



遠東控股 國際有限公司  
**FAR EAST HOLDINGS INTERNATIONAL LIMITED**

Stock Code: 0036



An abstract background graphic featuring a large, semi-transparent blue sphere centered in the frame. The sphere is surrounded by a radial burst of light rays in shades of yellow, orange, and red, creating a sense of motion and energy. Small white bokeh dots are scattered throughout the background.  
**ANNUAL REPORT  
2014**

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The English text of this Annual Report shall prevail over the Chinese text.

# CORPORATE INFORMATION

## PLACE OF INCORPORATION

Hong Kong

## BOARD OF DIRECTORS

### Executive Directors

Mr. Derek Chiu

Mr. Richard Yen (Managing Director and Chief Executive Officer)

Mr. Yu Pak Yan, Peter

Mr. Fok Chi Tak

Mr. Ip Ngai Sang

### Independent Non-Executive Directors

Mr. Chan Ming Sun, Jonathan

Dr. Wong Yun Kuen

Ms. Kwan Shan

## COMPANY SECRETARY

Ms. Wong Po Ling Pauline

## SOLICITORS

King & Wood Mallesons

## AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

## AUTHORISED REPRESENTATIVES

Mr. Derek Chiu

Ms. Wong Po Ling Pauline

## AUDIT COMMITTEE

Mr. Chan Ming Sun, Jonathan (Chairman)

Dr. Wong Yun Kuen

Ms. Kwan Shan

## REMUNERATION COMMITTEE

Mr. Chan Ming Sun, Jonathan (Chairman)

Mr. Derek Chiu

Ms. Kwan Shan

## NOMINATION COMMITTEE

Ms. Kwan Shan (Chairman)

Mr. Derek Chiu

Mr. Chan Ming Sun, Jonathan

## INVESTMENT COMMITTEE

Mr. Yu Pak Yan, Peter (Chairman)

Mr. Chan Ming Sun, Jonathan

Dr. Wong Yun Kuen

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

## REGISTERED OFFICE

16th Floor, Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

## PRINCIPAL OFFICE

Room 2101–2102, 21st Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

Telephone: 3521 3800

Facsimile: 3521 3821

Email: info@feholdings.com.hk

## SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712–1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

## LISTING INFORMATION

Stock Code: 36

Board Lot Size: 3000

## WEBSITE

<http://www.feholdings.com.hk>

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE RESULTS

For the year ended 31st December, 2014, Far East Holdings International Limited (the “Company”, together with its subsidiaries, collectively, the “Group”) recorded revenue from operations of approximately HK\$16.75 million (2013: HK\$15.93 million), representing an increase of 5.15% as compared to that of last year. The Group’s profit attributable to owners of the Company was approximately HK\$25.85 million (2013: loss of approximately HK\$11.01 million). The total comprehensive expense of the Group for the year was approximately HK\$10.96 million (2013: total comprehensive income of approximately HK\$46.03 million), which was mainly due to the net effect of reclassification adjustment of fair value gain of available-for-sale investments previously recognised in other comprehensive income and gain from change in fair value of available-for-sale investments of equity securities listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The basic earnings per share for the year ended 31st December, 2014 was 5.14 HK cents (2013: basic loss per share of 2.48 HK cents).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2014, the Group had cash and bank balances and deposits held at financial institutions amounting to approximately HK\$272.86 million (2013: approximately HK\$105.44 million). Fundamentally, the Group’s funding policy is to finance the business operations with internally net generated cash and bank facilities. As at 31st December, 2014, the Group had outstanding interest bearing bank loans of approximately HK\$87.19 million (2013: nil). The Group did not have any financial instruments used for hedging purpose during the year (2013: nil).

## GEARING RATIO

The gearing ratio, expressed as a percentage of total debts to equity attributable to owners of the Company was 20.41% as at 31st December, 2014 (31st December, 2013: As the Group did not have any interest bearing bank loans, the Group was in net cash position, no gearing ratio information was presented).

## CURRENT RATIO

The Group’s current ratio (current assets to current liabilities) as at 31st December, 2014 decreased to 3.17 (2013: 93.63). On the whole, the financial position and liquidity of the Group were healthy.

## CAPITAL STRUCTURE

As at 31st December, 2014, the total number of issued ordinary shares of the Company was 536,613,062 shares. During the year, the Company has issued 62,588,235 consideration shares as part of the consideration of the acquisition of Blooming Success Limited (“Blooming Success”), details of which are set out in the paragraph headed “Material Acquisitions and Disposals of the Group” below.

In August and September 2014, the aggregate 19,767,998 share options granted in 2006 and 2013 were exercised.

## EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign exchange fluctuation during the year.

## CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

### Contingent Liabilities

As at 31st December, 2014, the Company had contingent liabilities amounting to HK\$87.19 million (2013: nil). It represents guarantees given to banks in respect of banking facilities granted to subsidiaries.

### Capital Commitments

As at 31st December, 2014, the Group had no significant capital commitments (2013: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

#### **Major and Connected Transactions relating to Acquisition of Entire Issued Shares in Blooming Success Limited**

On 24th January, 2014, the Company and a substantial shareholder of the Company (the “Vendor”) entered into the acquisition agreement, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of Blooming Success, a company wholly-owned by the Vendor, at the consideration of HK\$36.6 million, in which HK\$10 million was satisfied in cash and HK\$26.6 million was satisfied by the issue and allotment of 62,588,235 consideration shares. The acquisition constituted a connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Subsequent to the fulfilment of all conditions precedent under the acquisition agreement, the acquisition was completed on 25th April, 2014. Blooming Success became a wholly-owned subsidiary of the Company. Details of this transaction are disclosed in the Company’s announcement and circular dated 5th February, 2014 and 1st April, 2014, respectively.

#### **Disposal of Shares in Chinasoft International Limited**

On 13th June, 2014, the Company announced to seek approval from the shareholders of the Company (the “Shareholder(s)”) to dispose its interest in Chinasoft International Limited (“CIL”). Subsequent to the Shareholders’ approval on 16th July, 2014, the Company entered into a sale and purchase agreement on 28th July, 2014 to sell its entire equity interest in CIL to an independent third party. The transaction was completed on 26th August, 2014. Further details of this transaction are disclosed in the announcement of the Company dated 29th July, 2014.

### DIVIDEND

For the year ended 31st December, 2014, the Company has paid an interim dividend for the six months ended 30th June, 2014 of HK10 cents per share. The board (the “Board”) of director(s) (the “Director(s)”) of the Company does not recommend any final dividend (2013: nil).

### EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2014 the Group had approximately 163 employees in Hong Kong and the People’s Republic of China (the “PRC”) (2013: 229 employees). The Group offers its employees competitive remuneration packages based on industry’s practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Group adopted a share option scheme on 23rd May, 2005 and discretionary share options would be granted to reward and motivate those well performed employees. There was no outstanding share option (2013: 19.77 million share options) under the share option scheme of the Company as at 31st December, 2014. Following the completion of the open offer on 31st January, 2013, the exercise price and the number of the share options granted on 21st April, 2006 were adjusted pursuant to the terms of the share option to HK\$0.5032 per share and 1,597,728 share options respectively. 18,170,270 share options were granted on 16th April, 2013 at the exercise price of HK\$0.27 per share. The aggregate of 19,767,998 share options were exercised in August and September 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

Business operations in China continue to face headwinds caused by unfavorable economic environment worldwide. However, the Company had some success in realising profits from other business opportunities including securities and property investments.

#### Garment Industries

For each of the two years ended 31st December, 2013 and 2014, the garment products business of the Group recorded revenue of approximately HK\$15.93 million and HK\$16.75 million respectively, representing an increase of approximately 5.15% as compared to the same period in 2013. This business is facing challenges in terms of the exchange rate risks, increasing material and labour costs, and falling per unit sales price. The market condition in Japan and Europe has yet to improve and demand for children's wear remains low. This business will continue to downsize its production capacity and lease the idle capacity out to other manufacturers to help to spread the fixed costs over a broader range of revenue sources. This business will look for more effective deployment of its resources and identify investment opportunities to broaden its earning base to enhance the Shareholders' value. Currently, the management of the Group is looking for ways to structurally change the business model of this segment to improve productivity and profitability, including the PRC business development.

#### Investment in Securities

Referring to the announcement of the Company regarding business update dated 12th December, 2014, given the positive current market environment, the Company takes a more active and opportunistic approach in gaining short term investment profits, the Group intends to concurrently continue its existing business while developing the new short term securities investment business as one of its principal business activities.

During the year, the Group has disposed certain listed equity securities with carrying amount of approximately HK\$261.03 million. As a result, the carrying amount of the Group's available-for-sale investments has decreased substantially as at 31st December, 2014. Fair value gain of the disposed securities amounted to approximately HK\$26.72 million was recorded during the year, therefore the Directors consider that the disposals represent an opportunity to realise the investments so as to raise additional working capital for the Group.

The Group recorded a fair value gain on available-for-sale investments of approximately HK\$7.09 million for the year ended 31st December, 2014 (year ended 31st December, 2013: fair value gain of approximately HK\$54.93 million). The fair value of the Group's held-for-trading investments has also increased by approximately HK\$0.30 million for the year ended 31st December, 2014 (year ended 31st December, 2013: increase in fair value of approximately HK\$2.55 million).

#### Outlook

The Company is working with business partners in working out a long term and viable strategy for the garment business. Some diversification efforts have been made and the management is working on a more holistic solution. Nonetheless the effort in containing the losses while reduce non-performing assets will be the focus.

While property investment in Hong Kong contributed to the Company's bottom line, the liquidity and sentiment of the property market is not as favorable as before. While the Company will continue to prime opportunities in this segment of the market, the management will also put more resources in securities investment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EVENTS AFTER THE REPORTING PERIOD

#### **Discloseable Transaction relating to Disposal of Shares in China Binary Sale Technology Limited**

From 29th October, 2014 to 6th February, 2015, the Group had disposed 10,000,000 shares in China Binary Sale Technology Limited (“China Binary”) on the market of the Stock Exchange at an aggregate consideration of approximately HK\$12.70 million (the “Disposals of Shares in China Binary”).

As the applicable percentage ratio of the Disposals of Shares in China Binary, when aggregated, was more than 5% but less than 25%, the Disposals of Shares in China Binary constituted a discloseable transaction of the Company and were subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **Open Offer of 268,306,531 Offer Shares on the Basis of One Offer Share for Every Two Existing Shares**

On 18th December, 2014, the Company proposed to raise approximately HK\$80.49 million by issuing 268,306,531 offer shares (the “Offer Share(s)”) at the subscription price of HK\$0.30 per Offer Share on the basis of one Offer Share for every two shares held on the record date and payable in full upon application (the “Open Offer”). No excess Offer Shares will be offered to the qualifying shareholders and any untaken shares will be underwritten by the underwriter.

All of the conditions set out in the underwriting agreement had been fulfilled. Accordingly, the Open Offer became unconditional at 4:00 p.m. on 11th February, 2015.

At the latest time for acceptance of, and payment for the Offer Shares, a total of 113 valid acceptances in respect of 170,683,328 Offer Shares provisionally allotted under the Open Offer were received, representing approximately 63.62% of the total number of the Offer Shares available for subscription under the Open Offer. As a result, the Open Offer was under-subscribed by 97,623,203 Offer Shares. In accordance with the terms of the underwriting agreement, the subscribers, who were the independent third parties, procured by the underwriter subscribed for all the 97,623,203 untaken shares.

#### **Major and Connected Transaction relating to Disposal of Interest in the Disposal Group**

On 17th February, 2015, the Company and Mr. Duncan Chiu (the “Purchaser”) entered into the sale and purchase agreements pursuant to which the Company had conditionally agreed to sell and the Purchaser had conditionally agreed to purchase: (a) Blooming Success’s shares for a cash consideration of HK\$119,718,323.06; (b) land interest held by Healy Company Limited on trust for the Company for a cash consideration of HK\$14,295,000; and (c) land interest held by Tigris Investment Limited on trust for the Company for a cash consideration of HK\$455,000 respectively (the “Disposals”).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals under the sale and purchase agreements was more than 25% but less than 75%, the Disposals collectively constituted a major disposal transaction of the Company and accordingly, were subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is a substantial Shareholder and hence a connected person of the Company, the Disposals therefore constituted connected transactions of the Company and were subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

**Richard Yen**  
*Managing Director*

Hong Kong, 27th March, 2015

# PROFILE OF THE DIRECTORS

## EXECUTIVE DIRECTORS

### **Mr. Derek Chiu**

Mr. Chiu, aged 49, joined the Group in 1989 and was re-designated as an executive Director in November 2011. He was also appointed as a member of each of the remuneration committee and the nomination committee of the Company. Mr. Chiu is also directors of various subsidiaries of the Company. He is the managing director and chief executive of Far East Hotels and Entertainment Limited (stock code: 37). Mr. Chiu has extensive experience in the operation of amusement parks and entertainment business.

### **Mr. Richard Yen**

Mr. Yen, aged 46, joined the Group in November 2011. He was also appointed as an executive Director, the chief executive officer, the managing director and directors of subsidiaries of the Company. Mr. Yen leads the management team and is responsible for the Group's business development. Mr. Yen has over 20 years of executive management and mergers and acquisitions experience in the region, working in multinational companies in Japan, the United States and China. He possesses extensive industry knowledge in advanced technology and consumer products, and devises corporate strategies related to technology and regional business development. Mr. Yen holds a Bachelor Degree in Aerospace Engineering and a Master Degree in Business Administration in International Management from Boston University.

