

DT CAPITAL



DT CAPITAL LIMITED  
鼎立資本有限公司

(Formerly known as Incutech Investments Limited)  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 356



2014  
ANNUAL REPORT

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

- Mr. Leung King Yue, Alex  
(Appointed on 7 July 2014)
- Mr. Lewis Chan  
(Appointed on 7 July 2014)
- Mr. Leong Chi Wai  
(Appointed on 7 July 2014)
- Mr. Tung Tat Wah (*Chairman*)  
(Resigned on 29 July 2014)
- Mr. Wu Chun Wah, Michael  
(Resigned on 29 July 2014)

### Non-executive Directors

- Ms. Chan Pui Kwan (*Chairman*)  
(Appointed on 7 July 2014  
and as Chairman on 24 October 2014)
- Mr. Ma Chun Fai  
(Appointed on 7 July 2014)

### Independent Non-executive Directors

- Mr. Kwok Ming Fai
- Mr. Lo Chi Ming  
(Appointed on 7 July 2014)
- Mr. Jochum Siebren Haakma  
(Appointed on 7 July 2014)
- Mr. Siu Siu Ling, Robert  
(Resigned on 29 July 2014)
- Mr. Lee Ming Ching, Stephen  
(Resigned on 29 July 2014)

## Audit Committee

- Mr. Kwok Ming Fai  
(*Chairman of the Committee*)
- Mr. Lo Chi Ming  
(Appointed as member on 29 July 2014)
- Mr. Jochum Siebren Haakma  
(Appointed as member on 29 July 2014)
- Mr. Siu Siu Ling, Robert  
(Resigned as member on 29 July 2014)
- Mr. Lee Ming Ching, Stephen  
(Resigned as member on 29 July 2014)

## Remuneration Committee

- Mr. Leung King Yue, Alex  
(Appointed as chairman and member on  
29 July 2014 and resigned as chairman on  
30 December 2014)
- Mr. Kwok Ming Fai  
(Appointed as member on 29 July 2014 and  
as chairman on 30 December 2014)
- Mr. Lo Chi Ming  
(Appointed as member on 29 July 2014)
- Mr. Jochum Siebren Haakma  
(Appointed as member on 29 July 2014)
- Mr. Lee Ming Ching, Stephen  
(Resigned as chairman on 29 July 2014)
- Mr. Siu Siu Ling, Robert  
(Resigned as member on 29 July 2014)
- Mr. Wu Chun Wah, Michael  
(Resigned on member 29 July 2014)

## Nomination Committee

- Mr. Lo Chi Ming  
(Appointed as chairman and member on  
29 July 2014)
- Mr. Leung King Yue, Alex  
(Appointed as member on 29 July 2014)
- Mr. Kwok Ming Fai  
(Appointed as member on 29 July 2014)
- Mr. Jochum Siebren Haakma  
(Appointed as member on 29 July 2014)
- Mr. Lee Ming Ching, Stephen  
(Resigned as chairman on 29 July 2014)
- Mr. Tung Tat Wah  
(Resigned as member on 29 July 2014)
- Mr. Siu Siu Ling, Robert  
(Resigned as member on 29 July 2014)

## CORPORATE INFORMATION (CONTINUED)

### Company Secretary

Ms. Chiu Fung Chi, Does  
(Appointed on 29 July 2014)  
Ms. Yuen Shuk Yee  
(Resigned on 29 July 2014)

### Authorized Representatives

Mr. Ma Chun Fai  
(Appointed on 29 July 2014)  
Ms. Chiu Fung Chi, Does  
(Appointed on 29 July 2014)  
Mr. Wu Chun Wah, Michael  
(Resigned on 29 July 2014)  
Ms. Yuen Shuk Yee  
(Resigned on 29 July 2014)

### Auditors

Li, Tang, Chen & Co.  
Certified Public Accountants (Practising)

### Legal Advisor

As to Hong Kong Law  
Michael Li & Co.

### Investment Manager

Hua Yu Investment Management Limited

### Principal Bankers

DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited

### Registered Office

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### Head Office and Principal Place of Business

1/F Shun On Commercial Building  
112-114 Des Voeux Road Central  
Central, Hong Kong

### Principal Registrar

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
Cayman Islands

### Hong Kong Branch Share Registrar

Tricor Secretaries Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### Stock Code

Hong Kong Stock Exchange: 356

### Company Website Address

<http://www.dt-capitalhk.com>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

During the year under review, DT Capital Limited (formerly known as Incutech Investments Limited) (the "Company") and its subsidiaries (the "Group") has been successful in applying for the resumption of trading of shares ("the Resumption") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). With effect from 9:00 a.m. on 29 September 2014, the Company has resumed trading its shares on the Stock Exchange which was suspended since 9:30 a.m. on 13 June 2008.

For the year ended 31 December 2014, the Group recorded a loss attributable to equity holders of approximately HK\$3.7 million (2013: loss HK\$6.7 million). The loss per share was HK\$0.004 (2013: HK\$0.093). A decrease in loss in 2014 was mainly due to an increase in the net unrealised gain on financial assets at fair value through profit or loss of approximately HK\$3 million while compared with 2013. In addition, a decrease of interest expenses on unsecured short term loans from approximately HK\$0.71 million to HK\$0.37 million. The decrease in interest expenses was mainly due to the unsecured short term loans which had been fully settled in the middle of the year. Turnover in both 2014 and 2013 represented dividend income received from the financial assets at fair value through profit or loss of approximately HK\$0.18 million.

Upon resumption of trading of shares on the Stock Exchange, management has followed the Company's investment objectives, policies and restrictions to seek new investments. Furthermore, the Company has entered into the New Management Agreement and Corporate Finance Advisory Agreement with Hua Yu Investment Management Limited ("Hua Yu") in relation to the appointment of Hua Yu as the Company's investment manager and corporate finance advisor from 1 June 2014 to 31 May 2017. Hua Yu has proactively sought investment opportunities for the Group during the second half of the year 2014. Hence, the Group has successfully completed two investment plans. These include the subscription of a 3-year bond with 7% coupon rate issued by Yi Hua Department Store Holdings Limited ("Yi Hua Store"), which is a listed company in the Stock Exchange (stock code: 2213). Furthermore, the Company invested 20% in Good Quality Investment Limited ("Good Quality") in order to diversify the portfolio risk of the Company.

## Prospects

2014 was a year with slow recovery in developed economies and increasing worries about the dynamics in emerging market economies. The global growth was lower than initially expected, picked up only marginally in 2014, to 2.6%, from 2.5% in 2013. With China slowing down and Japan and Eurozone stagnating, the global economy has become increasingly reliant on the US.

Looking ahead to the year of 2015, there are some glimmers of hope for a slightly faster pace of world growth. The International Monetary Fund (IMF)'s growth forecasts for the 2015 global economy is 3.5%.

Management would expect the US Federal Reserve might start raising rates in 2015 and the US growth is to be on an upswing. The US is actually the only major economy where the IMF has raised growth forecasts for the next two years. It may see a boost from lower oil prices and strong domestic demand helping the US economy to grow by 3.6% in 2015.

Eurozone growth is expected to rise moderately because of the strength of the US economy and the weak Euro, both of which help European exports, as well as the European Central Bank's easing monetary policy. The IMF predicts Eurozone growth of 1.2% in 2015 and 1.4% in 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

China's economy is expected to gradually slow down in the coming years in line with the government's strategy to promote more balanced economic growth. The main downside risks continue to be the housing market adjustment, the decelerating credit growth and the advancement of difficult structural reforms in areas, such as local government debt management and interest rate liberalisation, etc. The IMF predicts China will expand 6.8% in 2015 and 6.3% in 2016.

