
(a) Finance costs		
(i) **Not wholly repayable within five years:**		
Interest on bank loans	714	779
(ii) **Wholly repayable within five years:**		
Interest on long-term payables	–	10,878
Interest on loan from a director and controlling shareholder	1,288	1,036
Interest on loan from a controlling shareholder	–	183
Interest on other loans	7,084	3,751
	8,372	15,848
Total interest expenses on financial liabilities not at fair value through profit or loss	9,086	16,627
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	75,892	77,714
Contributions to defined contribution retirement plan	3,020	3,229
	78,912	80,943
(c) Other operating expenses		
Loss on derecognition of a long-term payable	71,842	–
Impairment loss recognised on		
– goodwill	2,549	–
– intangible assets	213	361
– other receivable	268	–
– interest in associates	–	6,300
	74,872	6,661

9. PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

	2013 HK$'000	2012 HK$'000
(d) Other items		
Auditors' remuneration		
– audit services	**1,628**	1,645
– other services	**280**	280
Bad debts written off	**354**	16
Depreciation on owned property, plant and equipment	**9,451**	10,754
Depreciation on leased property, plant and equipment	**18**	–
Amortisation on intangible assets	**356**	418
Operating lease rentals		
– properties	**10,044**	9,936
– plant and machinery	**696**	675
Cost of inventories	**31,332**	31,233

10. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2013 HK$'000	2012 HK$'000
Current tax – Overseas profits tax		
– (Credit)/charge for the year	**(248)**	259
	(248)	259
Deferred taxation relating to the origination and reversal of temporary differences *(note 34(b))*	**75**	212
Tax (credit)/charge	**(173)**	471

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2013 HK$'000	2012 HK$'000
Profit/(loss) before taxation	12,072	(37,506)
Notional tax on loss before tax, calculated at the tax rates applicable to loss in the countries concerned	(9,443)	(8,573)
Tax effect of share of results of associates	8,417	1,548
Tax effect of share of results of joint ventures	61	39
Tax effect of non-deductible expenses	17,069	5,448
Tax effect of non-taxable revenue	(18,873)	(4,900)
Tax effect of unrecognised tax losses	1,794	6,513
Unrecognised temporary differences	802	396
Tax (credit)/charge for the year	(173)	471

11. DIRECTORS' REMUNERATION

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

	Directors' fee		Salaries, allowance and other benefits		Retirement benefit scheme contributions		Total	
Name	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny	–	–	–	–	–	–	–	–
Ma Ho Man, Hoffman	–	–	635	936	15	14	650	950
Non-executive Director								
Choi Kin Pui, Russelle	120	120	–	–	–	–	120	120
Independent Non-executive Directors								
Luk Ka Yee, Patrick	120	120	–	–	–	–	120	120
Yim Kai Pung (resigned on 1 March 2012)	–	20	–	–	–	–	–	20
Yeung Mo Sheung, Ann	120	120	–	–	–	–	120	120
Chin Wing Lok, Ambrose (appointed on 1 March 2012)	120	100	–	–	–	–	120	100
	480	480	635	936	15	14	1,130	1,430

12. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

The five individuals with the highest emoluments, one (2012: one) is a Director whose emoluments is disclosed in note 11. The aggregate of the emoluments in respect of the other four (2012: four) individuals, included one (2012: one) of senior management, are as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and other benefits	**4,135**	3,086
Retirement benefit scheme contributions	**59**	55
	4,194	3,141

The emoluments of the four (2012: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2013	2012
Nil – HK$1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**1**	–

(b) Senior management of the Company

The emoluments of the senior management of the Company are within the following band:

	Number of individuals	
	2013	2012
Nil – HK$1,000,000	**2**	2

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a profit of approximately HK$12,610,000 (2012: approximately HK$1,853,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

No interim dividend was paid during the year under review (2012: nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2013 (2012: nil).

15. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$18,644,000 (2012: loss of approximately HK$33,034,000) and on the weighted average number of approximately 4,476,744,000 ordinary shares (2012: approximately 3,989,417,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding for the year presented.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land and building HK$'000	Cruise ship HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Motor yacht HK$'000	Total HK$'000
Cost								
At 1 January 2012	21,242	93,600	6,640	15,290	9,159	2,520	4,700	153,151
Additions	–	–	1,417	1,225	3,463	–	–	6,105
Disposals	–	–	(1,719)	–	(2,226)	(584)	–	(4,529)
Reclassified to asset held for sale *(note)*	(1,316)	–	(220)	–	–	–	–	(1,536)
Exchange alignment	476	–	140	–	224	23	–	863
At 31 December 2012 and 1 January 2013	20,402	93,600	6,258	16,515	10,620	1,959	4,700	154,054
Additions	–	–	479	396	1,080	152	–	2,107
Disposals	–	–	(10)	–	(36)	–	–	(46)
Exchange alignment	(1,503)	–	(221)	–	(285)	(33)	–	(2,042)
At 31 December 2013	**18,899**	**93,600**	**6,506**	**16,911**	**11,379**	**2,078**	**4,700**	**154,073**
Accumulated depreciation								
At 1 January 2012	664	37,440	4,095	12,258	3,772	2,044	3,838	64,111
Charge for the year	497	4,680	1,250	1,322	1,975	168	862	10,754
Written back on disposals	–	–	(1,719)	–	(2,218)	(583)	–	(4,520)
Reclassified to asset held for sale *(note)*	(69)	–	(108)	–	–	–	–	(177)
Exchange alignment	17	–	108	–	194	23	–	342
At 31 December 2012 and 1 January 2013	1,109	42,120	3,626	13,580	3,723	1,652	4,700	70,510
Charge for the year	444	4,680	1,287	1,339	1,533	186	–	9,469
Written back on disposals	–	–	(10)	–	(36)	–	–	(46)
Exchange alignment	(100)	–	(153)	–	(458)	(34)	–	(745)
At 31 December 2013	**1,453**	**46,800**	**4,750**	**14,919**	**4,762**	**1,804**	**4,700**	**79,188**
Carrying amount								
At 31 December 2013	**17,446**	**46,800**	**1,756**	**1,992**	**6,617**	**274**	**–**	**74,885**
At 31 December 2012	19,293	51,480	2,632	2,935	6,897	307	–	83,544

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
The analysis of carrying amount of property is as follows:		
Freehold land and building held outside Hong Kong:		
– Shown under non-current assets	**17,446**	19,293
– Shown under current assets *(note)*	**–**	1,359
	17,446	20,652

Note: On 13 December 2012, Jade Travel Ltd. ("Jade Travel (Canada)" being an indirect subsidiary of the Company which was incorporated in Canada) entered into a sale and purchase agreement with an independent third party regarding the sale of a part of freehold land and building in Canada. The consideration of the sale of the said property was equivalent to approximately HK$1,695,000 and the transaction has been completed on 28 February 2013.