Mr. Yen was the executive director and chief operating officer of Golife Concepts Holdings Limited (now known as "China Star Cultural Media Group Limited") (stock code: 8172) from 2006 to 2008.

### **Mr. Yu Pak Yan, Peter**

Mr. Yu, aged 64, joined the Group in November 2014 and was appointed as an executive Director, the chairman of the investment committee of the Company and a director of a subsidiary of the Company. Mr. Yu has extensive experience in real estate and financial services industries. Mr. Yu has a Bachelor Degree in Management from Youngstown State University in Ohio, the United States of America (the "United States") and a Master of Science Degree in Financial Services from American College in Pennsylvania, the United States. Mr. Yu is a member of the Certified Commercial Investment Member Institute and was the first Chinese-American elected to the board of the San Francisco Association of Realtors. Mr. Yu worked in Pacific Union Real Estate Company in the United States from 1980-1995 and held senior positions in MetLife and New York Life Insurance Company in managing Asian customers in North America.

Mr. Yu is currently an independent non-executive director of China Sandi Holdings Limited (stock code: 910), Kingston Financial Group Limited (stock code: 1031) and Noble Century Investment Holdings Limited (stock code: 2322).

Mr. Yu was an executive director and the chairman of Kong Sun Holdings Limited (stock code: 295) from August 2008 to September 2014 and an independent non-executive director of M Dream Inworld Limited (now known as "GET Holdings Limited") (stock code: 8100) from July 2010 to January 2014.

### **Mr. Fok Chi Tak**

Mr. Fok, aged 39, joined the Group in November 2014 and was appointed as an executive Director of the Company and a director of a subsidiary of the Company. Mr. Fok has over 14 years of experience in corporate finance, corporate governance, mergers and acquisitions, auditing and financial management. Mr. Fok graduated from Oxford Brookes University in the United Kingdom with a bachelor's degree in accounting and finance and The University of Hong Kong with a master's degree in business administration. Mr. Fok is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fok is also a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Mr. Fok is currently an executive director and the chief financial officer of Hao Tian Development Group Limited (stock code: 474), whose securities are listed on the Main Board of the Stock Exchange.

## PROFILE OF THE DIRECTORS

### **Mr. Ip Ngai Sang**

Mr. Ip, aged 51, firstly joined the Company in April 2009 as a business development manager who is mainly responsible for communicating and managing the portfolio investments of the Group in information, communication and technology companies. In November 2011, he was appointed as an executive Director. Mr. Ip is also directors of subsidiaries of the Company. He received both his Bachelor of Science Degree and Master of Business Administration Degree from the Chinese University of Hong Kong.

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

#### **Mr. Chan Ming Sun, Jonathan**

Mr. Chan, aged 42, joined the Group in November 2014 and was appointed as an independent non-executive Director, the chairman of each of the audit committee and remuneration committee and a member of each of the nomination committee and investment committee of the Company. Mr. Chan has over 15 years of experience in direct investment, management of private equity fund for investing in Chinese enterprises. Between July 2000 and August 2001, Mr. Chan was an investment manager with Softbank China Venture Investments Limited. Between April 1995 and June 2000, he worked at Ernst & Young in Hong Kong and his last position was a senior associate with the audit and corporate finance department. Mr. Chan obtained a Bachelor of Commerce degree in Accounting and Computer Information Systems from the University of New South Wales, Australia in June 1995. Mr. Chan is a member of Hong Kong Institute of Certified Public Accountants since January 1999, a Certified Practising Accountants, Australia since February 1995 and a fellow of The Hong Kong Institute of Directors since June 2013.

Mr. Chan is currently (i) the associate director of Go-To-Asia Investment Limited; (ii) an independent non-executive director of Hao Tian Development Group Limited (stock code: 474) since March 2012 and that of China Dredging Environment Protection Holdings Limited (stock code: 871) since November 2012 and that of Shenyang Public Utility Holdings Company Limited (stock code: 747) re-appointed since February 2015, the securities of these companies are listed on the Main Board of the Stock Exchange, and (iii) an independent non-executive director of Changhong Jiahua Holdings Limited (stock code: 8016) since February 2007 and that of L & A International Holdings Limited (stock code: 8195) since October 2014, whose securities are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chan was an independent non-executive director of (i) Beautiful China Holdings Company Limited (stock code: 706) between March 2013 and February 2014; and (ii) Capital VC Limited (stock code: 2324) between August 2004 and April 2012, the securities of the above companies are listed on the Main Board of the Stock Exchange.

#### **Dr. Wong Yun Kuen**

Dr. Wong, aged 57, joined the Group in December 2014 and was appointed as an independent non-executive Director and a member of each of the audit committee and investment committee of the Company. Dr. Wong received his Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities and Investment Institute.

Dr. Wong is an executive director of UBA Investments Limited (stock code: 768), and an independent non-executive director of Bauhaus International (Holdings) Limited (stock code: 483), China Yunnan Tin Minerals Group Company Limited (stock code: 263), Kingston Financial Group Limited (stock code: 1031), Guocang Group Limited (stock code: 559), Sincere Watch (Hong Kong) Limited (stock code: 444) and China Sandi Holdings Limited (stock code: 910). The securities of the above companies are listed on the Main Board of the Stock Exchange. Dr. Wong is also an independent non-executive director of Kaisun Energy Group Limited (stock code: 8203), whose securities are listed on the Growth Enterprise Market of the Stock Exchange.

## PROFILE OF THE DIRECTORS

Dr. Wong was an independent non-executive director of ZMAY Holdings Limited (now known as "Hong Kong Life Sciences and Technologies Group Limited") (stock code: 8085) from November 2009 to September 2012, whose securities are listed on the Growth Enterprise Market of the Stock Exchange, and was also an independent non-executive director of Climax International Company Limited (now known as "KuangChi Science Limited") (stock code: 439) from June 2007 to August 2014, Kong Sun Holdings Limited (stock code: 295) from April 2007 to November 2014, New Island Printing Holdings Limited (now known as "Huajun Holdings Limited") (stock code: 377) from October 2010 to September 2014 and Harmony Asset Limited (stock code: 428) from September 2004 to December 2014, the securities of these companies are listed on the Main Board of the Stock Exchange.

### **Ms. Kwan Shan**

Ms. Kwan, aged 43, joined the Group in December 2014 and was appointed as an independent non-executive Director, the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. Ms. Kwan has more than 16 years of experience in the accounting and finance field in listed companies. Ms. Kwan holds a Bachelor's Degree in Accountancy from Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants. Ms. Kwan is currently a company secretary of Yueshou Environmental Holdings Limited (stock code: 1191), whose securities are listed on the Main Board of the Stock Exchange.

## DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31st December, 2014.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 21 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 27 to 28 of the consolidated financial statements.

### DIVIDEND

For the year ended 31st December, 2014, the Company has paid an interim dividend for the six months ended 30th June, 2014 of HK10 cents per share. The Board does not recommend any final dividend (2013: nil).

### FIXED ASSETS

Details of movements during the year in fixed assets of the Group and the Company are set out in note 19 to the consolidated financial statements.

### SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 34 to the consolidated financial statements.

### FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 83 of the consolidated financial statements.

### INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the investment properties and property, plant and equipment held by the Group as at 31st December, 2014 are set out in notes 18 and 19 respectively the consolidated financial statements.

### DISTRIBUTABLE RESERVES OF THE COMPANY

There is reserve available for distribution to the Shareholders as at 31st December, 2014 amounted to approximately HK\$142.76 million.

## DIRECTORS' REPORT

### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year under review, the new shares were issued as consideration for the acquisition of Blooming Success in April 2014 as disclosed in the section headed "Material Acquisitions and Disposals of the Group" above, the share options were exercised in August and September 2014 as disclosed in the section headed "Capital Structure" above and the open offer was proposed in December 2014 as disclosed in the section headed "Events after the Reporting Period" above.

Save for the above, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities in the Company.

### **BIOGRAPHICAL DETAILS OF DIRECTORS**

Biographical Details of the Directors are set out on pages 7 to 9.

### **DIRECTORS' INTEREST IN COMPETING BUSINESS**

None of the Directors or any of their respective associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business during the year.

### **DIRECTORS**

The Directors who held office during the year and upto the date of this annual report were:

#### **Executive Directors**

Deacon Te Ken Chiu, J.P. (Chairman) (resigned with effect from 12th December, 2014)

Mr. Derek Chiu

Mr. Richard Yen (Managing Director and Chief Executive Officer)

Mr. Yu Pak Yan, Peter (appointed with effect from 12th November, 2014)

Mr. Fok Chi Tak (appointed with effect from 14th November, 2014)

Mr. Ip Ngai Sang

#### **Non-Executive Director**

Mr. Desmond Chiu (resigned with effect from 16th February, 2015)

#### **Independent Non-Executive Directors**

Mr. Chan Ming Sun, Jonathan (appointed with effect from 14th November, 2014)

Dr. Wong Yun Kuen (appointed with effect from 1st December, 2014)

Ms. Kwan Shan (appointed with effect from 1st December, 2014)

Dr. Lam Lee G. (resigned with effect from 21st October, 2014)

Mr. Eugene Yun Hang Wang (resigned with effect from 8th December, 2014)

Mr. Lee Kwan Hung (resigned with effect from 12th November, 2014)

Pursuant to articles 79 and 80 of the articles of association of the Company (the "Articles"), Mr. Richard Yen and Mr. Ip Ngai Sang shall retire from office at the forthcoming annual general meeting of the Company (the "AGM").

Pursuant to article 84 of the Articles and the code provision A.4.2 of Appendix 14 of the Listing Rules (the "CG Code"), Mr. Yu Pak Yan, Peter, Mr. Fok Chi Tak, Mr. Chan Ming Sun, Jonathan, Dr. Wong Yun Kuen and Ms. Kwan Shan shall hold office only until the AGM. They being eligible, shall offer themselves for re-election as Directors at the AGM.

Details of the Directors to be re-elected are set out in the circular of the Company dated 30th April, 2015.

## DIRECTORS' REPORT

### DIRECTORS' SERVICE AGREEMENTS AND CONTRACT

Except for Mr. Richard Yen and Mr. Ip Ngai Sang, the executive Directors, whose respective service agreement is for a term of two years and no service agreement for Mr. Derek Chiu, the executive Director, each of the executive Directors and independent non-executive Directors was appointed to the Board pursuant to their respective letters of appointment, for a term of one year, and such appointment may be terminated in accordance with its terms.

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

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR ANY ASSOCIATED CORPORATIONS

As at 31st December, 2014, the interests and short positions of the Directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register maintained 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 as set out in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

#### Long positions

##### (a) Ordinary shares of the Company

None of the Directors had registered an interest and short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31st December, 2014.

##### (b) Share options

The Company's share option scheme was adopted pursuant to a resolution passed on 23rd May, 2005 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive Directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Directors may grant options to eligible employees, including Directors and its subsidiaries, to subscribe for shares in the Company.

Particulars of the Company's Share Option Scheme are set out in note 35 to the consolidated financial statements. The following table discloses movements in the Company's share options during the year:

Grantee	Outstanding as at 1/1/2014	Number of shares options					Exercise price HK\$	Date of grant	Exercisable period (Both days inclusive)
		Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2014				
Directors	14,990,473	-	14,990,473	-	-		0.27	16/4/2013	16/4/2013–15/4/2023
Employees	798,864	-	798,864	-	-		0.5032	21/4/2006	23/5/2006–22/5/2016
	798,864	-	798,864	-	-		0.5032	21/4/2006	23/5/2007–22/5/2017
	3,179,797	-	3,179,797	-	-		0.27	16/4/2013	16/4/2013–15/4/2023
	19,767,998	-	19,767,998	-	-				

Saves as disclosed above, no share options of the Company were granted, exercised, cancelled or lapsed during the year.

## DIRECTORS' REPORT

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed under the section headed "Directors' interests and short positions in shares and underlying shares or any associated corporations", at no time during the year was the Company, its holding 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.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **SUBSTANTIAL SHAREHOLDERS**

As at 31st December, 2014, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' interests and short positions in shares and underlying shares or any associated corporations", the following Shareholders had notified the Company of any interest, directly or indirectly, in 5% or more of the issued share capital of the Company:

#### **Long positions**

##### ***Ordinary shares of the Company***

Name of substantial Shareholder	Capacity	Number of shares of the Company held	Approximate percentage of issued share capital of the Company
Mrs. Chu Yuet Wah ("Mrs. Chu")	Interest of controlled corporation	270,880,531 (Note 3)	33.65%
Active Dynamic Limited	Interest of controlled corporation	268,306,531 (Note 2)	33.33%
Kingston Financial Group Limited	Interest of controlled corporation	268,306,531 (Note 2)	33.33%
Kingston Capital Asia Limited	Interest of controlled corporation	268,306,531 (Note 2)	33.33%
Galaxy Sky Investments Limited	Interest of controlled corporation	268,306,531 (Note 2)	33.33%
Kingston Securities Limited	Beneficial owner	268,306,531 (Note 1)	33.33%
Mr. Duncan Chiu	Beneficial owner	163,417,604	30.45%

Notes:

- (1) This refers to the interest in 268,306,531 shares arising from the underwriting of the open offer of the Company as set out in the announcement of the Company dated 18th December, 2014 in which Kingston Securities Limited acted as the underwriter to the open offer.
- (2) This refers to the same interests held by Kingston Securities Limited. Kingston Securities Limited was a wholly-owned subsidiary of Galaxy Sky Investments Limited, which in turn was a wholly-owned subsidiary of Kingston Capital Asia Limited, which in turn was a wholly-owned subsidiary of Kingston Financial Group Limited. Approximately 42.90% interest in the capital of Kingston Financial Group Limited was owned by Active Dynamic Limited, which in turn was wholly-owned by Mrs. Chu. By virtue of the SFO, all these corporations and Mrs. Chu were deemed to have interests in the shares in which Kingston Securities Limited was interested.
- (3) Out of the 270,880,531 shares, 268,306,531 shares were held by Kingston Securities Limited as set out above. The remaining 2,574,000 shares were held by Kingston Finance Limited, which in turn was a wholly-owned subsidiary of Ample Cheer Limited. Approximately 80% interest in the capital of Ample Cheer Limited was owned by Best Forth Limited, which in turn was wholly-owned by Mrs. Chu. By virtue of the SFO, all these corporations and Mrs. Chu were deemed to have interests in the shares in which Kingston Finance Limited was interested.