As to financial market, management believe that in 2015 investors may see more volatility than in 2014. The combination of monetary policy divergence among global central banks and the prospect of the US rate hikes should lead to spikes in financial market volatility from time to time. Management always believe the key to success is in managing risk successfully. Management will continue to be cautious yet creative in our investment strategy and portfolio management.

Moreover, apart from trading securities, Hua Yu together with the management will continue to look with caution for other favourable investment opportunities with potential of asset appreciation as well as with a sustainable income stream across various sectors and regions to increase shareholder's return.

### Financial Review

#### **Liquidity and Financial Resources**

The financial position of the Group changed from a weak position for the last corresponding year to a strong position with low debt leverage and strong interest cover as at 31 December 2014.

As at 31 December 2014, the total equity of the Group amounted to approximately HK\$149.78 million, representing an increase of approximately HK\$178.23 million that compared with the last year (Net liabilities: HK\$28.45 million). During the year, the Company has allotted and issued the subscription shares of 1,400,000,000 shares at the subscription price of HK\$0.1 per share to Sharp Years Limited and Hugo Lucky Limited (collectively, the "Offerors") pursuant to the terms and conditions of the subscription agreement (the "Subscription Agreement"). The subscription fund of HK\$140 million was received at the completion date on 30 June 2014. The Company had proposed to issue 427,500,000 ordinary shares at the price of HK\$0.1 per share (the "Open Offer Share") to the existing shareholders by way of Open Offer, which was approved by the Independent Shareholders at the extraordinary general meeting (the "EGM") on 24 June 2014. The Open Offer became unconditional on 27 August 2014 and was completed on 29 August 2014. The net proceeds from the Open Offer Share of approximately HK\$41.97 million had been fully received on the completion date.

As at 31 December 2014, the Group maintained a strong cash position and held short-term bank deposits, bank balances and cash amounting to HK\$113.85 million (31 December 2013: HK\$6,300).

The Group had net financial asset investments of approximately HK\$36.51 million as at 31 December 2014 (31 December 2013: HK\$5.34 million).

### **Gearing Ratio**

The Group's total borrowings, comprising the amount due to a director and other payables and accruals, amounted to HK\$1.92 million as at 31 December 2014 (31 December 2013: HK\$33.92 million comprising short term loans, amount due to a director, and other payables and accruals). Pursuant to the circular of the Company dated 9 June 2014, the Company will use approximately HK\$39.9 million for settlement of the liabilities of the Group. Hence, the total borrowings of HK\$33.92 million as at 31 December 2013 had been settled during the year.

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 1.28% as at 31 December 2014. As at 31 December 2013, the Group's gearing ratio was not applicable since the Group was in a negative equity position.

### **Final Dividend**

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2014 (2013: Nil).

### **Capital Structure**

As at 31 December 2013, the authorised share capital of the Company was HK\$5,000,000 divided into 500,000,000 Shares at par value of HK\$0.01 each, of which 72,000,000 Shares have been issued and allotted as fully paid or credited as fully paid.

#### **(a) Increase in Authorised Share Capital**

The authorised share capital has been increased from HK\$5,000,000 divided into 500,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,500,000,000 shares, of which the ordinary resolution was passed by the Independent Shareholders at the EGM held on 24 June 2014.

#### **(b) Increase in Issued and Fully paid Share Capital**

Pursuant to the Subscription Agreement, the Company has allotted and issued the subscription shares, being 1,400,000,000 shares at the subscription price of HK\$0.1 per subscription share to the Offerors. The subscription of shares by Offerors was completed on 30 June 2014.

And on 29 August 2014, the Company has allotted and issued the open offer shares, being 427,500,000 shares at the price of HK\$0.1 per share to the other public shareholders. The net proceeds from the allotment was approximately HK\$41,969,000.

### **Capital Commitment and Contingent Liabilities**

As at 31 December 2014, the Group had no material capital commitment and contingent liabilities.

### **Exposure to Fluctuations in Exchange Rates and Related Hedges**

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

### **Share Options**

The Company does not have any share option scheme.

### **Employees and Remuneration Policies**

As at 31 December 2014, the Group employed a total of 5 employees (2013: 4) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

### **Appreciation**

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution in 2014 and would like to give my sincere gratitude to the shareholders for their continual support.

By Order of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 27 March 2015



## BIOGRAPHICAL DETAILS OF DIRECTORS

### EXECUTIVE DIRECTORS

#### **Mr. Leung King Yue, Alex (“Mr. Leung”),**

Mr. Leung, aged 37, has 15 years of experience in financial services sector including three years investment banking experience and ten years of experience in private equity investment and asset management. Mr. Leung is a Responsible Officer of two asset management companies, namely JK Capital Management Limited (formerly known as MYM Capital Limited) and Asian Asset Management Limited.

Mr. Leung was also an Executive Director of Mastermind Capital Limited (formerly known as Apex Capital Limited, stock code: 905) from March 2007 to May 2010, and UBA Investments Limited from July 2007 to December 2008 (stock code: 768), both of which are listed on the Main Board of the Stock Exchange. He was also an Executive Director of Viva China Holdings Limited (formerly known as Greater China Technology Group Limited and Coolpoint Energy Limited, stock code: 8032), which is a company listed on the GEM board of the Stock Exchange from July 2008 to June 2010.

Mr. Leung was an Independent Non-Executive Director of First Natural Foods Holdings Limited (“First Natural Foods”, subsequently renamed as Imperial Pacific International Holdings Limited, stock code: 1076) from December 2008 to November 2013, a company listed on the Main Board of the Stock Exchange.

Mr. Leung graduated from University of Melbourne in Australia in 1999 with a bachelor degree in Commerce specializing in Economics and Finance. He has been a Chartered Financial Analyst since 2003. Mr. Leung is licensed under the SFO as a Responsible Officer to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities.

#### **Mr. Lewis Chan (“Mr. Chan”)**

Mr. Chan, aged 44, has over 15 years of experience in portfolio management and investment research. He is the Managing Partner and a Responsible Officer since 2004 at MaunaKai Capital Partners (Hong Kong) Limited. Mr. Chan is also a co-founder of Symbior Energy, an alternative energy incubation company with distributed solar power pipeline in Thailand and feedstock supply chain business in China. Mr. Chan was formerly assistant professor of finance during 2000 to 2004 and adjunct associate professor of finance from 2004 to 2006 at Hong Kong University of Science and Technology. He was also an advisor during 2009 to 2013 to North Yard Economics, a non-profit consultancy to developing countries.

Mr. Chan was a winner of the Fama-DFA Prize of the Best Papers published in 2003 in the Journal of Financial Economics. He is also a research fellow at The China Center for Financial Research at Tsinghua University, and a member of the Admissions, Budgets and Allocations Committee, the Community Chest of Hong Kong. Mr. Chan received his Ph.D. in Economics from Harvard University, specializing in financial economics and quantitative methods. He received a Master degree from Columbia University and a Bachelor of Arts degree from the University of Chicago, both in Economics. He is licensed under the SFO as Responsible Officer to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

### **Mr. Leong Chi Wai (“Mr. Leong”)**

Mr. Leong, aged 39, has over 17 years of experience in corporate finance, asset management, direct investments and property investments and developments. He is also licensed under the Estate Agents Authority. Mr. Leong is a director and Responsible Officer of Hua Yu Investment Management Limited, the investment manager of the Company since March 2009 to present. He was appointed as an Executive Director of Mastermind Capital Limited (formerly known as Apex Capital Limited, stock code: 905), from March 2007 to May 2010. Mr. Leong joined Yu Ming Investment Management Limited in July 1997 and was appointed as a Responsible Officer from May 2008 to February 2010.