17. GOODWILL

	The Group HK$'000
Cost	
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	**8,332**
Accumulated impairment losses	
At 1 January 2012	(4,470)
Impairment loss	–
At 31 December 2012 and 1 January 2013	(4,470)
Impairment loss	(2,549)
At 31 December 2013	**(7,019)**
Carrying amount	
At 31 December 2013	**1,313**
At 31 December 2012	3,862

17. GOODWILL (CONTINUED)

Goodwill is allocated to the Group's CGUs identified according to business segment as follows:

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Cruise ship management CGU	**1,313**	1,313
Travel CGU	**–**	2,549
	1,313	3,862

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
South China Sea, other than in Hong Kong	**1,313**	1,313
North America	**–**	2,549
	1,313	3,862

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Travel CGU		Cruise ship management CGU	
	2013 %	2012 %	**2013 %**	2012 %
– Growth rate	**2**	3	**Zero**	Zero
– Pre-tax discount rate	**14.17**	13.36	**5**	5

The pre-tax discount rates reflect specific risks relating to the relevant segment.

Based on the impairment tests performed, the recoverable amount of the cruise ship management CGU are higher than its carrying amount based on value in use calculations. Therefore, no impairment on cruise ship management CGU is required (2012: nil). However, the recoverable amount of the travel CGU is lower than its carrying amount based on value in use calculations. Therefore, an impairment loss of approximately HK$2,549,000 was recognised on travel CGU for the year ended 31 December 2013 (2012: nil). Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

17. GOODWILL (CONTINUED)

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cruise ship management CGU.

18. INTANGIBLE ASSETS

	Trademark HK$'000	Client list HK$'000	Total HK$'000
Cost			
At 1 January 2012	33,075	9,246	42,321
Exchange alignment	739	206	945
At 31 December 2012 and 1 January 2013	33,814	9,452	43,266
Exchange alignment	(2,480)	(694)	(3,174)
At 31 December 2013	**31,334**	**8,758**	**40,092**
Accumulated amortisation and impairment losses			
At 1 January 2012	(1,971)	(4,511)	(6,482)
Charge for the year	–	(418)	(418)
Impairment loss	–	(361)	(361)
Reversal on impairment loss	2,015	–	2,015
Exchange alignment	(44)	(101)	(145)
At 31 December 2012 and 1 January 2013	–	(5,391)	(5,391)
Charge for the year	–	(356)	(356)
Impairment loss	(190)	(23)	(213)
Exchange alignment	–	395	395
At 31 December 2013	**(190)**	**(5,375)**	**(5,565)**
Carrying amount			
At 31 December 2013	**31,144**	**3,383**	**34,527**
At 31 December 2012	33,814	4,061	37,875

18. INTANGIBLE ASSETS (CONTINUED)

Trademark

In accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"), the Group completed its annual impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 31 December 2013. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma, the recoverable amount of the trademark is lower than its carrying amount. The recoverable amount of trademark was reduced equivalent to approximately HK$31,144,000 (2012: equivalent to approximately HK$33,814,000). Therefore, an impairment loss equivalent to approximately HK$190,000 has been recognised for the year ended 31 December 2013 (2012: reversal of impairment loss equivalent to approximately HK$2,015,000). The recognition of impairment loss is mainly contributed by the decrease in revenue as previously expected due to a more competitive environment of the travel industry. Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a pre-tax discount of 18.01% (2012: 17.04%). The cash flows beyond the five-year period are extrapolated using a steady 2% (2012: 3%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

Client list

The Directors assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its annual impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 31 December 2013. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the recoverable amount of the client list is lower than its carrying amount. The recoverable amount of client list was reduced equivalent to approximately HK$3,383,000 (2012: equivalent to approximately HK$4,061,000). Therefore, an impairment loss equivalent to approximately HK$23,000 was recognised for the year ended 31 December 2013 (2012: equivalent to approximately HK$361,000). The recognition of impairment loss is mainly contributed by the increase in contributory charge of fixed assets. Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a pre-tax discount rate of 21.41% (2012: 18.76%), The cash flows beyond the five-year period are extrapolated using a steady 2% (2012: 3%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Unlisted shares, at cost	**40,655**	40,655
Deemed capital contribution *(note 32)*	**99,978**	99,978
Amounts due from subsidiaries	**1,525,980**	1,164,472
	1,666,613	1,305,105
Less: impairment loss#	**(333,634)**	(250,353)
	1,332,979	1,054,752

After considering the accumulated losses and net liabilities positions of the relevant subsidiaries, the Directors are of the opinion that an additional impairment loss of approximately HK$83.3 million (2012: approximately HK$204.5 million) has been recognised for the year ended 31 December 2013.

The amounts due from subsidiaries are unsecured, interest-free and not repayable within the next 12 months.

As stated in note 20(d) to the consolidated financial statements, the Group has engaged Roma to carry out a valuation on the interest in associates based on value in use calculations. The recoverable amount of the interest in associates is higher than its carrying amount, therefore, the Directors considered that there is no impairment loss on interest in associates. On this basis, the Directors considered that no impairment should be made for the investments in those subsidiaries which held the interest in associates. The valuation depends upon an estimate of future cash flows from the interest in associates and other key assumptions on the growth of the business, which is based on the Directors' best estimates. The valuation is sensitive to these parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the Directors' impairment assessment on investments in those subsidiaries which held the interest in associates.

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 2(c) and have been consolidated into the financial statements of the Group.