\* All interests disclosed above represent long positions in the ordinary shares of the Company.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 31st December, 2014.

## DIRECTORS' REPORT

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in respect of his/her independence during the year pursuant to rule 3.13 of the Listing Rules and all the independent non-executive Directors are still being considered to be independent.

### DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$5,000 (2013: Nil).

### CONNECTED TRANSACTION

The connected transactions in accordance with the requirements of the Listing Rules were disclosed as "Major and Connected Transactions relating to Acquisition of Entire Issued Shares in Blooming Success Limited" and "Major and Connected Transaction relating to Disposal of Interest in the Disposal Group" in the sections of "Material Acquisitions and Disposals of the Group" and "Events after the Reporting Period" respectively under Management Discussion and Analysis in this report.

Save as disclosed above, none of the related party transactions entered into by the Group during the year ended 31st December 2014 as disclosed in note 42 to the consolidated financial statements constituted a connected transaction of the Group.

### MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales of the Group's five largest and the Group's largest customer accounted for approximately 98% and 47% of total turnover, respectively.

Aggregate purchases of the Group's five largest and the Group's largest supplier accounted for approximately 65% and 54% of total purchases, respectively.

At no time during the year did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 16 to 24.

### AUDIT COMMITTEE

An audit committee of the Company (the "Audit Committee") was established by the Board with written terms of reference which are consistent with the provisions set out in the relevant section of the CG Code.

During the year ended 31st December, 2014, the Audit Committee met three times considering the financial reporting matters. The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan Ming Sun, Jonathan (chairman of the Audit Committee), Dr. Wong Yun Kuen and Ms. Kwan Shan.

The annual results of the Group for the year ended 31st December, 2014 have been reviewed by the Audit Committee which is of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

## DIRECTORS' REPORT

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st December, 2014.

### EMOLUMENT POLICY

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in notes 12 and 13 to the consolidated financial statements, respectively.

The emolument policy of the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to the Directors and the eligible participants, details of the Share Option Scheme is set out in note 35 to the consolidated financial statements.

### AUDITOR

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

### APPRECIATION

I would like to express my sincere gratitude to the Board, our management and to all our staff for their dedicated efforts during this year, as well as to our customers, suppliers, business partners and Shareholders for their continuous and full support to our Group.

On behalf of the Board

**Richard Yen**

*Managing Director*

Hong Kong, 27th March, 2015

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2014, the Company has complied with all the code provisions of the CG Code as set out in Appendix 14 of the Listing Rules, except for the following deviation:

**(a) Code Provision A.4.1**

code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the CG Code. However, all Directors are subject to retirement by rotation at each annual general meeting under articles 79 and 80 of the Articles. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

**(b) Code Provision E.1.2**

code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting.

The chairman of the Board did not attend the Company's annual general meeting held on Wednesday, 11th June, 2014 due to other business commitment. However, an executive Director and the chief executive officer of the Company present at the said meeting was elected chairman thereof to ensure an effective communication with the Shareholders thereat.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

## THE BOARD OF DIRECTORS

The Board's primary responsibilities are to formulate long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board, while the management of the Company is responsible for the daily management and operations of the Group. The Board is directly accountable to the Shareholders and is responsible for preparing the accounts.

### Board Composition

The Board comprises eight Directors, whose biographical details are set out in the "Profile of the Directors" of this annual report. Five of the Directors are executive and three are independent non-executive. The three independent non-executive Directors bring a broad range of legal, financial, regulatory and commercial experience and skills to the Board, which contributes to the effective strategic management of the Group. The executive Directors are not permitted to engage in any other business which is in competition with that of the Group, and are required to devote all of their active business time to the business and affairs of the Group.

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

## CORPORATE GOVERNANCE REPORT

To the best of the knowledge and belief of the Directors, there is no relationship, including financial, business, family or other material/relevant relationships among the Board members.

### **Appointment, Re-election and Removal of Directors**

In accordance with article 84 of the Articles, a director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

In accordance with article 79 of the Articles, at the annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office.

In accordance with article 86 of the Articles, the Company may by an ordinary resolution remove any director (including a managing or other executive Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against the Directors arising out of corporate activities.

### **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the independent non-executive Directors an annual confirmation in respect of his/her independence during the year pursuant to rule 3.13 of the Listing Rules and all the independent non-executive Directors are still being considered to be independent.

### **Board Meetings**

The Board meets regularly to review the financial and operating performance of the Company and considers and approves the overall strategies and policies of the Company. An agenda accompanying Board/committee papers are distributed to the Directors/members of the Board committees with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings with Board committees, which record in sufficient details the matters considered by the Board/members of the Board committee and decisions reached, including any concerns raised by the Directors/members of the Board committee or dissenting views expressed, are kept by the company secretary of the Company and open for inspection by Directors. Full Board meetings were held for any material transactions instead of by way of written resolutions and the independent non-executive Directors who, and whose associates, have no material interest in the transactions were present at such meetings. All the Directors have separate and independent access to the Company's senior management to fulfill their duties, and to seek independent professional advice in appropriate circumstances upon reasonable request, at the expense of the Company.

## CORPORATE GOVERNANCE REPORT

16 Board meetings and 3 general meetings were held during the year. The attendance record of each Director at the Board meetings and the general meeting is set out in the table below:

	Board meeting attended/ Eligible to attend	General meeting* attended/ Eligible to attend
<b>Executive Directors</b>		
Deacon Te Ken Chiu, J.P. (Chairman) (resigned with effect from 12th December, 2014)	0/14	0/3
Mr. Derek Chiu	14/16	3/3
Mr. Richard Yen (Managing Director and Chief Executive Officer)	16/16	3/3
Mr. Yu Pak Yan, Peter (appointed with effect from 12th November, 2014)	5/5	0/0
Mr. Fok Chi Tak (appointed with effect from 14th November, 2014)	4/4	0/0
Mr. Ip Ngai Sang	15/16	2/3
<b>Non-Executive Director</b>		
Mr. Desmond Chiu (resigned with effect from 16th February, 2015)	1/16	0/3
<b>Independent Non-Executive Directors</b>		
Mr. Chan Ming Sun, Jonathan (appointed with effect from 14th November, 2014)	3/4	0/0
Dr. Wong Yun Kuen (appointed with effect from 1st December, 2014)	3/3	0/0
Ms. Kwan Shan (appointed with effect from 1st December, 2014)	3/3	0/0
Dr. Lam Lee G. (resigned with effect from 21st October, 2014)	7/9	1/3
Mr. Eugene Yun Hang Wang (resigned with effect from 8th December, 2014)	11/13	2/3
Mr. Lee Kwan Hung (resigned with effect from 12th November, 2014)	9/10	3/3

\* The meetings were the annual general meeting held on 11th June, 2014 and the extraordinary general meetings held on 22nd April, 2014 and 16th July, 2014 respectively.

## CORPORATE GOVERNANCE REPORT

### **Continuous Professional Development**

According to the records maintained by the Company, the Directors have participated in the following continuous professional development to develop and refresh their knowledge and skills in compliance with the new requirement of the CG Code on continuous professional development for the year ended 31st December, 2014:

Directors	Attending in-house briefings	Giving talks	Attending training conducted by professional parties	Reading materials relevant to director's duties and responsibilities
<b>Executive Directors</b>				
Mr. Derek Chiu	—	—	—	✓
Mr. Richard Yen	—	—	✓	✓
Mr. Yu Pak Yan, Peter	✓	✓	✓	✓
Mr. Fok Chi Tak	—	✓	✓	✓
Mr. Ip Ngai Sang	—	—	—	✓
<b>Independent non-executive Directors</b>				
Mr. Chan Ming Sun, Jonathan	—	—	✓	✓
Dr. Wong Yun Kuen	✓	✓	✓	✓
Ms. Kwan Shan	—	—	✓	✓

### **CHAIRMAN AND CHIEF EXECUTIVE**

During the year, the roles of chairman and the chief executive officer were held separately by Deacon Te Ken Chiu, J.P., who resigned with effect from 12th December, 2014 (the “Resignation of the Chairman”), and Mr. Richard Yen respectively. Their roles and responsibilities are separate and are set out in writing. The chairman is responsible for formulating and setting the Group’s strategies and policies in conjunction with the Board. The chief executive officer is responsible for managing the Group’s strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions and financing. After the Resignation of the Chairman, the responsibilities of the chairman are taken up by the executive Directors.

### **NON-EXECUTIVE DIRECTORS**

The existing non-executive Directors are not appointed for a specific term but are subject to retirement and re-election at the annual general meeting of the Company.

During the year, the independent non-executive Directors made a positive contribution to the development of the Company’s strategies and policies through independent, constructive and informed comments.

## CORPORATE GOVERNANCE REPORT

### INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

During the year, the Board has conducted reviews with the external consultants the effectiveness of the internal control system of the Group.

### COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Shareholders and the public with the necessary information to form their own judgement on the Company.

During the year, the management of the Company provided (i) sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval; and (ii) all the Directors with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under rule 3.08 and Chapter 13 of the Listing Rules.

### AUDITOR'S REMUNERATION

For the year ended 31st December, 2014, the auditor of the Company received approximately HK\$890,000 for audit service (2013: HK\$1,126,000) and nil for non-audit service (2013: nil).

### DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparation of the financial statements of the Group for the year ended 31st December, 2014 which give a true and fair view of the state of affairs of the Company and of the Group, and are prepared in accordance with the applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements. The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES

The Board has established the following Board committees to oversee the particular aspects of the Group's affairs.

#### Audit Committee

The Audit Committee was established by the Board with written terms of reference which are consistent with the provisions set out in the relevant section of the CG Code and are available on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and the auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements, and appointment, re-appointment and removal of external auditor and approving its remuneration and terms of engagement and any questions of resignation or dismissal of that auditor. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the Group's audit. Currently, the Audit Committee comprises all the independent non-executive Directors, namely Mr. Chan Ming Sun, Jonathan (chairman of the Audit Committee), Dr. Wong Yun Kuen and Ms. Kwan Shan.

During the year, the interim results of the Group for the six months ended 30th June, 2014 and the annual results of the Group for the year ended 31st December, 2014 and the internal control system of the Company have been reviewed by the Audit Committee which is of the opinion that the preparation of such results are in compliance with the relevant accounting standards rules and regulations and that adequate disclosure have been made.

During the year ended 31st December, 2014, three meetings were held. The attendance record of each member of the Audit Committee is as follows:

	Audit Committee meeting attended/ Eligible to attend
Mr. Chan Ming Sun, Jonathan (Chairman of the Audit Committee) (appointed with effect from 14th November, 2014)	0/1
Dr. Wong Yun Kuen (appointed with effect from 1st December, 2014)	1/1
Ms. Kwan Shan (appointed with effect from 1st December, 2014)	1/1
Dr. Lam Lee G. (resigned with effect from 21st October, 2014)	2/2
Mr. Eugene Yun Hang Wang (resigned with effect from 8th December, 2014)	2/2
Mr. Lee Kwan Hung (resigned with effect from 12th November, 2014)	2/2

## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established by the Board with written terms of reference. The terms of reference of the Remuneration Committee are consistent with the provisions set out in the relevant section of the CG Code, and the same are available on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group’s policy and structure for all remuneration of Directors and senior management of the Company. No Director is involved in deciding his own remuneration. Currently, the Remuneration Committee comprises Mr. Chan Ming Sun, Jonathan (chairman of the Remuneration Committee), the independent non-executive Director, Mr. Derek Chiu, the executive Director, and Ms. Kwan Shan, the independent non-executive Director.

During the year, the Company’s policy and the structure of the remuneration of all the Directors and senior management of the Company has been reviewed by the Remuneration Committee and recommendation has been made to the Board for approval.

During the year ended 31st December, 2014, four Remuneration Committee meetings were held. The attendance record of each member of the Remuneration Committee is as follows:

Remuneration Committee meeting attended/ Eligible to attend
Mr. Chan Ming Sun, Jonathan (Chairman of the Remuneration Committee) (appointed with effect from 14th November, 2014) 1/1
Mr. Derek Chiu 4/4
Ms. Kwan Shan (appointed with effect from 8th December, 2014) 0/0
Dr. Lam Lee G. (resigned with effect from 21st October, 2014) 1/1
Mr. Eugene Yun Hang Wang (resigned with effect from 8th December, 2014) 4/4

### Nomination Committee

The nomination committee (the “Nomination Committee”) was established by the Board on 28th March, 2012 with written terms of reference. The terms of reference of the Nomination Committee are consistent with the provisions set out in the relevant section of the CG Code, and the same are available on the website of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

The Nomination Committee is principally responsible for formulating and making recommendation to the Board regarding the Board composition. Currently, the Nomination Committee comprises Ms. Kwan Shan (chairman of the Nomination Committee), the independent non-executive Director, Mr. Derek Chiu, the executive Director, and Mr. Chan Ming Sun, Jonathan, the independent non-executive Director.