Yu Ming Investment Management Limited is the investment manager of SHK Hong Kong Industries Limited (stock code: 666). Mr. Leong was appointed as an Executive Director of Viva China Holdings Limited (formerly known as Greater China Technology Group Limited and Coolpoint Energy Limited, stock code: 8032), a company listed on the Growth Enterprise Market of the Stock Exchange, from July 2008 to October 2009.

Mr. Leong graduated from the University of Hong Kong with a Bachelor degree in Business Administration (Accounting and Finance). He is licensed under the SFO to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities as a representative since 2003 and as a Responsible Officer since May 2008 to present. He was also licensed to carry out Type 1 (Dealing in Securities) regulated activity from May 2008 to February 2010.

## NON-EXECUTIVE DIRECTORS

### **Ms. Chan Pui Kwan (“Ms. Chan”)**

Ms. Chan, aged 48, was a corporate banker for over a decade of experience and had worked in several prominent European banks, including Rabobank, ABN AMRO, Fortis and established the European desk for these banks to provide support to European companies expanding into China. During the period, she was Head of European Banking of the Fortis Bank, Hong Kong, and oversaw corporate financing of European based companies.

In 2002, Ms. Chan started her own company SINOVA to provide advice and support to investors entering into the PRC market, employing over 40 professionals with offices in three countries.

In 2010, Dutch based financial group ANT acquired SINOVA and Ms. Chan remained as Chief Executive Officer of SINOVA till September 2012. During the period Ms. Chan was with SINOVA, she provided a number of direct investment advices for projects in China to her customers in Europe and gained expertise in China’s investment environment and related issues.

She is the founder and Chief Executive Officer of Delta-Think (HK) Ltd, which provides business strategy advisory advices to corporations for business expansion in public and private sectors.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Ms. Chan received numerous awards in China and Hong Kong. In 2006, her owned company "SINOVA Management Consultancy Limited" was awarded "Hong Kong Shooting Star 2006" in the Cathay Pacific China Trade Awards in the Netherlands. In 2009, she was awarded "China Economic Development Forum Outstanding Person" from China Economic Development Forum ("CEDF") ("中國新經濟發展傑出人物"). At the same year, she was also selected as one of "China's 100 Outstanding Female Entrepreneurs" (中國百名傑出女企業家) by the China Association of Women Entrepreneurs. In 2010, she was awarded "China's Economy Industry Promotion Person of the Year Award" ("2010中國經濟優秀人物") from Xinhua Economic Information Daily of Xinhua News Agency and China International Center for Economic and Technical Exchanges of Ministry of Commerce of the PRC.

Ms. Chan has been active in the community services and holds advisory positions in various institutions, including the Hong Kong General Chamber of Commerce, Dutch Chamber of Commerce in Hong Kong, the Shenzhen Association of Trade in Service and the Economic Development Board of Rotterdam in the Netherlands.

Ms. Chan graduated from Rotterdam Business School with a bachelor degree in banking and insurance in 1991.

### **Mr. Ma Chun Fai ("Mr. Ma")**

Mr. Ma, aged 44, has over 13 years of experience in private equity investment, mainly in real estate and hospitality sectors. He was involved in a number of investment projects in Hong Kong, China and South East Asian regions, including (i) a bio-tech project that involves co-investment with another listed company in Hong Kong; (ii) an advanced IT platform company in Singapore; and (iii) real estate projects in China and Indonesia.

Mr. Ma graduated with a BSc (Honors) degree in Management Sciences from the London School of Economics and Political Science in UK.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. Kwok Ming Fai ("Mr. Kwok")**

Mr. Kwok, aged 50, possesses over 17 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed companies. Mr. Kwok obtained a Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is currently an Executive Director of Zhongda International Holdings Limited (stock code: 909). He was an Independent Non-Executive Director of China Yunnan Tin Minerals Group Company Limited from July 2002 to March 2012. Mr. Kwok was also an Independent Non-Executive Director of Winshine Entertainment & Media Holding Company Limited (formerly Known as China Tycoon Beverage Holdings Limited) (stock code: 209) from October 2009 to November 2014.

Mr. Kwok was appointed as an Independent Non-Executive Director of the Company on 4 September 2007.

### **Mr. Lo Chi Ming ("Mr. Lo")**

Mr. Lo, aged 50, is a solicitor of the High Court of Hong Kong with over 19 years of experience in private practice. Mr. Lo is currently a consultant at Messers Wat & Co., Solicitors and possessed 6 years of experience in the banking sector and was elected as an Associate of the Chartered Institute of Bankers.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Mr. Lo was an independent non-executive director of China Investment and Finance Group Limited from October 2010 to April 2014, a company listed on the Main Board of the Stock Exchange (Stock code: 1226).

Mr. Lo holds a Bachelor of Social Sciences degree and Postgraduate Certificate in Laws from the University of Hong Kong and a diploma in Chinese Laws from the SouthWest University of Political Science & Law in the PRC.

### **Mr. Jochum Siebren Haakma (“Mr. Haakma”)**

Mr. Haakma, aged 65, is the Global Executive Director of Business Development of the TMF Group BV in Amsterdam since 2007; TMF Group BV is a provider of high-end administrative outsourcing services to international companies worldwide with more than 130 wholly owned offices in over 85 countries. He was appointed Director of the Netherlands Foreign Investment Agency (NFIA) within the Ministry of Economic Affairs in The Hague in 2006. NFIA is responsible for attracting foreign direct investments to the Netherlands. In 2002, He was appointed Consul General of the Kingdom of the Netherlands in Shanghai, also responsible for Jiangsu, Zhejiang and Anhui Provinces and was a member of the Advisory Board of the Benelux Business Association and founder of the prestigious CEO Lunch Club consisting of the CEO’s in China of the Dutch listed companies in the Netherlands.

From 1997 until 2002, Mr. Haakma was the Consul General of the Kingdom of the Netherlands in Hong Kong and Macau and the Chairman of the Advisory Board of the Dutch Business Association in Hong Kong. In 1993, he was the Managing Director of the Centre for the Promotion of Imports from Developing Countries in Rotterdam, which is an agency under the Ministry of Foreign Affairs of the Netherlands. In 1989, he became the Director of the Indonesian Netherlands Association, he was appointed as representative of the Port and City of Rotterdam and the President of the Indonesian Forum of national and bilateral Chambers of Commerce.

Mr. Haakma was appointed as Commercial Counsellor and Head of the Economic Section at the Royal Netherlands Embassy in Jakarta in 1986, He has also worked in embassies in Rome, Lusaka and Bonn. Mr. Haakma is currently an advisory board member of the Cathay Pacific China Trade Award and numerous institutions and organisations with a Far East link. He has been appointed in April 2008 to Chairman of the Board of The Netherlands Council for Trade Promotion (NCH), Chairman of the China Business Council of the NCH and from June 2008 until 2014 to Chairman of The China Working Group of the Holland Financial Centre. Furthermore, he is also member of the International Steering Committee of Nyenrode University, Board Member of Enactus and is the former Chief Advisor Public Affairs European Region for Huawei Technologies Co., Ltd., one of the biggest telecom infrastructure suppliers in the world.