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Held by the Company %	Held by subsidiaries %	Principal activities
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK$0.01 each	100	100	–	Investment holding
Capture Success Limited	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US$1 each	55	–	55	Cruise ship leasing
Favor Jumbo	British Virgin Islands	100 shares of US$1 each	100	–	100	Investment holding
Golden Sun	British Virgin Islands	20,000 shares of US$1 each	100	–	100	Investment holding
Hover Management Limited	Hong Kong/South China Sea, other than in Hong Kong	100 shares of HK$1 each	55	–	55	Provision of cruise ship management services
Macau Success Management Services Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Provision of administration services
World Fortune	Hong Kong	1,000 shares of HK$1 each	100	–	100	Investment holding
665127 British Columbia Ltd. ("665127 BC Ltd.")	Canada	(i) 10,000 common shares without par value; and (ii) 1,400 Class A Preferred shares with CAD0.01 par value (without voting right)	80	–	80	Investment holding
Jade Travel (Canada)	Canada	7 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) (continued)

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Proportion of ownership interest: Held by the Company %	Proportion of ownership interest: Held by subsidiaries %	Principal activities
Jade Travel Ltd.	United States of America	100 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages
上海德彩置佳科技服務有限公司 ("德彩置佳") *(note (i))*	PRC	HK$10,000,000 paid up capital	80	–	80	Provision of technical support
上海德彩譽富網絡科技有限公司 ("德彩譽富") *(note (ii))*	PRC	RMB50,000,000 paid up capital	80	–	80	Provision of technology services platform and sales agency services of sports lottery

Notes:

(i) 德彩置佳 is a wholly foreign owned enterprise established in the PRC, the Group had 80% of controlling interest for this company.

(ii) 德彩譽富 is a limited liability company established in the PRC, the Group had 80% of controlling interest for this company. The name of this company was changed to 致勝盈彩網絡科技有限公司 with effect from 26 February 2014.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2013 %	2012 %	(Loss)/profit allocated to non-controlling interests 2013 HK$'000	2012 HK$'000	Accumulated non-controlling interests 2013 HK$'000	2012 HK$'000
665127 BC Ltd.	Canada	**20**	20	**(2,661)**	253	**2,451**	5,445

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Current assets	**16,383**	28,001
Non-current assets	**52,856**	58,464
Current liabilities	**(15,484)**	(17,116)
Non-current liabilities	**(59,730)**	(61,504)
Revenue	**1,435,641**	1,546,703
Expenses	**(1,448,948)**	(1,545,436)
(Loss)/profit for the year	**(13,307)**	1,267
Total comprehensive (loss)/income for the year	**(14,970)**	2,335
Net cash (outflow)/inflow from operating activities	**(5,562)**	2,776
Net cash inflow/(outflow) from investing activities	**1,272**	(174)
Net cash inflow/(outflow) from financing activities	**3,519**	(1,364)
Net cash (outflow)/inflow	**(771)**	1,238

20. INTEREST IN ASSOCIATES

		The Group	
	Note	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Deemed capital contribution	(b)	**99,978**	99,978
Goodwill	(c)	**19,409**	19,409
		119,387	119,387
Amounts due from associates	(d)	**828,387**	802,621
		947,774	922,008
Less: Amount shown under current assets	(d)	**–**	(748)
Amount shown under non-current assets		**947,774**	921,260

20. INTEREST IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Net liabilities of the associates	**(548,407)**	(652,420)
Proportion of the Group's ownership interest	**49%**	49%
Share of net liabilities of the associates	**(268,719)**	(319,686)
Goodwill	**19,409**	19,409
Effect of fair value adjustments at acquisition	**240,687**	240,687
Deemed capital contribution *(note 32)*	**99,978**	99,978
Amounts due from associates *(note 42(b))*	**856,419**	881,620
	947,774	922,008

(a) The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

			Proportion of ownership interest			
Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Group's effective interest %	Held by the Company %	Held by a subsidiary %	Principal activities
Pier 16 – Entertainment Group Corporation Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Provision of management services for casino operations
Pier 16 – Gaming Promotion, Limited	Macau	1 share of MOP50,000	49	–	49	Provision of gaming promotion services
Pier 16 – Management Limited	Macau/Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Hotel management
Pier 16 – Property Development	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

(b) The deemed capital contribution is referred to the financial guarantee contract (note 32) granted by the Group to the associates.

20. INTEREST IN ASSOCIATES (CONTINUED)

(c) Goodwill

Because goodwill is included in the carrying amount of the interest in associates and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 20(d) below.

(d) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially difference from their fair value. The amount is represented by amounts due from associates of approximately HK$856,419,000 (2012: approximately HK$881,620,000) after set-off with the share of accumulated losses of associates of approximately HK$28,032,000 (2012: approximately HK$78,999,000).

The Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2013. The Group has engaged Roma to carry out a valuation of the interest in associates as at 31 December 2013 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a pre-tax discount rate of 17.00% (2012: 16.09%). The cash flows beyond the five-year period are extrapolated using a steady 4.28% (2012: 4.90%) growth rate for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

(e) The following is summary of aggregate amounts of assets, liabilities, revenue, and results of the Group's associates:

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Non-current assets	**2,168,606**	2,414,443
Current assets	**721,447**	644,164
Current liabilities	**(502,678)**	(418,740)
Non-current liabilities	**(2,935,782)**	(3,292,287)
Net liabilities	**(548,407)**	(652,420)

	2013 HK$'000	2012 HK$'000
Revenue	**1,075,280**	1,223,441
Other revenue and gains	**23,559**	15,100
Profit	**104,110**	19,149

21. INTEREST IN JOINT VENTURES

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Share of net assets	**1,046**	679
Amount due from a joint venture *(note 42(b))*	**11,370**	12,050
	12,416	12,729
Impairment loss#	**(10,700)**	(10,700)
	1,716	2,029

The Group has advanced HK$12 million to the joint venture to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the end of the reporting period and is therefore classified as non-current assets. As at 31 December 2013, the accumulated impairment loss of interest in joint venture was approximately HK$10.7 million (2012: approximately HK$10.7 million) and is considered to be adequate as there are no indication for further impairment. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

Details of the Group's interest in the joint ventures are as follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up share capital	Group's effective interest	Principal activity
Surplus Win Enterprises Limited	Incorporated	British Virgin Islands	2 shares of US$1 each	50%	Investment holding
Double Diamond International Limited	Incorporated	British Virgin Islands	100 shares of US$1 each	40%	Operation of pier

The amount due from a joint venture is unsecured, interest-free and has no fixed terms of repayment.