During the year, the structure, size and composition of the Board has been reviewed by the Nomination Committee and the independence of the independent non-executive Directors has been assessed by the Nomination Committee.

## CORPORATE GOVERNANCE REPORT

During the year ended 31st December, 2014, six Nomination Committee meetings were held. The attendance record of each member of the Nomination Committee is as follows:

	Nomination Committee meeting attended/ Eligible to attend
Ms. Kwan Shan (Chairman of the Nomination Committee) (appointed with effect from 8th December, 2014)	1/1
Mr. Derek Chiu	6/6
Mr. Chan Ming Sun, Jonathan (appointed with effect from 14th November, 2014)	2/3
Dr. Lam Lee G. (resigned with effect from 21st October, 2014)	1/1
Mr. Eugene Yun Hang Wang (resigned with effect from 8th December, 2014)	4/4

### Investment Committee

The investment committee of the Company (the “Investment Committee”) was established by the Board with written terms of reference.

The Investment Committee is principally responsible for reviewing and evaluating any investment projects proposed by the Company and making recommendation to the Board on such investment projects. It also monitors the investments of the Group. Currently, the Investment Committee comprises Mr. Yu Pak Yan, Peter (chairman of the Investment Committee), the executive Director, Mr. Chan Ming Sun, Jonathan and Dr. Wong Yun Kuen, both are the independent non-executive Directors.

During the year, the Investment Committee provided guidance to the Company on the investment in financial instruments and recommendation made to the Board on the investment projects held by the Company.

### Corporate Governance Functions

During the year, the Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board has reviewed, with the professional parties engaged, the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management of the Company, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report.

### COMPANY SECRETARY

During the year, the company secretary of the Company is Ms. Wong Po Ling, Pauline, who is a qualified professional staff provided by an external service provider, and her primary corporate contact person at the Company is Mr. Richard Yen, the managing director, chief executive officer and the executive Director.

Ms. Wong confirmed that she has received 15 hours professional trainings during the year.

## CORPORATE GOVERNANCE REPORT

### COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining a clear, timely and effective communication with the Shareholders and investors. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at [www.feholdings.com.hk](http://www.feholdings.com.hk). The Directors and members of various Board committees will attend the annual general meeting of the Company and answer any questions raised. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be published on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

### SHAREHOLDERS' RIGHTS

#### Procedures for Convening an Extraordinary General Meeting by Shareholders

The procedures for Shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting) can be found in article 48 of the Articles, which is available on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

#### Procedures for Making Enquiry to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company by post or by fax at (852) 3521 8321 or by email to [info@feholdings.com.hk](mailto:info@feholdings.com.hk). Shareholders may also make enquiries with the Board at the general meetings of the Company.

#### Procedures for Putting Forward Proposals at the General Meetings

The procedures for Shareholders to put forward proposals at the general meetings can be found in article 48 of the Articles, which is available on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk). The procedures for Shareholders to propose a Person for Election as a Director are available on the website of the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

### INVESTOR RELATIONS

#### Changes in the Articles of Association of the Company

During the year, the Company has not made any changes to the Articles, which is available on the websites of the Stock Exchange and the Company at [www.feholdings.com.hk](http://www.feholdings.com.hk).

## INDEPENDENT AUDITOR'S REPORT

**Deloitte.**  
德勤

**TO THE MEMBERS OF FAR EAST HOLDINGS INTERNATIONAL LIMITED**

遠東控股國際有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Far East Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 82, which comprise the consolidated and the Company's statements of financial position as at 31st December, 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 (the "HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance"), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## INDEPENDENT AUDITOR'S REPORT

### OPINION

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

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

27th March, 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>			
Revenue	6	16,747	15,931
Cost of sales		(16,337)	(14,570)
Gross profit		410	1,361
Dividend income from available-for-sale investments		355	311
Dividend income from held-for-trading investments		358	253
Other income	8	901	1,166
Other gains and losses	9	42,305	6,768
Selling and distribution costs		(146)	(129)
Administrative expenses		(25,153)	(22,620)
Finance costs	10	(1,372)	(38)
Profit (loss) before tax		17,658	(12,928)
Income tax expense	11	–	–
Profit (loss) for the year from continuing operations	14	17,658	(12,928)
<b>Discontinued operations</b>			
Gain on disposal of discontinued operations		7,286	–
Share of results from discontinued operations		–	1,501
Profit for the year from discontinued operations	15	7,286	1,501
Profit (loss) for the year		24,944	(11,427)
<b>Other comprehensive (expense) income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from the translation of foreign operations		(152)	1,090
Fair value gain on available-for-sale investments		7,087	54,933
Reclassification adjustment upon disposal of available-for-sale investments		(38,212)	–
Reclassification adjustment of exchange reserve upon disposal of a joint venture		(4,623)	–
Share of exchange difference of a joint venture		–	1,430
Other comprehensive (expense) income for the year		(35,900)	57,453
<b>Total comprehensive (expense) income for the year</b>		<b>(10,956)</b>	<b>46,026</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31st December, 2014*

	NOTE	2014 HK\$'000	2013 HK\$'000
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		<b>18,560</b>	(12,513)
– from discontinued operations		<b>7,286</b>	1,501
		<b>25,846</b>	(11,012)
Loss for the year attributable to non-controlling interests			
– from continuing operations		<b>(902)</b>	(415)
– from discontinued operations		–	–
		<b>(902)</b>	(415)
		<b>24,944</b>	(11,427)
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(9,980)</b>	45,907
Non-controlling interests		<b>(976)</b>	119
		<b>(10,956)</b>	46,026
<b>Earnings (loss) per share</b>			
From continuing and discontinued operations			
Basic (HK cents)	17	<b>5.14</b>	(2.48)
Diluted (HK cents)	17	<b>5.10</b>	(2.48)
From continuing operations			
Basic (HK cents)	17	<b>3.69</b>	(2.81)
Diluted (HK cents)	17	<b>3.66</b>	(2.81)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31st December, 2014*

	NOTES	2014 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	18	<b>220,750</b>	10,140
Property, plant and equipment	19	<b>6,558</b>	7,817
Prepaid lease payments	20	<b>659</b>	765
Available-for-sale investments	22	<b>20,951</b>	274,896
		<b>248,918</b>	293,618
<b>CURRENT ASSETS</b>			
Prepaid lease payments	20	<b>25</b>	28
Held-for-trading investments	23	<b>1,932</b>	12,262
Inventories	24	<b>3,370</b>	3,255
Trade and other receivables	25	<b>2,583</b>	2,353
Amount due from a non-controlling interest	26	<b>3,140</b>	1,158
Amount due from a related party	27	<b>9</b>	9
Tax recoverable		<b>10</b>	10
Deposits held at financial institutions	28	<b>198,694</b>	20,201
Pledged bank deposits	29	<b>7</b>	6
Bank balances and cash	28	<b>74,170</b>	85,241
		<b>283,940</b>	124,523
Assets classified as held for sale	30	<b>–</b>	47,850
		<b>283,940</b>	172,373
<b>CURRENT LIABILITIES</b>			
Trade and other payables	31	<b>2,414</b>	1,796
Amounts due to related parties	27	<b>38</b>	45
Secured bank borrowings – due within one year	33	<b>87,192</b>	–
		<b>89,644</b>	1,841
<b>NET CURRENT ASSETS</b>		<b>194,296</b>	170,532
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>443,214</b>	464,150

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2014

	NOTE	2014 HK\$'000	2013 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	34	<b>255,092</b>	4,543
Share premium and reserves		<b>172,073</b>	442,582
Equity attributable to owners of the Company		<b>427,165</b>	447,125
Non-controlling interests		<b>16,049</b>	17,025
		<b>443,214</b>	464,150

The consolidated financial statements on pages 27 to 82 were approved and authorised for issue by the Board of Directors on 27th March, 2015 and are signed on its behalf by:

**Richard Yen**  
*DIRECTOR*

**Derek Chiu**  
*DIRECTOR*

# STATEMENT OF FINANCIAL POSITION

*At 31st December, 2014*

	NOTES	2014 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	18	<b>14,750</b>	10,140
Property, plant and equipment	19	<b>16</b>	62
Investments in subsidiaries	21	<b>47,223</b>	3,134
Amounts due from subsidiaries	32	<b>136,634</b>	92,583
Available-for-sale investments	22	<b>12,205</b>	267,293
		<b>210,828</b>	373,212
<b>CURRENT ASSETS</b>			
Held-for-trading investments	23	<b>1,515</b>	11,862
Other receivables		<b>207</b>	312
Amount due from a related party	27	<b>9</b>	9
Deposits held at financial institutions	28	<b>198,694</b>	20,201
Pledged bank deposits	29	<b>7</b>	6
Bank balances and cash	28	<b>3,432</b>	20,485
		<b>203,864</b>	52,875
<b>CURRENT LIABILITIES</b>			
Other payables		<b>1,565</b>	1,165
Amounts due to related parties	27	<b>38</b>	45
Amounts due to subsidiaries	32	<b>11,911</b>	25,169
		<b>13,514</b>	26,379
<b>NET CURRENT ASSETS</b>		<b>190,350</b>	26,496
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>401,178</b>	399,708
<b>CAPITAL AND RESERVES</b>			
Share capital	34	<b>255,092</b>	4,543
Share premium and reserves	36	<b>146,086</b>	395,165
		<b>401,178</b>	399,708

**Richard Yen**  
*DIRECTOR*

**Derek Chiu**  
*DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2014

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2013	3,028	176,154	10,118	(14,923)	568	194,361	369,306	16,906	386,212
Loss for the year	-	-	-	-	-	(11,012)	(11,012)	(415)	(11,427)
<b>Other comprehensive income for the year</b>									
Exchange differences arising from the translation of foreign operations	-	-	556	-	-	-	556	534	1,090
Fair value gain on available-for-sale investments	-	-	-	54,933	-	-	54,933	-	54,933
Share of exchange difference of a joint venture	-	-	1,430	-	-	-	1,430	-	1,430
	-	-	1,986	54,933	-	-	56,919	534	57,453
Total comprehensive income (expense) for the year	-	-	1,986	54,933	-	(11,012)	45,907	119	46,026
Issue of shares upon Open Offer (Note 34)	1,515	28,770	-	-	-	-	30,285	-	30,285
Transaction costs attributable to Open Offer (Note 34)	-	(2,377)	-	-	-	-	(2,377)	-	(2,377)
Recognition of equity-settled share based payments	-	-	-	-	4,004	-	4,004	-	4,004
At 31st December, 2013	4,543	202,547	12,104	40,010	4,572	183,349	447,125	17,025	464,150
Profit (loss) for the year	-	-	-	-	-	25,846	25,846	(902)	24,944
<b>Other comprehensive (expense) income for the year</b>									
Exchange differences arising from the translation of foreign operations	-	-	(78)	-	-	-	(78)	(74)	(152)
Fair value gain on available-for-sale investments	-	-	-	7,087	-	-	7,087	-	7,087
Reclassification adjustment upon disposal of available-for-sale investments	-	-	-	(38,212)	-	-	(38,212)	-	(38,212)
Reclassification adjustment of exchange reserve upon disposal of a joint venture	-	-	(4,623)	-	-	-	(4,623)	-	(4,623)
	-	-	(4,701)	(31,125)	-	-	(35,826)	(74)	(35,900)
Total comprehensive (expense) income for the year	-	-	(4,701)	(31,125)	-	25,846	(9,980)	(976)	(10,956)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note 34)	202,547	(202,547)	-	-	-	-	-	-	-
New shares issued as consideration for the acquisition of subsidiaries (Note 38)	37,971	-	-	-	-	-	37,971	-	37,971
Exercise of share options	10,031	-	-	-	(4,321)	-	5,710	-	5,710
Transfer to retained profits upon lapse of share options	-	-	-	-	(251)	251	-	-	-
Dividends paid (Note 16)	-	-	-	-	-	(53,661)	(53,661)	-	(53,661)
At 31st December, 2014	255,092	-	7,403	8,885	-	155,785	427,165	16,049	443,214