Mr. Haakma holds a law degree from the University of Utrecht in the Netherlands. He received an honorary Doctorate Degree of the European University in Barcelona in Spain.

Mr Haakma was also appointed Vice Chairman of AMCHAM in the Netherlands from 2014.

## REPORT OF THE DIRECTORS

The board of directors (the “Board”) has pleasure in presenting their report and the audited financial statements for the year ended 31 December 2014.

### Principal Activities

The principal activities of the Company and its subsidiaries during the year are investment holding.

### Segmental Information

The Group’s turnover and contribution to operating results were all derived from investments in listed and unlisted companies in Hong Kong.

### Property, Plant and Equipment

Details of the movements during the year in the property, plant and equipment are set out in note 17 to the financial statements.

### Subsidiaries

Details of the Company’s subsidiaries at 31 December 2014 are set out in note 18 to the financial statements.

### Share Option

The Company does not have share option scheme.

### Directors’ Remuneration

The Directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board with reference to Directors’ duties, responsibilities and performance and the results of the Group. In addition, the Directors’ remuneration is reviewed by the Remuneration Committee annually.

### Results and Appropriations

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 33.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014. No interim dividend was declared during the year.

### Share Capital

Details of the movements in the Company’s share capital during the year are set out in note 27 to the financial statements.

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below. This summary is not part of the audited financial statements.

### RESULTS

	<b>1/1/2014 - 31/12/2014</b>	1/1/2013 - 31/12/2013	1/1/2012 - 31/12/2012	1/1/2011 - 31/12/2011	1/1/2010 - 31/12/2010
	<b>HK\$</b>	HK\$	HK\$	HK\$	HK\$
Turnover	<b>182,016</b>	182,016	190,960	132,120	132,120
Loss before taxation	<b>(3,742,514)</b>	(6,664,875)	(3,927,748)	(4,971,164)	(4,323,809)
Taxation	—	—	—	—	—
Net loss attributable to shareholders	<b>(3,742,514)</b>	(6,664,875)	(3,927,748)	(4,971,164)	(4,323,809)

### ASSETS AND LIABILITIES

	<b>31/12/2014</b>	31/12/2013	31/12/2012	31/12/2011	31/12/2010
	<b>HK\$</b>	HK\$	HK\$	HK\$	HK\$
Total assets	<b>151,696,530</b>	5,463,926	5,642,808	6,530,401	7,949,233
Total liabilities	<b>(1,921,638)</b>	(33,916,009)	(27,430,016)	(24,389,861)	(20,837,529)
Net assets/(liabilities)	<b>149,774,892</b>	(28,452,083)	(21,787,208)	(17,859,460)	(12,888,296)

### Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 28 to the financial statements.

The Company's reserves available for distribution represent the share premium and retained profits under the Companies Law of the Cayman Islands. The share premium of the Company is available for paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company which in aggregate amounted to approximately HK\$130,887,000 (2013: HK\$Nil) as at 31 December 2014.

## Major Customers and Suppliers

A substantial portion of the Group's income is derived from the Group's investments and the disclosure of information regarding customers would not be meaningful. The Group has no major suppliers requiring disclosure.

## Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2014.

## Directors

The directors of the Company during the year and up to the date of this report were:

### Executive Directors

Mr. Leung King Yue, Alex	(appointed on 7 July 2014)
Mr. Leong Chi Wai	(appointed on 7 July 2014)
Mr. Lewis Chan	(appointed on 7 July 2014)
Mr. Tung Tat Wah ( <i>Chairman</i> )	(resigned on 29 July 2014)
Mr. Wu Chun Wah, Michael	(resigned on 29 July 2014)

### Non-executive Directors

Ms. Chan Pui Kwan ( <i>Chairman</i> )	(appointed on 7 July 2014 and as Chairman on 24 October 2014)
Mr. Ma Chun Fai	(appointed on 7 July 2014)

### Independent Non-executive Directors

Mr. Kwok Ming Fai	
Mr. Lo Chi Ming	(appointed on 7 July 2014)
Mr. Jochum Siebren Haakma	(appointed on 7 July 2014)
Mr. Siu Siu Ling, Robert	(resigned on 29 July 2014)
Mr. Lee Ming Ching, Stephen	(resigned on 29 July 2014)

In accordance with Article 88 of the Company's Articles of Association, Mr. Lewis Chan, Mr. Leong Chi Wai and Mr. Kwok Ming Fai shall retire by rotation from office and, being eligible, offer themselves for re-election. All other directors continue in office.

The term of office of each of the non-executive directors and independent non-executive directors lasts until his/her retirement by rotation once every three years in accordance with the Company's Articles of Association.

The Company received confirmation of independence in respect of the year ended 31 December 2014 from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

## Directors' Service Contracts

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### Directors' Interests in Contracts

In the opinion of the Board, there were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2014, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

#### Long position in shares of the Company

Name of director	Number of shares				Total	Percentage of issued share capital
	Personal interests	Family interests (interest of spouse)	Corporate interests	Other interests (interest in controlled corporation)		
Leung King Yue, Alex (Note 1)	—	—	960,500,000	—	960,500,000	50.56%
Chan Pui Kwan (Note 2)	—	—	—	254,500,000 (Note 2)	254,500,000	13.40%
Ma Chun Fai (Note 3)	—	254,500,000 (Note 3)	—	—	254,500,000	13.40%

*Note:*

- As at 31 December 2014, Mr. Leung King Yue, Alex, through his 100% equity interest in Hugo Lucky Limited held 960,500,000 shares of the Company, representing approximately 50.56% of the entire issued share capital of the Company. Mr. Leung King Yue, Alex was appointed as Director with effect from 7 July 2014.



## REPORT OF THE DIRECTORS (CONTINUED)

2. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan and 30% by Wu Weihong, Tony.

As at 31 December 2014, Ms. Chan Pui Kwan, is interested in 70% of the share capital of Fame Image Limited, which in turn owned 50% of the share capital of Sharp Years Limited. Accordingly, she is deemed to be interested in 254,500,000 shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company. Ms. Chan Pui Kwan was appointed as Director with effect from 7 July 2014.

3. Long Surplus International Limited is beneficially and ultimately owned as 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har.

As at 31 December 2014, Ms. Ho Hoi Yee, Wisery, the spouse of Mr. Ma Chun Fai, is interested in 254,500,000 shares through her interest in 66.67% of the share capital of Long Surplus International Limited and which in turn owned 50% of the share capital of Sharp Years Limited. Accordingly, Mr. Ma Chun Fai is also deemed to be interested in 254,500,000 Shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company.