21. INTEREST IN JOINT VENTURES (CONTINUED)

Aggregate financial information of joint ventures that are not individually material:

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Non-current assets	29,293	29,293
Current assets	1,085	1,840
Current liabilities	(22,919)	(24,253)
Net assets	7,459	6,880

	2013 HK$'000	2012 HK$'000
Income	1,232	1,102
Expenses	(312)	(511)
Profit before tax	920	591
Taxation	–	–
Profit for the year	920	591

22. INVENTORIES

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Fuel oil	1,522	1,830

The analysis of the amount of inventories recognised as an expense and included in consolidated statement of profit or loss is as follows:

	2013 HK$'000	2012 HK$'000
Carrying amount of inventories used	31,332	31,233

23. TRADE AND OTHER RECEIVABLES

	Note	The Group At 31 December 2013 HK$'000	The Group At 31 December 2012 HK$'000	The Company At 31 December 2013 HK$'000	The Company At 31 December 2012 HK$'000
Trade receivables	(a)	**19,437**	16,056	**–**	–
Other receivables		**16,682**	18,336	**18**	36
Less: impairment loss recognised on other receivable	(b)	**(268)**	(3,864)	**–**	–
		16,414	14,472	**18**	36
Trade and other receivables		**35,851**	30,528	**18**	36
Prepayments and deposits		**10,111**	10,736	**453**	453
		45,962	41,264	**471**	489

All of the trade and other receivables are expected to be recovered within one year.

(a) Trade receivables

(i) Aging analysis

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	The Group At 31 December 2013 HK$'000	The Group At 31 December 2012 HK$'000
Current	**13,862**	12,898
31 to 60 days overdue	**2,274**	1,578
61 to 90 days overdue	**2,699**	1,078
Over 90 days overdue	**602**	502
	19,437	16,056

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

(ii) Impairment of trade receivables

The Group normally allows an average credit period of 30 to 60 days to customers of cruise ship leasing and management as well as lottery businesses (2012: average credit period of 30 to 60 days) and 30 days to customers of travel business (2012: 30 days). Further details on the Group's credit policy are set out in note 4(b)(i).

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(i)). At the end of the reporting period, there has no impairment losses recognised on the trade receivables (2012: nil).

(iii) Trade receivables that are not impaired

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Neither past due nor impaired	**13,862**	12,898
Past due but not impaired		
– Less than 1 month past due	**2,274**	1,578
– 1 to 3 months past due	**3,301**	1,580
	5,575	3,158
	19,437	16,056

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

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

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Movement in the impairment loss recognised on other receivable:

	Note	The Group HK$'000
At 1 January 2012		10,274
Reversal of impairment loss*	8	(6,410)
At 31 December 2012 and 1 January 2013		3,864
Impairment loss recognised	9	268
Reversal of impairment loss*	8	(3,864)
At 31 December 2013		**268**

* This represents impairment on debts due by a debtor which has been long-outstanding. The Directors considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous years. During the year, the debtor has made repayment in respect of the long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

24. PLEDGED BANK DEPOSITS

The amounts are pledged to secure certain banking facilities granted to the Group (note 45). The pledged bank deposits carry fixed interest rate of approximately 0.5% to 0.8% per annum (2012: approximately 0.5% to 1.0% per annum).

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Cash and bank balances	**55,908**	127,125	**8,322**	66,893
Non-pledged bank deposits	**24,515**	112,456	**24,515**	50,139
Cash and cash equivalents in the consolidated statements of financial position and cash flows	**80,423**	239,581	**32,837**	117,032

Deposits with banks carry interest at market rates which is approximately 0.5% to 1.0% per annum for current year (2012: approximately 0.5% to 1.5% per annum).

Included in cash and bank balances as at 31 December 2013 is an amount denominated in RMB of approximately RMB1,888,000 (equivalent to approximately HK$2,433,000) (2012: approximately RMB1,367,000, equivalent to approximately HK$1,717,000). Remittance of RMB out of the PRC is subject to exchange restrictions imposed by the PRC government.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Trade payables	**10,260**	10,736	**–**	–
Accrued charges and other payables	**23,005**	16,026	**1,430**	1,264
Amounts due to subsidiaries	**–**	–	**46,788**	46,722
Financial liabilities measured at amortised cost	**33,265**	26,762	**48,218**	47,986

The amounts due to subsidiaries are interest-free, unsecured and without fixed term of repayment.

Aging analysis

Included in trade and other payables, the aging analysis of trade payables is as follows:

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Current	**8,796**	7,538
31 to 60 days	**911**	1,763
61 to 90 days	**361**	406
Over 90 days	**192**	1,029
	10,260	10,736

27. DEFERRED INCOME

Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreement.

28. PROFIT GUARANTEE LIABILITIES

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Carrying amount		
At the beginning of the year	**14,408**	23,508
Payment to SBI Macau under the profit guarantee	**(9,100)**	(9,100)
At the end of the year	**5,308**	14,408
Current liabilities	**5,308**	9,100
Non-current liabilities	**–**	5,308
	5,308	14,408

As mentioned in note 5(b)(iii), Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK$9.1 million ("Guaranteed Amount") for each full fiscal year for a period of sixty successive months immediately after the date of completion of the Golden Sun Disposal (the "Relevant Period"). The profit guarantee liabilities are carried at amortised cost.

In the event the amounts received by SBI Macau from the distribution of the profits of Golden Sun for any fiscal year during the Relevant Period falls short ("Shortfall") of the higher of the return (the "Return") as stipulated in the Golden Sun Shareholders' Agreement or the Guaranteed Amount (pro-rated, if necessary), Favor Jumbo shall pay to SBI Macau such Shortfall within six months from the end of the relevant fiscal year during the Relevant Period.