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2014

	2014 HK\$'000	2013 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the year	<b>24,944</b>	(11,427)
Adjustments for:		
Amortisation of prepaid lease payments	106	105
Share-based payment expense	–	4,004
Unrealised (gain) loss in held-for-trading investments	(373)	56
Depreciation of property, plant and equipment	1,371	1,442
Finance costs	1,372	38
Gain on disposal of available-for-sale investments	(37,538)	(300)
Gain on disposal of property, plant and equipment	(120)	(251)
Gain on deregistration of subsidiaries	–	(8)
Increase in fair value of investment properties	(3,967)	(1,885)
Interest income from banks and financial institutions	(526)	(682)
Scrip dividend received from available-for-sale investments	(1)	(11)
Scrip dividend received from held-for-trading investments	(36)	–
Gain on disposal of discontinued operations	(7,286)	–
Share of results from discontinued operations	–	(1,501)
Operating cash flows before movements in working capital	<b>(22,054)</b>	(10,420)
Increase in inventories	(128)	(542)
Decrease (increase) in held-for-trading investments	<b>10,739</b>	(1,776)
(Increase) decrease in trade and other receivables	(241)	816
(Increase) decrease in amount due from a non-controlling interest	(1,987)	2,564
Increase (decrease) in trade and other payables	406	(312)
Cash used in operations	<b>(13,265)</b>	(9,670)
PRC Enterprise Income Tax refund	–	99
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(13,265)</b>	(9,571)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of available-for-sale investments		<b>260,359</b>	2,800
Proceeds from disposal of assets classified as held for sale		<b>50,513</b>	–
Withdrawal of deposits held at financial institutions		<b>47,016</b>	91,389
Interest received		<b>526</b>	682
Proceeds from disposal of property, plant and equipment		<b>120</b>	938
Withdrawal of pledged bank deposits		<b>7</b>	2
Placement of deposits with financial institutions		<b>(225,509)</b>	(78,848)
Acquisition of investment properties	18	<b>(70,557)</b>	–
Acquisition of assets through acquisition of subsidiaries (net of cash and cash equivalents acquired)	38	<b>(9,990)</b>	–
Acquisition of property, plant and equipment		<b>(137)</b>	(2,103)
Placement of pledged bank deposits		<b>(8)</b>	(3)
Acquisition of available-for-sale investments		<b>–</b>	(10,123)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>52,340</b>	4,734
<b>FINANCING ACTIVITIES</b>			
Dividends paid (Note 16)		<b>(53,661)</b>	–
Repayment to related parties		<b>(33,014)</b>	(1,106)
Repayment of bank borrowings		<b>(2,808)</b>	–
Interest paid on bank borrowings		<b>(1,372)</b>	(13)
New bank borrowings raised		<b>35,100</b>	–
Proceeds from exercise of share options		<b>5,710</b>	–
Proceeds from issue of shares upon Open Offer		<b>–</b>	30,285
Transaction costs paid upon Open Offer		<b>–</b>	(2,377)
Repayment of obligations under finance leases		<b>–</b>	(674)
Interest paid on finance leases		<b>–</b>	(25)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(50,045)</b>	26,090
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(10,970)</b>	21,253
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>		<b>85,241</b>	63,257
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(101)</b>	731
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER,</b> represented by bank balances and cash		<b>74,170</b>	85,241

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

## 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is engaged in investment holding and securities trading. The principal activities of its subsidiaries are set out in note 21.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year**

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of these amendments to HKFRSs and the new Interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>6</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.

<sup>6</sup> Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap. 32).

#### **Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### ***Changes in the Group's ownership interests in existing subsidiaries***

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### **Investments in subsidiaries**

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the joint venture in accordance with HKAS 39 unless the retained interest continues to be a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### **Investment properties**

Investment properties are properties held for capital appreciation and land held for undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period in which the property is derecognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### **Share-based payment arrangements**

##### ***Share-based payment transactions of the Company***

###### *Share options granted to directors and employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the share options at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of share options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### **Sales of goods**

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Rental income**

The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **The Group as lessee**

Operating leases payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leasing (continued)

##### *Leasehold land and building*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis, except for those that are classified and accounted for as investment properties under fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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.

For the purposes of presenting the 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 expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **Taxation**

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 tax' as reported in the consolidated statement of profit or loss and other comprehensive income 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 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 base 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 difference 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 is 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.

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Taxation (continued)

##### ***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.

#### **Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **Financial instruments**

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

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 or 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 held for trading, loans and receivables and available-for-sale financial assets. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **Financial instruments** (continued)

##### ***Financial assets*** (continued)

###### *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.

Income is recognised on an effective interest basis for debt instruments.

###### *Financial assets held for trading*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets held for trading are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 5c.

###### *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, amounts due from a non-controlling interest, a related party and subsidiaries, deposits held at financial institutions, pledged bank deposits, and bank balances and cash) 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.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets held for trading or loans and receivables.

Equity securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial assets* (continued)

###### *Impairment of financial assets*

Financial assets, other than those held for trading, 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 available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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 certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are 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 the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the account policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **Financial instruments** (continued)

##### **Financial assets** (continued)

###### *Impairment of financial assets* (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

##### **Financial liabilities and equity instruments**

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

###### *Other financial liabilities*

Other financial liabilities (including trade and other payables, amounts due to related parties and subsidiaries, and secured bank borrowings) 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.

Interest expense is recognised on an effective interest basis.

###### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Derecognition* (continued)

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.

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.

#### **Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **5. FINANCIAL INSTRUMENTS**

#### 5a. Categories of financial instruments

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Financial assets</b>				
Held-for-trading investments	<b>1,932</b>	12,262	<b>1,515</b>	11,862
Loans and receivables (including cash and cash equivalents)	<b>278,595</b>	108,161	<b>338,984</b>	133,596
Available-for-sale investments	<b>20,951</b>	274,896	<b>12,205</b>	267,293
<b>Financial liabilities</b>				
Amortised cost	<b>88,052</b>	122	<b>12,224</b>	25,239

#### 5b. Financial risk management objectives and policies

Details of the Group's and Company's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (i.e. currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### **Market risk**

###### *(i) Currency risk*

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Assets</b>				
Japanese Yen ("JPY")	–	17,732	–	17,732
Renminbi ("RMB")	<b>51,218</b>	9	<b>9</b>	9
United States dollars ("US\$")	<b>4,945</b>	4,746	–	2,532

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 5. FINANCIAL INSTRUMENTS (continued)

#### 5b. Financial risk management objectives and policies (continued)

##### **Market risk** (continued)

###### (i) *Currency risk* (continued)

###### Sensitivity analysis

The Group mainly exposes to fluctuation against foreign currencies at JPY and US\$, whereas the Company mainly exposes to fluctuation against JPY.

The following table details the Group's and the Company's sensitivity to a 10% (2013: 10%) increase and decrease in relevant foreign currencies against functional currencies of respective group entities. 10% (2013: 10%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2013: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit (2013: a decrease in post-tax loss) where the relevant foreign currencies strengthen 10% (2013: 10%) against the functional currencies of relevant group entities. For a 10% (2013: 10%) weakening of the relevant foreign currencies against the functional currencies of relevant group entities, there would be an equal and opposite impact on the post-tax results.

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Effect on post-tax results:</b>				
JPY against HK\$	-	1,481	-	1,481
RMB against HK\$	<b>4,277</b>	1	<b>1</b>	1
US\$ against RMB	<b>413</b>	185	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

###### (ii) *Interest rate risk*

The Group and the Company are exposed to cash flow interest rate risk in relation to bank deposits, deposits held at financial institutions and variable-rate secured bank borrowings.

The Group and the Company currently do not have an interest rate hedging policy to hedge against their exposures. However, the management closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

The directors of the Company consider that the overall cash flow interest rate risk is not significant as interest rates are currently at low level and no significant changes are expected for the foreseeable future. Accordingly, no sensitivity analysis is prepared.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **5. FINANCIAL INSTRUMENTS** (continued)

#### **5b. Financial risk management objectives and policies** (continued)

##### ***Market risk*** (continued)

###### **(iii) Price risk**

The Group and the Company are exposed to equity price risk through their held-for-trading investments and available-for-sale investments. The Group's and the Company's equity price risk are mainly concentrated on equity instruments quoted on the Stock Exchange and Tokyo Stock Exchange Group, Inc. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the price of the respective held-for-trading investments had been 10% (2013: 10%) higher/lower, the post-tax profit of the Group and the Company for the year would increase/decrease by HK\$161,000 (2013: HK\$1,024,000) and HK\$127,000 (2013: HK\$990,000) respectively, as a result of the changes in fair value of held-for-trading investments.

If the price of the respective available-for-sale listed equity investments had been 10% (2013: 10%) higher/lower, the investment revaluation reserve of the Group and the Company would increase/decrease by HK\$2,095,000 (2013: HK\$27,490,000) and HK\$1,221,000 (2013: HK\$26,729,000) respectively, as a result of the changes in fair value of available-for-sale investments.

##### ***Credit risk***

As at 31st December, 2014, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company's statements of financial position.

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit standings.

The credit risk on deposits held at financial institutions is limited because the counterparties are financial institutions with strong financial background.

The Group has concentration of credit risk as 89.7% (2013: 82.7%) and 89.7% (2013: 85.6%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the industrial operating segment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 5. FINANCIAL INSTRUMENTS (continued)

#### 5b. Financial risk management objectives and policies (continued)

##### *Liquidity risk*

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents and working capital deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows and working capital. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The Group and the Company rely on bank loans as a source of funding. As at 31st December, 2014, the Group and the Company has available unutilised short-term bank loan facilities of approximately HK\$296,823,000 and HK\$209,631,000 (2013: HK\$116,356,000 and HK\$116,356,000) respectively.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

##### *Liquidity tables*

##### THE GROUP

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2014 HK\$'000
<b>2014</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	–	822	822	822
Amounts due to related parties	–	38	38	38
Secured bank borrowings – variable rate (Note 1)	2.70	87,192	87,192	87,192
		<b>88,052</b>	<b>88,052</b>	<b>88,052</b>

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2013 HK\$'000
<b>2013</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	–	77	77	77
Amounts due to related parties	–	45	45	45
		<b>122</b>	<b>122</b>	<b>122</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **5. FINANCIAL INSTRUMENTS** (continued)

#### **5b. Financial risk management objectives and policies** (continued)

##### **Liquidity risk** (continued)

###### *Liquidity tables* (continued)

###### **THE COMPANY**

	On demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2014 HK\$'000
<b>2014</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	275	275	275
Amounts due to related parties	38	38	38
Amounts due to subsidiaries	11,911	11,911	11,911
Financial guarantee contracts (Note 2)	87,192	87,192	–
	<b>99,416</b>	<b>99,416</b>	<b>12,224</b>
 <b>2013</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	24	24	24
Amounts due to related parties	45	45	45
Amounts due to subsidiaries	25,170	25,170	25,170
	<b>25,239</b>	<b>25,239</b>	<b>25,239</b>

Notes:

1. Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31st December, 2014, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$87,192,000 (2013: Nil). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the principal and interest of such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements as below:

	2014 HK\$'000	2013 HK\$'000
Less than 3 months	1,651	–
3 months to 1 year	6,339	–
1–5 years	59,330	–
Over 5 years	31,693	–
	<b>99,013</b>	<b>–</b>

2. The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 5. FINANCIAL INSTRUMENTS (continued)

#### 5c. Fair value measurement of financial instruments

Some of the Group's and the Company's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

##### The Group

Financial assets	Fair value			
	2014 HK\$'000	2013 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the consolidated statement of financial position	1,932	5,442	Level 1	Quoted bid prices in an active market
2. Overseas listed equity securities classified as held-for-trading investments in the consolidated statement of financial position	-	6,820	Level 1	Quoted bid prices in an active market
3. Listed equity securities in Hong Kong classified as available-for-sale investments in the consolidated statement of financial position	20,951	274,896	Level 1	Quoted bid prices in an active market

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **5. FINANCIAL INSTRUMENTS** (continued)

#### **5c. Fair value measurement of financial instruments** (continued)

##### **The Company**

<b>Financial assets</b>	<b>Fair value</b>			<b>Valuation techniques and key inputs</b>
	<b>2014 HK\$'000</b>	<b>2013 HK\$'000</b>	<b>Fair value hierarchy</b>	
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the statement of financial position	<b>1,515</b>	5,042	Level 1	Quoted bid prices in an active market
2. Overseas listed equity securities classified as held-for-trading investments in the statement of financial position	-	6,820	Level 1	Quoted bid prices in an active market
3. Listed equity securities in Hong Kong classified as available-for-sale investments in the statement of financial position	<b>12,205</b>	267,293	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1 and 2 in the current and prior periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated and the Company's financial statements approximate their fair values.

### **6. REVENUE**

The Group's revenue for the year from continuing operations represents sale of goods amounting to HK\$16,747,000 (2013: HK\$15,931,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 7. SEGMENT INFORMATION

Information reported to the Managing Director and Chief Executive Officer of the Group, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance, is organised into the following segments which focus on the category of different industries and is consistent with the basis of organisation in the Group.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

- |                          |   |                                    |
|--------------------------|---|------------------------------------|
| 1. Industrial            | – | manufacturing and sale of garments |
| 2. Securities investment | – | short term securities investment   |
| 3. Other operation       | – | property investment                |

During the current year, as the Group intended to develop the short term securities investment business as one of its principal business activities, the CODM considered the short term securities investment as a new reporting segment. Accordingly, the Group's performance of short term securities investment was reclassified from the unallocated segment to securities investment segment. The comparative information has also been re-presented to conform with the current year's presentation.