Save as disclosed above, at no time during the year ended 31 December 2014 was the Company, its subsidiaries or its associate a party to any arrangement to enable the directors or chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2014, the following persons or corporations, other than the interest disclosed above in respect of the directors, interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

### Long positions in Shares of the Company

Name of shareholders	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
Hugo Lucky Limited (Note 1)	960,500,000	50.56%
Sharp Years Limited (Note 2)	254,500,000	13.40%
Long Surplus International Limited (Note 2)	254,500,000	13.40%
Fame Image Limited (Note 2)	254,500,000	13.40%
Ho Hoi Yee, Wisery (Note 2)	254,500,000	13.40%
Lai Tsui Har (Note 2)	254,500,000	13.40%
Wu Weihong, Tony (Note 2)	254,500,000	13.40%

*Notes:*

- Hugo Lucky Limited is wholly-owned by Mr. Leung King Yue, Alex, an executive Director.
- Sharp Years Limited is owned as to 50% by Long Surplus International Limited and 50% by Fame Image Limited respectively. Long Surplus International Limited is beneficially and ultimately owned as to 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan, a non-executive Director and 30% by Mr. Wu Weihong, Tony.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

## Connected Transactions and Continuing Connected Transactions

- a) The Company and Hua Yu Investment Management Limited, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director of the investment manager, had entered into an investment management agreement on 25 February 2013 for the term of one year from 1 March 2013 at a quarterly management fee of HK\$150,000. The investment management agreement was further renewed the service period for three months up to 31 May 2014. Pursuant to the investment management agreement, an investment management fee is payable at HK\$150,000 quarterly.

A new investment management agreement was entered into between the Company and the investment manager on 28 May 2014 for the service period of three years to 31 May 2017. Pursuant to the investment management agreement, monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the financial years ended/ending 31 December 2014, 2015, 2016 and 2017 are HK\$3,050,000, HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively (2013: HK\$Nil). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014. There was no performance fee paid for the financial year ended 31 December 2014.

- b) The Company entered corporate financial advisory agreement with the investment manager as referred to in (a) above on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the financial years ended/ending 31 December 2014, 2015, 2016 and 2017 are HK\$210,000, HK\$360,000, HK\$360,000 and HK\$150,000 respectively (2013: HK\$Nil). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

## REPORT OF THE DIRECTORS (CONTINUED)

The independent non-executive directors have reviewed the connected transactions and continuing connected transactions as disclosed above and have confirmed that the connected transactions and continuing connected transactions have been entered into:

- i) in the ordinary and usual course of business of the Group;
- ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions during the year as disclosed above and confirmed that these transactions:

- i) were approved by the Board;
- ii) where applicable, were in accordance with the pricing policies of the Company;
- iii) had been entered into in accordance with the relevant agreements governing the transactions; and
- iv) have not exceeded the caps stated in the relevant announcement.

### Management Contracts

Details of significant management contracts in relation to the Company's business are included in note 31 to the financial statements.

Save as disclosed above, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### Pre-emptive Rights

There are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Memorandum and Articles of Association and the Companies Laws of the Cayman Islands.

### Audit Committee

The Company has established an audit committee according to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2014 in conjunction with the Company's external auditors.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

### Sufficiency of Public Float

Save as disclosed in the announcement of the Company dated 8 September 2014, according to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

### Auditors

Messrs. Li, Tang, Chen & Co. was appointed as auditors of the Company on 2 September 2014 to fill the casual vacancy following the resignation of W.H. Tang & Partners CPA Limited with effect from that date.

Messrs. Li, Tang, Chen & Co. retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Chan Pui Kwan**  
*Chairman*

Hong Kong, 27 March 2015

# CORPORATE GOVERNANCE REPORT

The Board of directors of the Company (the “Board”) understands that sound corporate governance practices is fundamental to maintaining and promoting the confidence of shareholders of the Company (the “Shareholders”).

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the “Group”) from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

## Corporate Governance Code Compliance

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the year ended 31 December 2014, save and except for the deviations of the following:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company has not fixed the term of appointment for non-executive directors and independent non-executive directors which constitutes a deviation from code provision A.4.1. However, all non-executive directors and independent non-executive directors of the Company are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to the articles of association of the Company.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Two independent non-executive directors were unable to attend the annual general meeting (“AGM”) of the Company held on 2 September 2014 due to their other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

## Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transaction by the directors (the “Model Code”). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standards as set out in the Model Code during the year.

## Corporate Governance Principles and Practices

### **The Board**

The Board’s primary responsibilities are to formulate the Company’s 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.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

### Board Composition

Upon the resignation of Mr. Tung Tat Wah, Mr. Wu Chun Wah, Michael, Mr. Siu Siu Ling, Robert and Mr. Lee Ming Ching, Stephen, the Board comprises eight directors (“Directors”) in total, with three Executive Directors (“ED”), two Non-Executive Directors (“NEDs”) and three Independent Non-Executive Directors (“INEDs”). The composition of the Board during the year and up to the date of the report is set out as follows:

EDs:	Mr. Leung King Yue, Alex (appointed on 7 July 2014) Mr. Lewis Chan (appointed on 7 July 2014) Mr. Leong Chi Wai (appointed on 7 July 2014) Mr. Tung Tat Wah (Chairman, resigned on 29 July 2014) Mr. Wu Chun Wah, Michael (resigned on 29 July 2014)
NEDs:	Ms. Chan Pui Kwan ( <i>Chairman</i> ) (appointed on 7 July 2014 and as Chairman on 24 October 2014) Mr. Ma Chun Fai (appointed on 7 July 2014)
INEDs:	Mr. Kwok Ming Fai Mr. Lo Chi Ming (appointed on 7 July 2014) Mr. Jochum Siebren Haakma (appointed on 7 July 2014) Mr. Siu Siu Ling, Robert (resigned on 29 July 2014) Mr. Lee Ming Ching, Stephen (resigned on 29 July 2014)

The names and biographical details of Directors are disclosed on pages 8 to 11 of this annual report. All Directors have confirmed that they have taken an active interest in the Company’s affairs and obtained a general understanding of its business.

### Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Chan Pui Kwan acted as the Chairman of the Board. The Company does not have any officer with the title of “Chief Executive Officer” but instead, its duties are performed by the executive directors.

The Chairman focus on overall corporate development and strategic direction of the Group and oversees the efficient functioning of the Board. The executive directors are responsible for all daily management including planning and developing the Group’s strategy. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority. The Company shall ensure and facilitate each Director to take an active interest in the affairs of the Group so that each Director could make positive contribution to the Group.

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

The board spectrum of background of the INEDs is valuable on the diversified perspectives of the Board. The INEDs bring a wide range of business, legal and financial expertise, experiences and independent judgement to the Board.

During the year of 2014, the Board at all times met the requirements of Rule 3.10(1) and Rule 3.10(2) of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. In compliance with Rule 3.10A of the Listing Rules, INEDs represented at least one-third of the Board throughout the year ended 31 December 2014.

The Company has received a written annual confirmation from each INED of his independence pursuant to the requirement of Rule 3.13 of the Listing Rules, which confirmed to the Company that he has met the independence guidelines set out in the Listing Rules, and the Company also considers that they are independent.

### **Board Diversity Policy**

The Company adopted a Board Diversity Policy (the "Board Diversity Policy") which became effective in September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merits, and the selection of candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### **Directors' Continuous Professional Development**

Each newly appointed Director receives an induction package from the Company's legal advisor on the first occasion of his/her appointment. This induction package is a comprehensive, formal and tailored induction the responsibilities and on-going obligations to be observed by a director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance.

During the year, all the Directors had received training/briefing which covered topics in Directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Besides, the Company will arrange and fund suitable training for directors in order to develop and refresh their knowledge and skills.



### **Function**

The overall management of the Group's operation is vested in the Board. The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Board has to make decisions objectively in the interests of the Company and its shareholders as a whole. The Board has established procedures to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Pursuant to the levels of authority approved by the Board, the senior management executes day-to-day operations unless the subject matter exceeds the authority granted by the Board or relates to any matters specifically reserved to the Board, they would seek approval from the Board.