If the aggregate of the Return and the Shortfall payments received by SBI Macau from Golden Sun and/or Favor Jumbo in respect of the Relevant Period exceeds the total Guaranteed Amount (pro-rated, if necessary) for the Relevant Period (the "Excess"), SBI Macau shall refund and pay to Favor Jumbo the lesser of (a) the aggregate amount of the Shortfall paid by Favor Jumbo to SBI Macau during the Relevant Period; and (b) the Excess, within three months upon notice from Favor Jumbo the amount payable by SBI Macau after the expiry of the Relevant Period.

In October 2013, the Group has entered into a sale and purchase agreement with SBI Macau to acknowledge the total amount of Return for the Relevant Period and the balance of Return to be settled within six months from 31 December 2013.

29. BANK LOANS

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Bank loans, secured	**11,756**	13,306
Carrying amount repayable:		
Within one year	**608**	620
More than one year, but not exceeding two years	**643**	656
More than two years, but not more than five years	**1,773**	2,070
More than five years	**8,732**	9,960
	11,756	13,306
Less: Amounts shown under current liabilities	**(608)**	(620)
Amounts shown under non-current liabilities	**11,148**	12,686

30. LOANS PAYABLES

		The Group	
	Note	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Loans from non-controlling shareholders			
– Mrs. Yung Yuen Ping Kwok	(i)	**2,538**	2,739
– SABC Holdings Ltd.	(ii)	**7,922**	7,888
– Up Fly Limited ("Up Fly")	(iii)	**7,306**	7,306
		17,766	17,933
Loan from Maruhan	(iv)	**–**	147,850
Loan from SBI Macau	(v)	**–**	39,486
		17,766	205,269
Less: Amounts shown under current liabilities		**–**	(187,336)
Amounts shown under non-current liabilities		**17,766**	17,933

Notes:

(i) Mrs. Yung Yuen Ping Kwok is a non-controlling shareholder of 665127 BC Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.

(ii) SABC Holdings Ltd. is a non-controlling shareholder of 665127 BC Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.

(iii) Up Fly is a non-controlling shareholder of an 80% indirect owned subsidiary of the Company, namely Honour Rich China Development Limited ("Honour Rich"). The loan is unsecured, interest-free and not expected to be settled within one year.

(iv) The amount represented the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun taken up by Maruhan upon the completion of the World Fortune Disposal on 29 October 2007 and further shareholder's loan of approximately HK$81,382,000 for the year ended 31 December 2012 advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement (as defined in note 5(b)(ii)). The loans were settled at the date of completion of the World Fortune Acquisition (as defined in note 39(a)).

(v) As mentioned in note 5(b)(iii) pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo assigned the loan of approximately HK$39,486,000 due by Golden Sun to SBI Macau. The loan was settled at the date of completion of the Golden Sun Acquisition (as defined in note 39(b)).

The carrying amounts of the loans payables are approximately to their fair value.

31. LONG-TERM PAYABLES

	Note	The Group At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Present value of liabilities of			
– Maruhan Put Option	(i)	**–**	142,035
– SBI Macau Put Option	(ii)	**–**	83,429
		–	225,464
Less: Amounts shown under current liabilities		**–**	(225,464)
Amount shown under non-current liabilities		**–**	–

Notes:

(i) In May 2013, Golden Sun completed its acquisition of the legal and beneficial ownership of the entire equity interest of Maruhan in World Fortune together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune pursuant to the exercise of option by Maruhan. The details please refer to note 39(a) to the consolidated financial statements.

(ii) In October 2013, Favor Jumbo completed its acquisition of the legal and beneficial ownership of the entire equity interest of SBI Macau in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau pursuant to the exercise of option by SBI Macau. The details please refer to note 39(b) to the consolidated financial statements.

The carrying amounts of the long-term payables are approximately to their fair value.

32. FINANCIAL GUARANTEE CONTRACT

	The Group and the Company At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Carrying amount		
At the beginning of the year	**89,980**	6,300
Amortisation for the year	**(19,995)**	(16,298)
Fair value of financial guarantee contract issued	**–**	99,978
At the end of the year	**69,985**	89,980
Current liabilities	**19,995**	19,995
Non-current liabilities	**49,990**	69,985
	69,985	89,980

32. FINANCIAL GUARANTEE CONTRACT (CONTINUED)

In 2012, the Company gave a corporate guarantee (the "Guarantee") to a bank in respect of the syndicated loan facilities of HK$1,900 million and RMB400 million granted to Pier 16 – Property Development (the "Syndicated Loan Facilities"). The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 31 December 2013 was approximately HK$1,048.8 million (2012: approximately HK$1,273.3 million). The contingent liabilities were disclosed in note 41.

Based on the valuation performed by Roma, the Directors considered that the fair value of the financial guarantee contract was approximately HK$100.0 million at the date of issuance of the financial guarantee contract with corresponding increase in its interest in associates as deemed capital contribution.

The carrying amount of the financial guarantee contract recognised in the Group's consolidated statement of financial position was in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" and is carries at amortised cost.

No provision for financial guarantee contracts have been made at 31 December 2013 as the default risk is low (2012: nil).

33. FINANCE LEASE LIABILITIES

The Group leases plant and machinery under finance lease. The terms are 6 years with no interest underlying. The future minimum lease payment is as follows:

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Within one year	**24**	–
In the second to fifth years inclusive	**96**	–
Over five years	**11**	–
	131	–
Less: Amount shown under current liabilities	**(24)**	–
Amount shown under non-current liabilities	**107**	–

34. TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
(Refundable)/provision for overseas profit tax for the year	**(381)**	51
Tax (recoverable)/payable	**(381)**	51

(b) Recognised deferred tax liabilities

The movements of deferred tax liabilities during the year are as follows:

	Note	**The Group Accelerated depreciation** HK$'000
At 1 January 2012		270
Debited to the consolidated statement of profit or loss	10(a)	212
Exchange alignment		7
At 31 December 2012 and 1 January 2013		489
Debited to the consolidated statement of profit or loss	10(a)	75
Exchange alignment		(38)
At 31 December 2013		**526**

	The Group	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**526**	489

34. TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Unrecognised deferred tax assets

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 31 December 2013, the Group had tax losses of approximately HK$170.0 million (2012: approximately HK$154.2 million) that are available to carry forward indefinitely for offsetting against future taxable profits. Estimated tax losses of approximately HK$5.2 million and HK$50.1 million (2012: approximately HK$39.6 million and HK$4.8 million) will expire within 1 to 5 years and over 5 years respectively.