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

#### For the year ended 31st December, 2014

##### Continuing operations

	Industrial HK\$'000	Securities investment HK\$'000	Other operation HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>				
External revenue	16,747	–	–	16,747
<b>Segment results</b>				
Other income				901
Finance costs				(1,372)
Unallocated expenses				(20,219)
Gain on disposal of available-for-sale investments				37,538
Gain on disposal of property, plant and equipment				120
Profit before tax				17,658

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **7. SEGMENT INFORMATION** (continued)

#### **Segment revenues and results** (continued)

For the year ended 31st December, 2013

##### **Continuing operations**

	Industrial HK\$'000	Securities investment HK\$'000	Other operation HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>				
External revenue	15,931	–	–	15,931
<b>Segment results</b>	(1,986)	2,800	1,460	2,274
Other income				1,166
Finance costs				(38)
Unallocated expenses				(18,027)
Gain on disposal of derivative financial instruments				1,138
Gain on disposal of available-for-sale investments				300
Gain on disposal of property, plant and equipment				251
Gain on deregistration of subsidiaries				8
Loss before tax				(12,928)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit (loss) from each segment including items disclosed in other segment information below, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other income, corporate expenses, finance costs, gain on disposal of derivative financial instruments, available-for-sale investments, property, plant and equipment and deregistration of subsidiaries. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

#### **Other segment information**

The following other segment information is included in the measure of segment profit or loss:

**2014**

##### **Continuing operations**

	Industrial HK\$'000	Securities investment HK\$'000	Other operation HK\$'000	Unallocated amount HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	1,008	–	317	46	1,371
Increase in fair value of held-for-trading investments	–	(295)	–	–	(295)
Increase in fair value of investment properties	–	–	(3,967)	–	(3,967)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 7. SEGMENT INFORMATION (continued)

#### Other segment information (continued)

2013

##### Continuing operations

	Industrial HK\$'000	Securities investment HK\$'000	Other operation HK\$'000	Unallocated amount HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	945	–	376	121	1,442
Increase in fair value of held-for-trading investments	–	(2,547)	–	–	(2,547)
Increase in fair value of investment properties	–	–	(1,885)	–	(1,885)

#### Segment assets and liabilities

As the CODM reviews the Group's assets and liabilities for the Group as a whole on a consolidated basis and assets or liabilities are not allocated to the operating segments. Therefore, no analysis of segment assets and liabilities is presented.

#### Revenue from major products

The Group's revenue from continuing operations is the sale of garments amounting to HK\$16,747,000 (2013: HK\$15,931,000).

#### Geographical information

The Group's revenue from continuing operations from external customers analysed by the geographical location of customers and information about its non-current assets (excluding available-for-sale investments and financial instruments), by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	5,596	4,693	222,162	12,054
Japan	10,295	9,335	–	–
Other regions in the PRC	856	1,903	5,805	6,668
	16,747	15,931	227,967	18,722

#### Information about major customers

Revenues from two customers individually contributing over 10% of total sales of the Group are as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A (from industrial segment)	5,596	4,693
Customer B (from industrial segment)	7,855	8,609
	13,451	13,302

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **8. OTHER INCOME**

#### **Continuing operations**

Included in other income are:

	2014 HK\$'000	2013 HK\$'000
Interest income from banks and financial institutions	526	682

### **9. OTHER GAINS AND LOSSES**

	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>		
Gain on disposal of available-for-sale investments (Note 22)	37,538	300
Increase in fair value of investment properties (Note 18)	3,967	1,885
Exchange gain (loss), net	385	(544)
Increase in fair value of held-for-trading investments	295	2,547
Gain on disposal of property, plant and equipment	120	251
Write-back of amount due to a related party	–	1,183
Gain on disposal of derivative financial instruments	–	1,138
Gain on deregistration of subsidiaries	–	8
	<b>42,305</b>	6,768

### **10. FINANCE COSTS**

	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>		
Interest on bank loans wholly repayable within five years	1,372	13
Interest on obligations under finance leases	–	25
	<b>1,372</b>	38

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 11. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for as the Group has no assessable profit for both years.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25% from 1st January, 2008 onwards.

The tax charge for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 HK\$'000	2013 HK\$'000
Profit (loss) before tax from continuing operations	17,658	(12,928)
Tax at the domestic income tax rate of 16.5%	2,914	(2,133)
Tax effect of expenses not deductible for tax purpose	756	446
Tax effect of income not taxable for tax purpose	(7,116)	(684)
Tax effect of tax losses not recognised	3,833	2,394
Tax effect of different tax rates of subsidiaries operating in the PRC	(168)	(124)
Others	(219)	101
Tax charge for the year (relating to continuing operations)	—	—

### 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the thirteen (2013: eight) directors including the chief executive officer were as follows:

2014

	Other emoluments			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits schemes contributions HK\$'000	Total emoluments HK\$'000
<b>Directors</b>				
Mr. Derek Chiu	400	—	—	400
Mr. Desmond Chiu (resigned on 16th February, 2015)	15	576	17	608
Mr. Richard Yen (Chief Executive Officer)	400	1,509	17	1,926
Mr. Ip Ngai Sang	135	510	17	662
Mr. Yu Pak Yan, Peter (appointed on 12th November, 2014)	82	—	—	82
Mr. Fok Chi Tak (appointed on 14th November, 2014)	78	—	—	78
Mr. Chan Ming Sun, Jonathan (appointed on 14th November, 2014)	16	—	—	16
Dr. Wong Yun Kuen (appointed on 1st December, 2014)	10	—	—	10
Ms. Kwan Shan (appointed on 1st December, 2014)	10	—	—	10
Dr. Lam Lee G. (resigned on 21st October, 2014)	161	—	—	161
Mr. Lee Kwan Hung (resigned on 12th November, 2014)	173	—	—	173
Mr. Eugene Yun Hang Wang (resigned on 8th December, 2014)	188	—	—	188
Deacon Te Ken Chiu, J.P. (resigned on 12th December, 2014)	14	—	—	14
	<b>1,682</b>	<b>2,595</b>	<b>51</b>	<b>4,328</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS** (continued)

2013

	Other emoluments				
	Fees	Salaries and other benefits	Retirement benefits schemes contributions	Equity- settled share-based payments	Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Directors</b>					
Mr. Derek Chiu	360	–	–	701	1,061
Mr. Desmond Chiu	15	517	15	–	547
Mr. Richard Yen (Chief Executive Officer)	360	735	15	1,001	2,111
Mr. Ip Ngai Sang	120	481	15	400	1,016
Dr. Lam Lee G.	180	–	–	401	581
Mr. Lee Kwan Hung	180	–	–	400	580
Mr. Eugene Yun Hang Wang	180	–	–	400	580
Deacon Te Ken Chiu, J.P.	15	–	–	–	15
	1,410	1,733	45	3,303	6,491

There was no arrangement under which a director waived or agreed to waive any remuneration and no payment of inducement fees and compensation for loss of office as director during the current year and previous year.

### **13. EMPLOYEES' EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, three (2013: three) are executive directors and one (2013: one) is a non-executive director whose emoluments are included in note 12 above. The emoluments of the remaining one (2013: one) individual within the band of HK\$Nil to HK\$1,000,000 (2013: HK\$1,000,001 to HK\$1,500,000) are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	551	503
Retirement benefits schemes contributions	17	15
Equity-settled share-based payments	–	701
	<b>568</b>	1,219

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 14. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2014 HK\$'000	2013 HK\$'000
Profit (loss) for the year from continuing operations has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	106	105
Auditor's remuneration		
– current year	910	1,000
– (over)underprovision in prior year	(20)	126
Cost of inventories recognised as an expense	16,337	14,570
Depreciation	1,371	1,442
Directors' remuneration and other staff costs, including retirement benefits schemes contributions of approximately HK\$2,346,000 (2013: HK\$2,293,000) and equity-settled share-based payments of HK\$Nil (2013: HK\$4,004,000)	18,074	19,659
Operating lease rental in respect of rented premises	780	760

### 15. DISCONTINUED OPERATIONS

On 30th September, 2013, the Group entered into a disposal agreement (the "Disposal Agreement") with 中國航空器材集團公司 ("中國航空器材"), pursuant to which 中國航空器材 conditionally agreed to acquire and the Group conditionally agreed to sell its approximately 20.02% equity interest of Beijing Kailan Aviation Technology Co., Ltd. ("Beijing Kailan") at a consideration of RMB40,500,000 (equivalent to approximately HK\$51,204,000).

Details of the disposal were disclosed in the circular dated 23rd October, 2013 issued by the Company.

On 13th November, 2013, the Disposal Agreement was approved, confirmed and ratified by shareholders of the Company. Thereafter, the Group's interests in Beijing Kailan were classified as assets held for sale and were presented separately in the consolidated statement of financial position as at 31st December, 2013 as set out in note 30. As Beijing Kailan is the only entity within the Group which is engaged in the operation of the aviation segment, the aviation operation was classified as discontinued operations of the Group. The disposal was completed on 17th March, 2014, on which date the registration of the change of business has been completed and a new business licence was obtained for Beijing Kailan.

The profit for the year from the discontinued operations is analysed as follows:

	2014 HK\$'000	2013 HK\$'000
Gain on disposal of discontinued operations	7,286	–
Share of results from discontinued operations	–	1,501
	<b>7,286</b>	1,501

During the year ended 31st December, 2014, the discontinued operations contributed HK\$50,513,000 to the Group's net cash inflows from investing activities.

The discontinued operations did not have any impact on the cash flows of the Group for the year ended 31st December, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 16. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividends recognised as distributions during the year:		
2014 interim dividend of HK10 cents per share, paid (2013: Nil)	<b>53,661</b>	–

### 17. EARNINGS (LOSS) PER SHARE

#### From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	<b>25,846</b>	(11,012)
<b>Number of shares:</b>	<b>2014</b>	<b>2013</b>
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>503,286,466</b>	444,611,650
Effect of dilutive potential ordinary shares in respect of share options outstanding	<b>3,526,766</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<b>506,813,232</b>	444,611,650

The computation of the diluted loss per share for the year ended 31st December, 2013 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share from continuing and discontinued operations.

For the year ended 31st December, 2013, the weighted average number of ordinary shares has been adjusted for the effect of the Open Offer of shares of the Company that was completed on 31st January, 2013, details of which are described in note 34.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 17. EARNINGS (LOSS) PER SHARE (continued)

#### From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Profit (loss) for the year attributable to the owners of the Company	<b>25,846</b>	(11,012)
Less: Profit for the year from discontinued operations attributable to the owners of the Company	<b>7,286</b>	1,501
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share from continuing operations	<b>18,560</b>	(12,513)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share from continuing and discontinued operations.

The computation of the diluted loss per share for the year ended 31st December, 2013 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share from continuing operations.

#### From discontinued operations

Basic earnings per share from discontinued operations for the year ended 31st December, 2014 was HK1.45 cents per share (2013: HK0.33 cents per share) and dilutive earnings per share from discontinued operations was HK1.44 cents per share (2013: HK0.33 cents per share), based on the profit for the year from discontinued operations of HK\$7,286,000 (2013: HK\$1,501,000) and the denominators used are detailed below:

	2014	2013
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>503,286,466</b>	444,611,650
Effect of dilutive potential ordinary shares in respect of share options outstanding	<b>3,526,766</b>	2,404,705
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>506,813,232</b>	447,016,355

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 18. INVESTMENT PROPERTIES

	THE GROUP HK\$'000	THE COMPANY HK\$'000
<b>FAIR VALUE</b>		
At 1st January, 2013	8,255	8,255
Increase in fair value recognised in profit and loss	1,885	1,885
At 31st December, 2013	10,140	10,140
Acquired on acquisition of assets through acquisition of subsidiaries (Note 38)	99,000	—
Additions (Note)	107,643	—
Increase in fair value recognised in profit and loss	3,967	4,610
At 31st December, 2014	220,750	14,750

Note: Subsequent to the completion of construction of the investment properties located at Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong during the year ended 31st December, 2014, intangible assets, deposits and prepaid stamp duty in respect of the investment properties with carrying amounts of HK\$12,144,000, HK\$17,571,000 and HK\$7,371,000 respectively were transferred to the cost of investment properties and included in additions of investment properties for the year.

The fair value of the Group's investment properties as at 31st December, 2014 and 31st December, 2013 has been arrived at on the basis of a valuation carried out on the respective dates by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected to the Group. DTZ Debenham Tie Leung Limited is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value was determined based on the market approach. The market approach uses prices and other relevant information generated by market transactions involving comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties was the sales prices of properties nearby the Group's investment properties, which ranged from HK\$172/sq.ft to HK\$36,543/sq.ft where sq.ft is a common unit of area used in Hong Kong. An increase in the sales prices would result in an increase in fair value measurement of the investment properties, and vice versa.

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 31st December, 2014. There were no transfers into or out of Level 3 during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 18. INVESTMENT PROPERTIES (continued)

The carrying amounts of investment properties shown above comprise properties situated on:

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Land in Hong Kong:				
Long lease	<b>85,000</b>	–	–	–
Medium-term lease	<b>135,750</b>	10,140	<b>14,750</b>	10,140
	<b>220,750</b>	10,140	<b>14,750</b>	10,140

All of the Group's and the Company's investment properties, including both land and building elements, are situated in Hong Kong held under long or medium-term leases.

Investment properties of the Group with a carrying amount of HK\$206,000,000 (2013: Nil) have been pledged to secure general banking facilities granted to the Group.