### **Directors' and Officers' Liability**

During the year, the Company has arranged directors' and officers' liabilities insurance for all directors and senior management of the Company for the year 2014/2015. The insurance covers them against claims, costs, charges and expenses incurred arising out of the Group's business and activities.

### **Board Meetings/General Meetings**

The Board meets regularly to discuss the investment strategies as well as operation and financial performance of the Group, and to review and approve the Group's annual and interim results and other ad hoc matters. Notice, agenda and Board papers of Board and committee meetings are served to all directors prior to the meeting in accordance with the Company's Articles of Association and the CG Code requirement (except under emergency situation). Extraordinary and Annual General Meeting schedules and draft agenda are made available to the Directors in advance. Details of individual attendance of directors at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee, Extraordinary and Annual General Meeting are set out in the table below:

## CORPORATE GOVERNANCE REPORT (CONTINUED)

	Number of meetings attended/Number of meetings held					Annual General Meeting
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Extraordinary General Meeting	
<b>Executive Directors</b>						
Mr. Leung King Yue, Alex (appointed on 7 July 2014)	16/19	1/1		1/1		1/1
Mr. Lewis Chan (appointed on 7 July 2014)	15/19					1/1
Mr. Leong Chi Wai (appointed on 7 July 2014)	6/19					1/1
Mr. Tung Tat Wah (Chairman, resigned on 29 July 2014)	3/19				1/1	
Mr. Wu Chun Wah, Michael (resigned on 29 July 2014)	3/19				0/1	
<b>Non-executive Directors</b>						
Ms. Chan Pui Kwan ( <i>Chairman</i> ) (appointed on 7 July 2014 and as Chairman 24 October 2014)	16/19					1/1
Mr. Ma Chun Fai (appointed on 7 July 2014)	16/19					1/1
<b>Independent Non-executive Directors</b>						
Mr. Kwok Ming Fai	6/19	1/1	2/2	1/1	1/1	1/1
Mr. Lo Chi Ming (appointed on 7 July 2014)	8/19	1/1	1/2	1/1		0/1
Mr. Jochum Siebren Haakma (appointed on 7 July 2014)	2/19	1/1	1/2	1/1		0/1
Mr. Siu Siu Ling, Robert (resigned on 29 July 2014)	3/19		1/2		1/1	
Mr. Lee Ming Ching, Stephen (resigned on 29 July 2014)	2/19		1/2		1/1	

### **Board Committees**

The Board has established (i) Remuneration Committee, (ii) Nomination Committee; and (iii) Audit Committee, with defined terms of reference. The terms of reference of the board committees which explain their respective roles and the authority delegated to them by the Board are posted on the websites of the Stock Exchange and the Company. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

### **Remuneration Committee**

The Remuneration Committee comprises of one executive director, Mr. Leung King Yue, Alex and three independent non-executive directors, Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. It is chaired by Mr. Kwok Ming Fai after the resignation of Mr. Leung King Yue, Alex who held as Committee Chairman for the period from 29 July 2014 to 29 December 2014. The former Chairman Mr. Lee Ming Ching, Stephen and members Mr. Siu Siu Ling and Wu Chun Wah, Michael were resigned on 29 July 2014. The terms of reference of the Remuneration Committee have been reviewed with reference to the CG Code.

The revised written terms of reference of the Remuneration Committee was adopted in order to be in line with certain CG Code provisions which are implemented in April 2012.

The Remuneration Committee has adopted the operation model where it performs to make recommendations to the Board on the Company's policy and structure for all Director's and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee's responsibilities are to review and made recommendations to the Board on the Company's policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors including fees, benefits in kind, pension rights and compensation payments, and to recommend the remuneration of non-executive Directors and independent non-executive Directors to the Board.

Set out below is the summary of the work of the Remuneration Committee done in 2014:

- to review and make recommendations to the Board on remuneration package for the EDs, NEDs and the INEDs;
- to explore the feasibility in setting up a share option scheme in the foreseeable future;
- to consider and approve the payment of bonus (if any); and
- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

### **Audit Committee**

The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. The former members Mr. Siu Siu Ling, Robert and Mr. Lee Ming Ching, Stephen were resigned on 29 July 2014. It is chaired by Mr. Kwok Ming Fai. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The revised written terms of reference of the Audit Committee was adopted in order to be in line with certain CG Code provisions which are implemented in April 2012. In particular, the Board has delegated the corporate governance function to the Audit Committee, which is a new provision in the CG Code.

The major roles and functions of the Audit Committee of the Company are as follows:

- to review and monitor the integrity of the Group's financial statements, annual reports and half-year reports, and to review significant financial reporting judgements contained therein;
- to review the Group's financial and accounting policies and practices;
- to review the Company's financial controls, internal control and risk management systems;
- to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- to report to the Board on the matters set out in the code provision relating to Audit Committee as set out in the CG Code; and
- to review the Company's policies and practices on corporate governance and monitor the training and continuous professional development of Directors and senior management.

### **Nomination Committee**

The Nomination Committee comprises of one executive director and three independent non-executive Directors. They are Mr. Leung King Yue, Alex, Mr. Lo Chi Ming, Mr. Kwok Ming Fai and Mr. Jochum Siebren Haakma. The Nomination Committee is chaired by Mr. Lo Chi Ming. The former committee Chairman Mr. Lee Ming Ching, Stephen, and members Mr. Siu Siu Ling, Robert and Mr. Tung Tat Wah were resigned on 29 July 2014.

The revised written terms of reference of the Nomination Committee was adopted in order to be in line with certain CG Code provisions which are implemented in April 2012.

The major roles and functions of the Nomination Committee of the Company are as follows:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.

### Corporate Governance Function

The Board is responsible for performing the corporate governance duties of the Company, including:

- i. to develop and review the Group's policies and practices on corporate governance;
- ii. to review and monitor the training and continuous professional development of the Directors and senior management;
- iii. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and
- iv. to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

### Responsibilities in Preparing the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2014.

The statement of the external auditors of the Company about its reporting responsibilities on the financial statements is set out in the section headed "Independence Auditor's Report" on pages 31 to 32 of this Report.

### Internal Control and Risk Management

The Company places great importance on internal control and risk management.

The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals.

The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

During the year, the Company complied with the code provisions on internal controls as stipulated in the CG Code. The Board has conducted a review of the internal control system of the Group and considered that the internal control system of the Group has been implemented effectively. There has no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed.

The Audit Committee has reviewed the internal control system and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control system to safeguard the assets of the Group.

## Listing Rules Compliance

Throughout the year, the Group has fully complied with the Listing Rules requirements. financial reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

## Auditors' Remuneration

Audit Committee of the Company reviews the terms of appointment of the external auditors each year. The review includes its independence, the scope of its audit, its audit fees, and the scope and professional fees for any non-audit services.

For the year ended 31 December 2014, services provided to the Company by its external auditor and the respective fees paid were:

	<b>2014</b>
	<i>HK\$</i>
Audit services	200,000
Non-audit services	186,050
	<b>386,050</b>

## Company Secretary

Ms. Chiu Fung Chi, Doris ("Ms. Chiu"), the Company Secretary of the Company. Ms. Chiu is appointed by the Board and is an employee of the Company. She has day-to-day knowledge of the Group's affairs.

She coordinates and supplies of information to the Board and also ensures that board policy and procedures are followed for all board meetings. She is also responsible for advising the Board on corporate governance and the implementation of the CG Code. She has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2014.

## Communication with Shareholders

The Board recognizes the importance of good communication with Shareholders and highly respects the Shareholders' right to express their view and appreciates their suggestions to the Company.