35. LOAN FROM A DIRECTOR AND CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Loan from Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung")	**50,000**	–

On 1 December 2008, Mr. Yeung, being a Director and a controlling shareholder of the Company, provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 (the "Yeung Loan Facility") and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Yeung Loan Facility was further extended from 31 October 2014 to 31 October 2016 by a letter agreement dated 21 March 2014. Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the Yeung Loan Facility.

In the opinion of the Directors, the borrowing of the said loan from Mr. Yeung was for the benefit of the Company and on normal commercial terms where no security over the assets of the Company was granted.

36. SHARE CAPITAL

	Notes	Number of shares '000	Nominal value HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013		**160,000,000**	**1,600,000**
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 January 2012		2,438,964	24,390
Allotment and issue of rights shares	(a)	1,625,976	16,259
At 31 December 2012 and 1 January 2013		4,064,940	40,649
Allotment and issue of consideration shares	(b, c)	861,551	8,616
At 31 December 2013		**4,926,491**	**49,265**

Notes:

(a) The Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company (the 'Rights Issue") in January 2012.

(b) The Company issued consideration shares of 550,546,025 new ordinary shares in relation to the World Fortune Acquisition (as defined in note 39(a)) in May 2013.

(c) The Company issued consideration shares of 311,004,784 new ordinary shares in relation to the Golden Sun Acquisition (as defined in note 39(b)) in October 2013.

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

37. EMPLOYEE RETIREMENT BENEFITS

(a) Defined contribution retirement plan

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 effective from 1 June 2012 (before 1 June 2012: HK$20,000). Contributions to the plan vest immediately.

Pursuant to the regulations of the relevant authorities in the PRC, the Group participates in the relevant social retirement benefit schemes (the "PRC Schemes") whereby the Group is required to contribute to the PRC Schemes to fund the retirement benefits of the eligible employees. Contributions made to the PRC Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the PRC Schemes is to pay the ongoing required contributions under the PRC Schemes.

The retirement benefit schemes contribution represents gross contributions by the Group to the PRC Schemes operated by the relevant authorities of the PRC.

(b) Share option scheme

The Company participates in a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the directors and other employees of the Group. The Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Option Scheme, i.e. 20 August 2004. Under the Option Scheme, the Directors are authorised at their absolute discretion, to invite any employee, executive or officer of any member of the Group or any entity in which the Group holds any equity interest (including any Directors) and any consultant, agent, adviser, vendor, supplier or customer who is eligible to participate in the Option Scheme, to take up options to subscribe for shares of the Company ("Share(s)").

There is no provision in the Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Company may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the Option Scheme.

37. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share option scheme (continued)

The Company may seek approval of the shareholders in general meeting for refreshing the 10% limit under the Option Scheme save that the total number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of approval of the limit. Options previously granted under the Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the other scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

Notwithstanding aforesaid in above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

The exercise price in respect of any particular option shall be such price as determined by the board of Directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer, which must be a business day; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share.

The offer of a grant of share options must be accepted not later than 28 days after the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share options granted is determined by the board of Directors, save that such period shall not be more than a period of 10 years from the date upon which the share options are granted or deemed to be granted and accepted.

At the end of the reporting period, no share options had been granted under the Option Scheme since its adoption (2012: nil).

38. RESERVES AND NON-CONTROLLING INTERESTS

The Group

	Attributable to owners of the Company							
	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012	908,785	52,333	976	(423)	(515,904)	445,767	31,899	477,666
Loss for the year	–	–	–	–	(33,034)	(33,034)	(4,943)	(37,977)
Other comprehensive income for the year	–	–	–	1,175	–	1,175	251	1,426
Total comprehensive income/(loss) for the year	–	–	–	1,175	(33,034)	(31,859)	(4,692)	(36,551)
Issue of rights shares at premium	292,676	–	–	–	–	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	(7,621)	–	–	–	–	(7,621)	–	(7,621)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	(4,500)	(4,500)
Unclaimed dividends forfeited	–	–	–	–	2,022	2,022	1,654	3,676
At 31 December 2012	1,193,840	52,333	976	752	(546,916)	700,985	24,361	725,346
At 1 January 2013	1,193,840	52,333	976	752	(546,916)	700,985	24,361	725,346
Profit/(loss) for the year	–	–	–	–	18,644	18,644	(6,399)	12,245
Other comprehensive loss for the year	–	–	–	(2,290)	–	(2,290)	(140)	(2,430)
Total comprehensive (loss)/income for the year	–	–	–	(2,290)	18,644	16,354	(6,539)	9,815
Issue of consideration shares at premium	225,123	–	–	–	–	225,123	–	225,123
Acquisition of additional interests in a subsidiary	–	–	–	–	(7,003)	(7,003)	7,003	–
At 31 December 2013	**1,418,963**	**52,333**	**976**	**(1,538)**	**(535,275)**	**935,459**	**24,825**	**960,284**

Nature and purpose of reserves

(a) *Share premium*

The application of the share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(b) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(q).

38. RESERVES AND NON-CONTROLLING INTERESTS (CONTINUED)

The Company

	Share premium HK$'000	Retained profit/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2012	908,785	5,818	914,603
Issue of rights shares at premium	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	(7,621)	–	(7,621)
Total comprehensive loss for the year	–	(196,331)	(196,331)
At 31 December 2012 and 1 January 2013	1,193,840	(190,513)	1,003,327
Issue of consideration shares at premium	225,123	–	225,123
Total comprehensive loss for the year	–	(70,671)	(70,671)
At 31 December 2013	**1,418,963**	**(261,184)**	**1,157,779**

Distribution of reserves

At 31 December 2013, the Company has no reserves available for distribution to owners of the Company (2012: nil).

39. ACQUISITIONS OF THE INTERESTS IN SUBSIDIARIES

(a) In February 2013, Golden Sun received a notice from Maruhan in respect of the exercise of the option by Maruhan to require Golden Sun to purchase or procure the purchase of the legal and beneficial ownership of the entire equity interest (being 10.2% equity interest) in World Fortune owned by Maruhan together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune (collectively the "World Fortune Interest") pursuant to the terms of the World Fortune Shareholders' Agreement (as defined in note 5(b)(ii)) (the "World Fortune Acquisition"). The purchase price of the World Fortune Interest of HK$219,117,318 was settled as to HK$109,558,659 by cash and as to HK$109,558,659 by way of allotment and issue of 550,546,025 new ordinary shares of the Company. The World Fortune Acquisition was completed in May 2013.