The investment properties of the Group and the Company include an amount of HK\$14,750,000 (2013: HK\$10,140,000), the title of which has not been transferred to the Group and the Company and are still registered in the name of the vendor companies which are controlled by a close member of a director's family as trustee for the Group and the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 19. PROPERTY, PLANT AND EQUIPMENT

	Building in PRC held under medium- term lease HK\$'000	Leasehold improvements HK\$'000	Lifts, electrical and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>THE GROUP</b>					
<b>COST</b>					
At 1st January, 2013	12,955	797	32,204	2,545	48,501
Additions	–	–	16	2,087	2,103
Disposals	–	–	(67)	(1,998)	(2,065)
Exchange realignment	410	–	1,005	17	1,432
At 31st December, 2013	13,365	797	33,158	2,651	49,971
Additions	–	–	17	120	137
Exchange realignment	(56)	–	(137)	(2)	(195)
At 31st December, 2014	13,309	797	33,038	2,769	49,913
<b>DEPRECIATION</b>					
At 1st January, 2013	7,845	540	31,145	1,323	40,853
Provided for the year	593	149	110	590	1,442
Eliminated on disposals	–	–	(61)	(1,317)	(1,378)
Exchange realignment	256	–	973	8	1,237
At 31st December, 2013	8,694	689	32,167	604	42,154
Provided for the year	597	74	70	630	1,371
Exchange realignment	(36)	–	(133)	(1)	(170)
At 31st December, 2014	9,255	763	32,104	1,233	43,355
<b>CARRYING VALUES</b>					
At 31st December, 2014	4,054	34	934	1,536	6,558
At 31st December, 2013	4,671	108	991	2,047	7,817

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Total HK\$'000
<b>THE COMPANY</b>			
<b>COST</b>			
At 1st January, 2013, 31st December, 2013 and 31st December, 2014			
	650	401	1,051
<b>DEPRECIATION</b>			
At 1st January, 2013	470	398	868
Provided for the year	120	1	121
At 31st December, 2013	590	399	989
Provided for the year	45	1	46
At 31st December, 2014	635	400	1,035
<b>CARRYING VALUES</b>			
At 31st December, 2014	15	1	16
At 31st December, 2013	60	2	62

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Building in the PRC	over the shorter of the lease term of land and estimated useful life of 50 years
Leasehold improvements	10%
Lifts, electrical and office equipment	10%–20%
Motor vehicles	20%–30%

An insignificant portion of the building in the PRC has been leased to a third party under an operating lease, and the remaining portion is occupied by the Group as factory premises.

### 20. PREPAID LEASE PAYMENTS

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
The prepaid lease payments represent the leasehold land held under medium-term lease in the PRC	684	793
Analysed for reporting purposes as:		
Current	25	28
Non-current	659	765
	684	793

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 21. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	73,667	21,411
Less: Impairment loss recognised	(26,444)	(18,277)
	<b>47,223</b>	3,134

The impairment loss is estimated by the directors based on the expected future cash flows generated from the Company's investments in these subsidiaries.

Particulars of the principal subsidiaries of the Company at 31st December, 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation or registration/operations	Paid up issued share capital/registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct	Indirect	2014	2013	
Brentford Investments Inc.	Republic of Liberia/Hong Kong	US\$200 Ordinary shares	<b>100%</b>	100%	-	-	Securities investment
Far East Holdings (Jiangsu) Limited	Hong Kong	HK\$10,000 Ordinary shares	-	-	<b>100%</b>	100%	Investment holding
Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.	PRC*	US\$3,940,000 Paid up registered capital	-	-	<b>51%</b>	51%	Manufacturing and sale of garment products
Jubilee Star Limited	Hong Kong	HK\$1 Ordinary share	-	-	<b>100%</b>	100%	Investment holding
Marvel Star Group Limited	British Virgin Islands/Hong Kong	US\$1 Ordinary share	<b>100%</b>	100%	-	-	Investment holding
River Joy Limited	Hong Kong	HK\$1 Ordinary share	<b>100%</b>	100%	-	-	Property investment
Blooming Success Limited	British Virgin Islands	US\$50,000 Ordinary shares	<b>100%</b>	-	-	-	Property investment
New Continent Development Limited	British Virgin Islands	US\$2 Ordinary shares	-	-	<b>100%</b>	-	Property investment

\* Sino-foreign equity joint venture

Note: The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 21. INVESTMENTS IN SUBSIDIARIES (continued)

#### Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of a non-wholly owned subsidiary of the Group that has 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		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.	PRC	49%	49%	(902)	(415)	16,049	17,025

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

#### Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.

	2014 HK\$'000	2013 HK\$'000
Current assets	27,843	28,935
Non-current assets	5,805	6,668
Current liabilities	(573)	(534)
Equity attributable to owners of the Company	17,026	18,044
Non-controlling interests	16,049	17,025

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **21. INVESTMENTS IN SUBSIDIARIES** (continued)

Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd. (continued)

	2014 HK\$'000	2013 HK\$'000
Revenue	16,747	15,931
Expenses	(18,588)	(16,779)
Loss for the year	(1,841)	(848)
Loss attributable to owners of the Company	(939)	(433)
Loss attributable to the non-controlling interests	(902)	(415)
Loss for the year	(1,841)	(848)
Other comprehensive (expense) income attributable to owners of the Company	(78)	556
Other comprehensive (expense) income attributable to the non-controlling interests	(74)	534
Other comprehensive (expense) income for the year	(152)	1,090
Total comprehensive (expense) income attributable to owners of the Company	(1,017)	123
Total comprehensive (expense) income attributable to the non-controlling interests	(976)	119
Total comprehensive (expense) income for the year	(1,993)	242
Net cash (outflow) inflow from operating activities	(4,494)	2,640
Net cash inflow from investing activities	389	405
Net cash outflow from financing activities	–	(27)
Net cash (outflow) inflow	(4,105)	3,018

### **22. AVAILABLE-FOR-SALE INVESTMENTS**

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Equity securities listed in Hong Kong, at fair value at quoted market prices	20,951	274,896	12,205	267,293

During the year, the Group has disposed its entire equity interest in Chinasoft International Limited with carrying amount of HK\$257,417,000 and a profit of HK\$35,627,000 has been recognised in profit or loss. In addition, the Group has also disposed 2,784,000 shares of China Binary Sale Technology Limited ("China Binary") with carrying amount of HK\$3,615,000 and a profit of HK\$1,911,000 has been recognised in profit or loss.

During the year ended 31st December, 2013, the Group disposed the unlisted equity securities with carrying amount of HK\$2,500,000 and a gain of HK\$300,000 has been recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 23. HELD-FOR-TRADING INVESTMENTS

	THE GROUP		THE COMPANY	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Listed equity securities:				
Hong Kong	1,932	5,442	1,515	5,042
Overseas	–	6,820	–	6,820
	1,932	12,262	1,515	11,862

The fair values of held-for-trading investments have been determined by reference to the quoted market bid prices available on the relevant exchanges.

### 24. INVENTORIES

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Raw materials	1,252	861
Work in progress	2,085	1,809
Finished goods	33	585
	3,370	3,255

### 25. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 90 days (2013: 90 days) to its trade customers. The following is an aged analysis of trade receivables at the end of the reporting period:

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Current	1,535	821
Past due:		
0 to 30 days	465	219
31 to 60 days	53	185
61 to 90 days	–	8
Total trade receivables	2,053	1,233
Other receivables	530	1,120
	2,583	2,353

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK\$518,000 (2013: HK\$412,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considers that the default risk is low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group does not hold any collateral over these balances. The average age of these receivables is 61 days (2013: 73 days).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **26. AMOUNT DUE FROM A NON-CONTROLLING INTEREST**

The amount is unsecured, interest-free and repayable on demand.

The amount due from a non-controlling interest is trade in nature and the Group has a policy of allowing a credit period of 90 days (2013: 90 days) to the non-controlling interest. The aged analysis of the receivable is as follows:

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Current	<b>2,091</b>	1,158
Past due:		
31 to 60 days	<b>547</b>	–
61 to 90 days	<b>502</b>	–
	<b>3,140</b>	1,158

Included in the amount due from the non-controlling interest is a trade balance of HK\$1,049,000 (2013: Nil) which is past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considers that the default risk is low after assessing the past payment history of the non-controlling interest and settlement after the end of the reporting period. The Group does not hold any collateral over this balance.

### **27. AMOUNTS DUE FROM/TO RELATED PARTIES**

The amount due from a related party is unsecured, interest-free and has no fixed repayment terms. The maximum amount outstanding is HK\$9,000 for both years. The management expects to realise the amount in the next twelve months from the end of the reporting period.

The amounts due to related parties are unsecured, interest-free and repayable on demand.

The related parties are companies in which a director of the Company has a beneficial interest and certain directors of the Company are close family members of the directors with beneficial interest in the related companies.

### **28. DEPOSITS HELD AT FINANCIAL INSTITUTIONS/BANK BALANCES AND CASH**

Bank balances and deposits held at financial institutions carry interest at market rates which range from 0.001% to 3.5% (2013: 0.001% to 3.5%) per annum. The deposits held at financial institutions are in relation to securities trading accounts which the Group maintains with these institutions.

### **29. PLEDGED BANK DEPOSITS**

Bank balances are pledged to a bank for granting general banking facilities to the Company.

### **30. ASSETS CLASSIFIED AS HELD FOR SALE**

As set out in note 15, The Group's interests in Beijing Kailan, which were expected to be sold within twelve months, had been classified as assets held for sale and were presented separately in the consolidated statement of financial position as at 31st December, 2013. The net proceeds of disposal were expected to exceed the carrying amount and, accordingly, no impairment loss was recognised.

During the year ended 31st December, 2014, all conditions precedent to the Disposal Agreement were fulfilled and the disposal was completed on 17th March, 2014, resulting in a gain on disposal of approximately HK\$7,286,000 which was recognised directly in profit or loss for the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 31. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
0 to 30 days	—	2
Over 90 days	52	50
Total trade payables	52	52
Other payables and accruals	2,362	1,744
	2,414	1,796

### 32. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured and interest-free. The Company has agreed that the amounts will not be demanded for repayment within the next twelve months. Accordingly, the amounts are shown as non-current. A fair value adjustment amounting to HK\$4,284,000 (2013: HK\$2,801,000), based on an original effective interest rate of 2.70% (2013: 2.15%) per annum, was included in investments in subsidiaries.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

### 33. SECURED BANK BORROWINGS

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Secured bank borrowings comprise the followings:		
Mortgage loans	52,092	—
Term loans	35,100	—
	87,192	—
Carrying amount repayable*:		
Within one year	5,706	—
more than one year, but not exceeding two years	5,825	—
more than two years, but not more than five years	46,306	—
more than five years	29,355	—
	87,192	—
Less: Amounts due within one year shown under current liabilities	(87,192)	—
Amounts shown under non-current liabilities	—	—

\* The amounts due are based on scheduled repayment dates set out in the loan agreements that contain a repayment on demand clause.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **33. SECURED BANK BORROWINGS** (continued)

All of the Group's borrowings are variable-rate borrowings which carry interest at a premium over Hong Kong Interbank Offered Rate. The ranges of effective interest rates on the Group's borrowings are as follows:

	2014	2013
Effective interest rate:		
Variable-rate borrowings	<b>2.64% – 2.74%</b>	N/A

### **34. SHARE CAPITAL OF THE COMPANY**

	Number of shares		Share capital	
	2014	2013	2014 HK\$'000	2013 HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<b>N/A (Note i)</b>	70,000,000,000	<b>N/A (Note i)</b>	700,000
Issued and fully paid:				
At 1st January	<b>454,256,829</b>	302,837,886	<b>4,543</b>	3,028
Transfer from share premium upon abolition of par value under the new Hong Kong Companies Ordinance (Note i)	–	–	<b>202,547</b>	–
New shares issued as consideration for the acquisition of subsidiaries (Note iii)	<b>62,588,235</b>	–	<b>37,971</b>	–
Exercise of share options	<b>19,767,998</b>	–	<b>10,031</b>	–
Shares issued upon Open Offer (Note ii)	–	151,418,943	–	1,515
At 31st December	<b>536,613,062</b>	454,256,829	<b>255,092</b>	4,543

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3rd March, 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relevant entitlement of any of the shareholders as a result of this transition.
- (ii) Pursuant to an ordinary resolution passed at a board meeting of the Company on 14th December, 2012, an issue of shares by the Company at a price of HK\$0.20 per share on the basis of one share for every two shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the "Open Offer") was approved. The Open Offer was completed and a total of 151,418,943 new shares were issued on 31st January, 2013, resulting in gross proceeds of approximately HK\$30,285,000 to the Company. Transaction costs attributable to the Open Offer amounted to approximately HK\$2,377,000.
- (iii) On 24th January, 2014, the Company and a substantial shareholder and a connected person of the Company (the "Vendor") entered into an acquisition agreement, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of Blooming Success Limited, a company wholly owned by the Vendor. As at 25th April, 2014, the net assets value of Blooming Success Limited and its subsidiary ("Blooming Success") was approximately HK\$48 million, in which HK\$10 million was satisfied in cash and approximately HK\$38 million was satisfied by the issue and allotment of 62,588,235 consideration shares. Subsequent to the fulfilment of all conditions precedent under the acquisition agreement, the acquisition was completed on 25th April, 2014, and 62,588,235 consideration shares were issued by the Company to the Vendor on the same day.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 35. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 23rd May, 2005 for the primary purpose of providing incentives to directors and eligible employees and will expire on 20th July, 2015. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

As at 31st December, 2014, no shares were to be issued in respect of which options had been granted and remained outstanding under the Scheme (2013: 19,767,998 shares). The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1.00 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 21st April, 2006, 5,100,000 share options were granted at an initial exercise price of HK\$1.34. 50% of the 5,100,000 share options were immediately vested upon grant with an exercisable period from 23rd May, 2006 to 22nd May, 2016 and the remaining 50% of the 5,100,000 share options were vested one year from the date of grant with exercisable period from 23rd May, 2007 to 22nd May, 2017 respectively. Pursuant to the bonus issue in 2007, the exercise price and number of share options granted were adjusted accordingly from HK\$1.34 to HK\$1.2182 and from 5,100,000 to 5,610,000 respectively. Furthermore, pursuant to the bonus issue in 2009, the exercise price and the remaining number of share options granted were further adjusted from HK\$1.2182 to HK\$0.6091 and from 1,150,000 to 2,300,000, respectively. Pursuant to the Open Offer during the period, the exercise price and the remaining number of shares options granted were further adjusted from HK\$0.6091 to HK\$0.5032 and from 1,320,000 to 1,597,728 respectively.