The Company uses a number of formal communication channels to deliver the information to Shareholders in a timely manner for assuring the Shareholders are kept well informed of the Company's key business imperatives. These include general meetings, interim and annual reports, various announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders as the website be updated with published information of the Group.

### Voting by Poll

Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

The voting procedures for demanding a poll by shareholders were written in the 2014 annual general meeting (the "AGM") circular, and the voting procedures were explained in the AGM.

### Shareholders' Rights

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated Articles of Association of the Company in a consolidated form on the website of the Stock Exchange and the Company.

During the year 2014, there had been no significant change in the Company's constitutional documents.

### Procedures for Requisitioning an Extraordinary General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Articles of Association of the Company or the Cayman Islands Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised). However, according to the Articles of Association of the Company, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, by written requisition to the board or the company secretary of the Company at the principal place of business in Hong Kong, to request to convene an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after deposit of such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. If within 21 days of such deposit the Board fails to proceed to convene such meeting the shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the shareholder(s) as a result of the failure of the Board shall be reimbursed to the shareholder(s) by the Company.

### Procedures for Sending Enquiries to the Board

Shareholders may send written enquires to the Company, for the attention of Company Secretary, by fax (852) 27786178 or mail to 1/F Shun On Commercial Building, 112-114 Des Voeux Road Central, Central, Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, and inquiries to the executive Directors of the Company.

On behalf of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 27 March 2015

# INDEPENDENT AUDITOR'S REPORT

## **TO THE SHAREHOLDERS OF DT CAPITAL LIMITED**

*(Formerly known as Incutech Investments Limited)*

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of DT Capital Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 33 to 72, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Directors' Responsibility for the Consolidated Financial Statements**

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

## **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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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.



## Opinion

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

### **Li, Tang, Chen & Co.**

*Certified Public Accountants (Practising)*

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

27 March 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Note</i>	<b>2014 HK\$</b>	2013 HK\$
<b>Turnover</b>	9	<b>182,016</b>	182,016
Other revenue	10	<b>332,825</b>	—
Other gain	10	<b>3,168,300</b>	134,000
Administrative and other operating expenses		<b>(7,051,304)</b>	(6,274,823)
Finance costs	11	<b>(374,351)</b>	(706,068)
<b>Loss before taxation</b>	12	<b>(3,742,514)</b>	(6,664,875)
Income tax expense	14(a)	—	—
<b>Loss and total comprehensive loss attributable to equity holders of the Company</b>	15	<b>(3,742,514)</b>	(6,664,875)
<b>Loss per share</b>			
Basic	16	<b>(0.004)</b>	(0.093)
Diluted	16	<b>N/A</b>	N/A
<b>Dividend</b>		<b>Nil</b>	Nil

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK\$	2013 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	17	376,741	1
Available-for-sale financial assets	20	28,000,000	—
		<b>28,376,741</b>	<b>1</b>
<b>Current assets</b>			
Other receivables, deposits and prepayments	22	958,664	119,435
Financial assets at fair value through profit or loss	23	8,506,508	5,338,208
Cash and bank balances	24	113,854,617	6,282
		<b>123,319,789</b>	<b>5,463,925</b>
<b>Current liabilities</b>			
Short term loans	25	—	9,380,184
Amount due to a director	21	400,000	9,316,392
Other payables and accruals	26	1,521,638	15,219,433
		<b>1,921,638</b>	<b>33,916,009</b>
<b>Net current assets/(liabilities)</b>		<b>121,398,151</b>	<b>(28,452,084)</b>
<b>Net assets/(liabilities)</b>		<b>149,774,892</b>	<b>(28,452,083)</b>
<b>Capital and reserves</b>			
Share capital	27	18,995,000	720,000
Reserves	28	130,779,892	(29,172,083)
<b>Total equity/(deficit)</b>		<b>149,774,892</b>	<b>(28,452,083)</b>
<b>Net asset/(liability) value per share</b>	29	<b>0.08</b>	<b>(0.40)</b>

The financial statements on pages 33 to 72 were approved and authorised for issue by the board of directors on 27 March 2015

**Leung King Yue, Alex**  
Executive Director

**Lewis Chan**  
Executive Director

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK\$	2013 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	17	376,741	1
Investments in subsidiaries	18	39	8
Loan to subsidiaries	19	28,000,000	—
Amounts due from subsidiaries	21	243,086	—
		<b>28,619,866</b>	9
<b>Current assets</b>			
Other receivables, deposits and prepayments	22	635,158	9,817
Financial assets at fair value through profit or loss	23	8,506,508	5,338,208
Cash and bank balances	24	113,854,617	6,282
		<b>122,996,283</b>	5,354,307
<b>Current liabilities</b>			
Amounts due to subsidiaries	21	—	13,665,245
Amount due to a director	21	400,000	—
Other payables and accruals	26	1,334,095	15,202,252
		<b>1,734,095</b>	28,867,497
<b>Net current assets/(liabilities)</b>		<b>121,262,188</b>	(23,513,190)
<b>Net assets/(liabilities)</b>		<b>149,882,054</b>	(23,513,181)
<b>Capital and reserves</b>			
Share capital	27	18,995,000	720,000
Reserves	28	130,887,054	(24,233,181)
<b>Total equity/(deficit)</b>		<b>149,882,054</b>	(23,513,181)

The financial statements on pages 33 to 72 were approved and authorised for issue by the board of directors on 27 March 2015

**Leung King Yue, Alex**  
Executive Director

**Lewis Chan**  
Executive Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2013	720,000	67,320,071	(89,827,279)	(21,787,208)
Loss and total comprehensive loss for the year	—	—	(6,664,875)	(6,664,875)
Balance as at 31 December 2013 and 1 January 2014	720,000	67,320,071	(96,492,154)	(28,452,083)
Loss and total comprehensive loss for the year	—	—	(3,742,514)	(3,742,514)
Allotment of shares	18,275,000	164,475,000	—	182,750,000
Transaction cost on allotment of shares	—	(780,511)	—	(780,511)
Balance as at 31 December 2014	18,995,000	231,014,560	(100,234,668)	149,774,892

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK\$	2013 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(3,742,514)	(6,664,875)
Adjustments for:		
Interest income	(332,825)	—
Interest expenses	374,351	706,068
Depreciation	14,623	72,584
Net unrealised gain on financial assets at fair value through profit or loss	(3,168,300)	(134,000)
<b>Operating loss before changes in working capital</b>	<b>(6,854,665)</b>	<b>(6,020,223)</b>
Increase in other receivables, deposits and prepayments	(839,229)	(3,375)
(Decrease)/increase in amount due to a director	(8,916,392)	1,864,541
(Decrease)/increase in other payables and accruals	(13,697,795)	3,915,384
<b>Cash used in operations</b>	<b>(30,308,081)</b>	<b>(243,673)</b>
Interest received	332,825	—
Interest paid	(374,351)	—
<b>Net cash used in operating activities</b>	<b>(30,349,607)</b>	<b>(243,673)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(391,363)	—
Purchase of available-for-sale financial assets	(28,000,000)	—
<b>Net cash used in investing activities</b>	<b>(28,391,363)</b>	<b>—</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of shares	181,969,489	—
Repayment of short term loans	(9,380,184)	—
<b>Net cash generated from financing activities</b>	<b>172,589,305</b>	<b>—</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>113,848,335</b>	<b>(243,673)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>6,282</b>	<b>249,955</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>113,854,617</b>	<b>6,282</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	113,854,617	6,282

# NOTES ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 1. a) General

DT Capital Limited ("the Company") (formerly known as Incutech Investments Limited) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is 1/F., Shun On Commercial Building, 112-114 Des Voeux Road Central, Central, Hong Kong.