For details of the World Fortune Acquisition, please refer to the Company's announcement dated 18 February 2013 and 28 March 2013 as well as the Company's circular dated 29 April 2013.

The fair value of the purchase price of the World Fortune Interest at the date of completion of the World Fortune Acquisition was approximately HK$206.5 million. The Group recognised a gain, before expenses, on derecognition of a long-term payable of approximately HK$83.4 million in its consolidated statement of profit or loss which was derived from the difference between the fair value of the purchase price of the World Fortune Interest and the aggregate of the carrying amount of the outstanding shareholder's loans from Maruhan to World Fortune of approximately HK$147.9 million (note 30) together with the present value of the Maruhan Put Option of approximately HK$142.0 million (note 31).

39. ACQUISITIONS OF THE INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) In September 2013, Favor Jumbo received a notice from SBI Macau in respect of the exercise of the option by SBI Macau to require Favor Jumbo to purchase or procure the purchase of the legal and beneficial ownership of the entire equity interest (being 4.55% equity interest) in Golden Sun owned by SBI Macau together with the entire amount of the shareholder's loans provided by SBI Macau to Golden Sun (collectively the "Golden Sun Interest") pursuant to the terms of the Golden Sun Shareholders' Agreement (as defined in note 5(b)(iii)) (the "Golden Sun Acquisition"). The purchase price of the Golden Sun Interest of HK$130,000,000 was settled as to HK$65,000,000 by cash and as to HK$65,000,000 by way of allotment and issue of 311,004,784 new ordinary shares of the Company. The Golden Sun Acquisition was completed in October 2013.

For details of the Golden Sun Acquisition, please refer to the Company's announcement dated 6 September 2013 and 3 October 2013.

The fair value of the purchase price of the Golden Sun Interest at the date of completion of the Golden Sun Acquisition was approximately HK$201.8 million. The Group recognised a loss, before expenses, on derecognition of a long-term payable of approximately HK$71.8 million in its consolidated statement of profit or loss which was derived from the difference between the fair value of the purchase price of the Golden Sun Interest and the aggregate of the carrying amount of the outstanding shareholder's loans from SBI Macau to Favor Jumbo of approximately HK$39.5 million (note 30) together with the present value of the SBI Macau Put Option of approximately HK$90.5 million (note 31).

(c) In December 2013, Victory Devotion Limited, a direct wholly-owned subsidiary of the Company, acquired 10% equity interest in Honour Rich from Up Fly, at a consideration of an amount equivalent to HK$7.8 (the "Honour Rich Acquisition"). The Company increased its effective beneficial interest in Honour Rich from 70% to 80% after the Honour Rich Acquisition.

40. COMMITMENTS

(a) There is no capital commitments outstanding at 31 December 2013 not provide for in the consolidated financial statements (2012: nil)

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

	The Group		The Company	
	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Within one year	**6,144**	3,110	**–**	–
In the second to fifth years, inclusive	**903**	1,595	**–**	–
	7,047	4,705	**–**	–

The Group lease certain office premises under operating leases. The leases typically run for period ranging from two to five years. None of leases includes contingent rentals.

41. CONTINGENT LIABILITIES

In 2012, the Company gave the Guarantee to a bank in respect of the Syndicated Loan Facilities. The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million (note 32). The outstanding loan under the Syndicated Loan Facilities at the end of the reporting period was approximately HK$1,048.8 million (2012: approximately HK$1,273.3 million).

42. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with the related parties during the year:

		The Group	
	Note	**2013 HK$'000**	2012 HK$'000
Travel services income received and receivable from			
– an associate	(i)	**–**	20
– key management	(i)	**–**	528
Cost of sales related to travel services paid and payable to an associate	(i)	**–**	31
Management fee income received and receivable from an associate	(ii)	**541**	5,354
Interest expenses paid to a director and controlling shareholder	35	**1,288**	1,036
Interest expenses paid to a controlling shareholder	(iii)	**–**	183

Notes:

(i) The travel service fee was charged according to prices and conditions comparable to those offered to other customers.

(ii) The management fee was charged on actual cost incurred by the Group for provision of management and technical services.

(iii) Interest expenses paid in relation to the Assigned Loans (as defined in note 42(i)).

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The outstanding balances with related parties at the end of the reporting period are as follows:

	Note	The Group At 31 December 2013 HK$'000	The Group At 31 December 2012 HK$'000
Amounts due from associates	20	**856,419**	881,620
Amount due from a joint venture	21	**11,370**	12,050
Other receivable from a related party	(i)	**5,867**	5,867
Other payable to a director of a subsidiary of the Company	(ii)	**1,459**	–
Loan from a director and controlling shareholder	35	**50,000**	–

Notes:

(i) The amount of receivable is from the ultimate beneficial owner of Up Fly (the "JV Partner") for his on-lending to a joint venture company of which the Company and the JV Partner indirectly held 80% and 20% interests respectively (the "JV Company"). The amount is secured by 20% equity interest of the JV Company, interest-free and has no fixed repayment terms.

(ii) A short-term loan agreement was entered into between a director of a subsidiary of the Company ("Director of the Subsidiary") and a subsidiary of the Company. The Director of the Subsidiary provided a short-term loan to one of subsidiary of the Company for its general working capital. The loan was unsecured, interest-free and has been repaid in January 2014.

(c) Key management personnel compensation

Compensation for key management personnel, including amounts paid to the Directors as disclosed in note 11, senior management of the Company and certain of the highest paid employees as disclosed in note 12 is as follows:

	Note	The Group At 31 December 2013 HK$'000	The Group At 31 December 2012 HK$'000
Salaries and other short-term employee benefits		**5,406**	5,129
Retirement scheme contributions		**74**	83
Total emoluments are included in "staff costs"	9(b)	**5,480**	5,212

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) On 1 December 2008, the Company has entered into a term loan facility agreement of up to HK$200 million with Mr. Yeung, the loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2014 to 31 October 2016 by a letter agreement dated 21 March 2014. The said loan from Mr. Yeung constitutes a connected transaction under Chapter 14A of the Listing Rules, but is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules. For further details please refer to note 35 to the consolidated financial statements.