On 16th April, 2013, 18,170,270 share options were granted at an initial exercise price of HK\$0.27 and immediately vested upon grant with exercisable period from 16th April, 2013 to 15th April, 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **35. SHARE OPTION SCHEME** (continued)

Details of the share options granted on 21st April, 2006 and 16th April, 2013 and outstanding at 31st December, 2013 and 31st December, 2014 are as follows:

Capacity of grantee	Grant date	Adjusted exercise price HK\$	Exercisable period (both days inclusive)	Number of share options		
				Balance at 1.1.2014	Exercised during the year	Balance at 31.12.2014
Directors	16.4.2013	0.27	16th April, 2013 to 15th April, 2023	14,990,473	(14,990,473)	–
Employees	21.4.2006	0.5032	23rd May, 2006 to 22nd May, 2016	798,864	(798,864)	–
	21.4.2006	0.5032	23rd May, 2007 to 22nd May, 2017	798,864	(798,864)	–
	16.4.2013	0.27	16th April, 2013 to 15th April, 2023	3,179,797	(3,179,797)	–
				19,767,998	(19,767,998)	–

No share option was granted during the year.

The estimated fair values of the options granted on 21st April, 2006 which vested in 2006 and 2007 are HK\$0.4964 and HK\$0.5613 respectively. The market price of the shares at the date of grant was HK\$1.34. These fair values were calculated using the Black-Scholes pricing model.

The estimated fair value of the options granted on 16th April, 2013 is HK\$0.2204. The market price of the shares at the date of grant was HK\$0.27. The fair value was calculated using the Trinomial Option Pricing model.

The inputs into the model for options granted on 16th April, 2013 were as follows:

Share price	HK\$0.27
Exercise price	HK\$0.27
Expected volatility	82.03%
Expected life	10 years
Risk-free rate	1.14%
Expected dividend yield	0%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous ten years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year ended 31st December, 2013, the Group and the Company recognised the total expense of HK\$4,004,000 for the year in relation to share options granted by the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 36. SHARE PREMIUM AND RESERVES

	Share premium HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE COMPANY</b>					
At 1st January, 2013	176,154	568	(17,729)	164,422	323,415
Loss for the year	–	–	–	(11,969)	(11,969)
Fair value gain on available-for-sale investments	–	–	53,322	–	53,322
Issue of share upon Open Offer	28,770	–	–	–	28,770
Transactions costs attributable to Open Offer	(2,377)	–	–	–	(2,377)
Recognition of equity-settled share based payments	–	4,004	–	–	4,004
At 31st December, 2013	202,547	4,572	35,593	152,453	395,165
Profit for the year	–	–	–	43,718	43,718
Fair value gain on available-for-sale investments	–	–	5,944	–	5,944
Reclassification adjustment upon disposal of available-for-sale investments	–	–	(38,212)	–	(38,212)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	(202,547)	–	–	–	(202,547)
Exercise of share options	–	(4,321)	–	–	(4,321)
Transfer to retained profits upon lapse of share options	–	(251)	–	251	–
Dividends paid (Note 16)	–	–	–	(53,661)	(53,661)
At 31st December, 2014	–	–	3,325	142,761	146,086

### 37. DEFERRED TAXATION

The following are the major deferred tax movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st January, 2013	27	165	(192)	–
Charge (credit) to profit or loss	83	–	(83)	–
At 31st December, 2013	110	165	(275)	–
(Credit) charge to profit or loss	(40)	–	40	–
At 31st December, 2014	70	165	(235)	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **37. DEFERRED TAXATION** (continued)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$206,576,000 (2013: HK\$184,598,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$1,417,000 (2013: HK\$1,667,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$205,159,000 (2013: HK\$182,931,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Company has unused tax losses of approximately HK\$175,001,000 (2013: HK\$157,497,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

### **38. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES**

On 25th April, 2014, the Group acquired a 100% equity interest in Blooming Success from a substantial shareholder and a connected person of the Company by cash consideration of HK\$10,000,000 and issue and allotment of 62,588,235 consideration shares. Blooming Success is principally engaged in property investment and its major assets are investment properties in Hong Kong. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	HK\$'000
Investment properties	99,000
Deposits	17,571
Intangible assets (Note)	12,144
Other receivables	7,371
Bank balances and cash	10
Other payables	(218)
Amounts due to related parties	(33,007)
Secured bank borrowings	(54,900)
	47,971
Satisfied by:	
Cash consideration paid	10,000
Consideration shares issued	37,971
	47,971
Net cash outflow arising on acquisition:	
Cash consideration paid	10,000
Bank balances and cash acquired	(10)
	9,990

Note: The intangible asset arose from the sale and purchase agreement entered into by Blooming Success in relation to the purchase of properties at a cash consideration HK\$87,856,000 of which HK\$17,571,000 had been paid by Blooming Success as at 25th April, 2014. The fair value of these properties to be acquired by Blooming Success as at 25th April, 2014 amounted to HK\$100,000,000 was arrived at on the basis of a valuation carried out by DTZ Debenham Tie Leung Limited as at 24th January, 2014. The fair value of the intangible asset arising from the contractual rights of Blooming Success under the sale and purchase agreement was determined by reference to the excess of fair value of these properties of HK\$100,000,000 at the valuation date over the consideration sum in the sale and purchase agreement of HK\$87,856,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### 39. PLEDGE OF ASSETS

At 31st December, 2014:

- (a) short term loan and margin trading facilities in respect of securities transactions to the extent of approximately HK\$132.0 million (2013: HK\$159.1 million) are secured by the listed investments and deposits of the Group held at financial institutions of approximately HK\$5.8 million (2013: HK\$74.2 million). None of these facilities has been utilised at the end of the reporting periods. The listed investments comprise held-for-trading securities and available-for-sale investments held by the Group;
- (b) overdraft and revolving loan facilities to the extent of approximately HK\$44,000 (2013: HK\$34,000), of which none has been utilised at the end of the reporting periods, are secured by the listed investments and deposits of the Group held at financial institutions of approximately HK\$182,000 (2013: HK\$203,000). The listed investments comprise held-for-trading securities held by the Group;
- (c) short term loan and margin facilities in respect of securities transactions of approximately HK\$77.6 million (2013: HK\$77.5 million), of which none has been utilised at the end of the reporting periods, are secured by the listed investments and deposits held at financial institutions of the Group of approximately HK\$205.5 million (2013: HK\$206.0 million). The listed investments comprise held-for-trading securities and available-for-sale investments held by the Group; and
- (d) bank loan facilities to the extent of approximately HK\$87.2 million (2013: Nil), of which approximately HK\$87.2 million (2013: Nil) were drawn down and fully utilised, are secured by the Group's investment properties with an aggregate carrying value of approximately HK\$206.0 million (2013: Nil).

### 40. OPERATING LEASES

#### The Group and the Company as lessee

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under a non-cancellable operating lease which falls due as follows:

	2014 HK\$'000	2013 HK\$'000
<b>Leased premises</b>		
Within one year	<b>202</b>	737
In the second to fifth years inclusive	<b>66</b>	182
	<b>268</b>	919

Operating lease payments represent rentals payable by the Group and the Company for the use of their office premise. Leases are negotiated for a term of two years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2014*

### **40. OPERATING LEASES** (continued)

#### **The Group as lessor**

Rental income earned from leasehold land and buildings during the year was HK\$155,000 (2013: HK\$191,000). The property held has a committed tenant for five years.

At the end of the reporting period, the Group had contracted with the tenant for the following future minimum lease payments:

	2014 HK\$'000	2013 HK\$'000
Within one year	165	156
In the second to fifth years inclusive	211	351
	<b>376</b>	507

### **41. RETIREMENT BENEFITS SCHEMES**

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK\$1,250 per month (HK\$1,500 per month effective from 1st June, 2014) or 5% of relevant payroll costs for each of the employees every month to the MPF Scheme, which contribution is matched by employees.

	2014 HK\$'000	2013 HK\$'000
Amount contributed and charged to profit or loss	<b>239</b>	209

In accordance with the relevant PRC rules and regulations, the Company's subsidiary in the PRC is required to establish a defined contribution plan managed by the relevant local government bureau in the PRC and to make contributions calculated according to the rate set by the municipal government for its eligible employees.

	2014 HK\$'000	2013 HK\$'000
Amount contributed and charged to profit or loss	<b>2,107</b>	2,084

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2014

### 42. RELATED PARTY TRANSACTIONS

Other than those disclosed in elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

#### Compensation of key management personnel

The remuneration of directors and the members of key management during the year was as follows:

	2014 HK\$'000	2013 HK\$'000
Short-term benefits	<b>4,829</b>	3,646
Post-employment benefits	<b>67</b>	60
Equity-settled share-based payments	–	4,004
	<b>4,896</b>	7,710

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

### 43. CONTINGENT LIABILITIES

At the end of the reporting period, the Company had contingent liabilities as follows:

	THE COMPANY	
	2014 HK\$'000	2013 HK\$'000
Guarantees given to banks in respect of banking facilities granted to subsidiaries	<b>87,192</b>	–

The directors of the Company consider that the fair value of the financial guarantees at the initial date of providing these guarantees is insignificant.

### 44. EVENTS AFTER THE REPORTING PERIOD

On 6th February, 2015, the Company announced that from 29th October, 2014 to 6th February, 2015, the Group has disposed 10,000,000 shares of China Binary at an aggregate consideration of approximately HK\$12.7 million, of which 2,784,000 shares had been disposed of during the year ended 31st December, 2014.

On 12th February, 2015, the Company announced an issue of shares at a price of HK\$0.30 per share on the basis of one share for every two shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the “Open Offer”). The Open Offer was completed and a total of 268,306,531 new shares were issued on 13th February, 2015, resulting in gross proceeds of approximately HK\$80,492,000 to the Company. The proceeds from the Open Offer will be used to strengthen the Group’s financial position.

On 17th February, 2015, the Company and a substantial shareholder and a connected person of the Company (the “Purchaser”) entered into sale and purchase agreements in which the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire (i) the entire equity interest of Blooming Success, a wholly owned subsidiary of the Company which is engaged in property investment; and (ii) all of the land held for undetermined future use of the Group, at an aggregate cash consideration of HK\$134.5 million. The net proceeds of the disposal were expected to exceed the net carrying amount of the relevant assets and liabilities. Details of the transaction are set out in the Company’s announcement dated 18th February, 2015.

# FIVE YEARS FINANCIAL SUMMARY

*At 31st December, 2014*

	For the year ended 31st December,				<b>2014 HK\$'000</b>
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
<b>RESULTS</b>					
Turnover	29,064	30,539	17,052	15,931	<b>16,747</b>
Profit/(loss) before tax	147,898	1,103	(20,325)	(11,427)	<b>24,944</b>
Income tax expense	(333)	(52)	–	–	–
Profit/(loss) for the year	147,565	1,051	(20,325)	(11,427)	<b>24,944</b>
Profit/(loss) for the year attributable to:					
Owners of the Company	152,060	2,489	(18,981)	(11,012)	<b>25,846</b>
Non-controlling interests	(4,495)	(1,438)	(1,344)	(415)	<b>(902)</b>
	147,565	1,051	(20,325)	(11,427)	<b>24,944</b>

	As at 31st December,				<b>2014 HK\$'000</b>
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
<b>ASSETS AND LIABILITIES</b>					
Total assets	444,191	449,134	390,096	465,991	<b>532,858</b>
Total liabilities	(25,666)	(5,550)	(3,884)	(1,841)	<b>(89,644)</b>
	418,525	443,584	386,212	464,150	<b>443,214</b>
Non-controlling interests	(15,997)	(17,602)	(16,906)	(17,025)	<b>(16,049)</b>
Equity attributable to owners of the Company	402,528	425,982	369,306	447,125	<b>427,165</b>

# PARTICULARS OF PROPERTIES HELD BY THE GROUP

*At 31st December, 2014*

## LANDS HELD FOR UNDETERMINED FUTURE USE

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
1. Half share in Lots 5, 9, 10, 12 ,14, 15, 17, 18, 19, 20, 33 and 72 in DD 447, Tsuen Wan, New Territories Hong Kong	100%	40,075	Agriculture	Medium
2. Lots 46, 47, 48, 49, 107, 108, 109 and 110 in DD279, Tuen Mun New Territories Hong Kong	100%	36,155	Agriculture	Medium
3. Lots 421 and 718 in DD 395, Tin Fu Tsai, Tuen Mun, New Territories Hong Kong	100%	22,216	Agriculture	Medium
4. Lots 968, 969, 970, 971, 972, 973, 975, 976, 977, 978 R.P., 980 R.P. and 981 R.P. in DD 82, Ta Kwu Ling, Fanling, New Territories Hong Kong	100%	53,070	Agriculture	Medium
5. Shops B, C, D and E on Ground Floor, On Fung Building, Nos. 110, 112, 112A, 114, 116 and 118, Caine Road, Mid-Levels, Hong Kong	100%	2,654	Rental	Short
6. 23rd Floor and Car Parking Space Nos. 502 and 503 on 5th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Aberdeen, Hong Kong	100%	9,820	Rental	Short