(e) The World Fortune Acquisition as described in note 39(a) also constitutes a connected transaction under Chapter 14A of the Listing Rules.

(f) The Honour Rich Acquisition as described in note 39(c) also constitutes a connected transaction under Chapter 14A of the Listing Rules, but is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2)(b) of the Listing Rules.

(g) The short-term loan amounting equivalent to approximately HK$1,459,000 provided by a Director of the Subsidiary as described in note 42(b)(ii) also constitutes a connected transaction under Chapter 14A of the Listing Rules, but is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

(h) A management and services contract entered into between Jade Travel (Canada) and a company owned by a Director of the Subsidiary in an amount of equivalent to approximately HK$1,833,000 (2012: equivalent to approximately HK$1,916,000) also constitutes a connected transaction under Chapter 14A of the Listing Rules, but is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2)(b) of the Listing Rules.

(i) Pursuant to the terms of the underwriting agreement entered into between Silver Rich and the Company regarding the Rights Issue, in 2012, (i) Silver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at a total subscription price of HK$128,054,101.26 (the "Subscription Monies") and a maximum of 952,007,200 underwritten shares ("Underwritten Shares") were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amounted to approximately HK$4.5 million has been paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by the loans for the aggregate amount of approximately HK$104.7 million which was charged with interest at the prime rate quoted for Hong Kong dollars loans by the Hongkong and Shanghai Banking Corporation Limited and approximately HK$23.4 million which was charged with interest at the rate of 4% per annum (the "Assigned Loans").

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26 and on 18 January 2012, the Rights Issue has been completed.

43. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors its capital structure on the basis of debt-to-capital ratio. For this purpose the Group defines debt as total borrowings which are bearing a fixed interest rates such as bank loans (note 29) and loan from a director and controlling shareholder (note 35). Capital represents total equity attributable to owners of the Company in the consolidated statement of financial position.

43. CAPITAL RISK MANAGEMENT (CONTINUED)

The Group's strategy was to maintain the debt-to-capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. As at 31 December 2013, the debt-to-capital ratio is approximately 6% (2012: approximately 2%).

44. NON-CASH TRANSACTIONS

The Group has the following non-cash transaction in 2013 and 2012:

(a) In May 2013, Jade Travel (Canada) acquired a certain asset equivalent to approximately HK$145,000 under a finance lease which shall be repayable by 72-month consecutive monthly instalments.

(b) On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26.

45. PLEDGE OF ASSETS

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

(a) The Group pledged the time deposits of approximately HK$9.7 million (2012: approximately HK$10.4 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK$12.5 million (2012: approximately HK$12.5 million) for the operations of the Group;

(b) World Fortune pledged all (2012: all) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Syndicated Loan Facilities;

(c) The Group's self-occupied properties with carrying amount equivalent to approximately HK$17.4 million (2012: equivalent to approximately HK$20.7 million) together with a time deposit equivalent to approximately HK$1.1 million (2012: nil) were pledged to bank to secure bank loans to Jade Travel (Canada); and

(d) The Group's certain asset with a carrying amount equivalent to approximately HK$0.1 million (2012: nil) was pledged to secure a finance lease to Jade Travel (Canada).

46. EVENTS AFTER THE REPORTING PERIOD

(a) In March 2014, 665127 BC Ltd. entered into a share repurchase agreement with one of its non-controlling shareholders to repurchase her entire equity interest in 665127 BC Ltd., namely 600 common shares without par value, at a cash consideration of an amount equivalent to approximately HK$42 from that non-controlling shareholder (the "Share Repurchase"). Besides, the said non-controlling shareholder assigned to 1338 Successful Venture Ltd., an indirect wholly-owned subsidiary of the Company and the immediate holding company of 665127 BC Ltd., an approximately 85.1% interest in all of her right, title and interest in and to a debt of an amount equivalent to approximately HK$2.2 million owed by a wholly-owned subsidiary of 665127 BC Ltd. at a consideration of an amount equivalent to approximately HK$7. Immediately after the Share Repurchase, the Company increased its effective beneficial interest in 665127 BC Ltd. from 80% to approximately 85.1%.

(b) With regard to the Yeung Loan Facility, a letter agreement was entered into between the Company and Mr. Yeung on 21 March 2014, to further extend the final payment date of the loan under the Yeung Loan Facility from 31 October 2014 to 31 October 2016.

47. COMPARATIVES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December 2013 HK$'000	Year ended 31 December 2012 HK$'000	Year ended 31 December 2011 HK$'000	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000
Turnover:					
Continuing operations	**1,584,782**	1,634,978	1,468,531	1,444,902	1,202,239
Profit/(loss) before taxation	**12,072**	(37,506)	(92,558)	(79,494)	(172,896)
Taxation	**173**	(471)	1,069	(2,170)	(1,790)
Profit/(loss) for the year	**12,245**	(37,977)	(91,489)	(81,664)	(174,686)
Attributable to:					
Owners of the Company	**18,644**	(33,034)	(77,666)	(80,782)	(173,797)
Non-controlling interests	**(6,399)**	(4,943)	(13,823)	(882)	(889)
Profit/(loss) for the year	**12,245**	(37,977)	(91,489)	(81,664)	(174,686)
Earnings/(loss) per share					
– Basic	**0.42 HK cents**	(0.83) HK cents	(3.18) HK cents	(3.31) HK cents	(7.13) HK cents
– Diluted	**0.42 HK cents**	(0.83) HK cents	(3.18) HK cents	(3.31) HK cents	(7.13) HK cents

ASSETS AND LIABILITIES

	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Total assets	**1,199,307**	1,343,771	1,407,971	1,475,374	1,345,509
Total liabilities	**(189,758)**	(577,776)	(905,915)	(881,823)	(671,636)
Non-controlling interests	**(24,825)**	(24,361)	(31,899)	(45,661)	(46,214)
Total equity attributable to owners of the Company	**984,724**	741,634	470,157	547,890	627,659