The Company and its subsidiaries ("the Group") engage in investment holding and trading of securities.

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

## b) Background

The Company's shares were suspended for trading on the Stock Exchange on 13 June 2008.

i) With the incoming of new investors and pursuant to the sale and purchase agreement dated 30 April 2013, Sharp Years Limited and Hugo Lucky Limited ("the Offerors") agreed to acquire the sale shares, being 15,000,000 shares from Biggish Management Limited ("the Vendor") at a total consideration of HK\$1,500,000, which was equivalent to HK\$0.1 per sale share.

The acquisition was completed simultaneously with the subscription referred to in (ii) below on 30 June 2014. The Offerors each acquired 7,500,000 shares from the Vendor.

ii) Pursuant to the subscription agreements dated 30 April 2013, the Company has allotted and issued the subscription shares, being 1,400,000,000 shares at the subscription price of HK\$0.1 per subscription share to Sharp Years Limited ("the First Offeror") and Hugo Lucky Limited ("the Second Offeror").

The subscription of shares by the Offerors was completed on 30 June 2014. 420,000,000 and 980,000,000 shares were allotted and issued to the First Offeror and the Second Offeror respectively.

iii) In order to facilitate the issue and allotment of the subscription shares referred to in (ii) above and future expansion in the share capital of the Company, the Board proposed that the authorized share capital of the Company be increased from HK\$5,000,000 divided into 500,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,500,000,000 shares.

The increase in authorized capital was approved by the independent shareholders at the extraordinary general meeting held on 24 June 2014 and became effective on 30 June 2014.

iv) With the open offer of shares on 29 August 2014, the Company has allotted and issued open offer shares, being 427,500,000 shares at the price of HK\$0.1 per shares to the other public shareholders. The net proceeds from the allotment were approximately HK\$41,969,000.

v) As all the resumption conditions have been fulfilled, the Company has resumed trading of share on the Stock Exchange on 29 September 2014.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

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

The Group has adopted the following revised standards and a new interpretation for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Contribution of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The nature and the impact of each amendment and interpretation is described below:

- a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- b) Amendments to HKAS 32 clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- c) Amendments to HKAS 36 remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.
- d) Amendments to HKAS 39 provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.



## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

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

- e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

### 3. Issued but not yet Effective Hong Kong Financial Reporting Standards

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

Amendments to HKAS1 HKFRS 9	<i>Disclosure Initiative</i> <sup>2</sup> <i>Financial Instruments</i> <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup> <i>Regulatory Deferral Accounts</i> <sup>5</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
<i>Annual Improvements — 2010-2012 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements — 2011-2013 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements — 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

#### 4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

**(a) Basis of preparation:**

The financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention except that financial assets at fair value through profit or loss are stated at fair value.

**(b) Basis of consolidation:**

The consolidated financial statements include the financial statements of Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

**(c) Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul cost, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method, at the following rate per annum:

Leasehold improvements	20%
Computer equipment	20%
Furniture and fixtures	20%
Office equipment	50%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year in which the item is derecognised.

#### 4. Summary of Significant Accounting Policies (Continued)

##### **(d) Subsidiaries:**

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

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

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

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less impairment losses.

##### **(e) Investments:**

The Group classifies its investments in the following categories: loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

##### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 4. Summary of Significant Accounting Policies (Continued)

##### (e) Investments: (Continued)

###### (ii) *Financial assets at fair value through profit or loss*

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. All derivatives financial assets are also categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

###### (iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). The Group designated investments in unlisted securities as available-for-sale financial assets.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, at which item the cumulative gain or loss is recognised in the income statement and removed from the fair value reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

##### (f) Impairment of assets:

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

In case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the equity securities below their cost is considered in determining whether the securities are impaired. Impairment losses recognised in profit or loss on equity securities are not reversed through profit or loss.

#### 4. Summary of Significant Accounting Policies (Continued)

**(g) Cash and cash equivalents:**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

**(h) Foreign currency translation:**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**(iii) Group companies**

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) the resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

#### 4. Summary of Significant Accounting Policies (Continued)

**(i) Taxation:**

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

**(j) Provisions and contingent liabilities:**

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

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

#### 4. Summary of Significant Accounting Policies (Continued)

##### **(k) Revenue recognition:**

- (i) Sales of investments in equity securities including available-for-sale financial assets and financial assets at fair value through profit or loss are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.
- (ii) Interest income is recognised as it accrues using the effective interest method.
- (iii) Dividend income from equity securities is recognised when the shareholders' rights to receive payment have been established.

##### **(l) Operating lease:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expenses in profit or loss on a straight-line basis over the period of the lease.

##### **(m) Related parties:**

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

#### 4. Summary of Significant Accounting Policies (Continued)

**(n) Segment reporting:**

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

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

**(o) Employees benefits:**

***Pension obligations***

The Group participates a defined contribution mandatory provident fund scheme (the "MPF Scheme") which is available to all employees. Contributions to the MPF Scheme by the Group and its employees are calculated based on a percentage of employees' relevant income. The Group's contributions to the fund are incurred as expenses and the assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund.

Payments to the Group's MPF Scheme are charged as expenses as they fall due.

#### 5. Critical Accounting Estimates And Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group did not use any critical accounting estimates in the preparation of the financial statements.

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

**Impairment of available-for-sale financial assets**

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgment, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.



## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 6. Capital Risk Management

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

The capital structure of the Group consists of equity reserves attributable to equity holders of the Company, comprising issued share capital, other reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company 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 the payment of dividends and new share issues.

### 7. Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### 2014

#### The Group

#### Financial assets

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Available- for-sale financial assets HK\$	Total HK\$
Available-for-sale financial assets	—	—	28,000,000	28,000,000
Other receivables and deposits	609,470	—	—	609,470
Financial assets at fair value through profit or loss	—	8,506,508	—	8,506,508
Cash and bank balances	113,854,617	—	—	113,854,617
	<b>114,464,087</b>	<b>8,506,508</b>	<b>28,000,000</b>	<b>150,970,595</b>

#### Financial liabilities

	Financial liabilities at amortised cost HK\$
Amount due to a director	400,000
Other payables and accruals	1,521,638
	<b>1,921,638</b>

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

7. Financial Instruments By Category (Continued)  
2013

**The Group**

**Financial assets**

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
Other receivables and deposits	119,037	—	119,037
Financial assets at fair value through profit or loss	—	5,338,208	5,338,208
Cash and bank balances	6,282	—	6,282
	125,319	5,338,208	5,463,527

**Financial liabilities**

	Financial liabilities at amortised cost HK\$
Short term loans	9,380,184
Amount due to a director	9,316,392
Other payables and accruals	15,219,433
	33,916,009

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

7. Financial Instruments By Category (Continued)  
2014

**The Company**

**Financial assets**

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
Loans to subsidiaries	28,000,000	—	28,000,000
Amounts due from subsidiaries	243,086	—	243,086
Other receivables and deposits	286,362	—	286,362
Financial assets at fair value through profit or loss	—	8,506,508	8,506,508
Cash and bank balances	113,854,617	—	113,854,617
	<b>142,384,065</b>	<b>8,506,508</b>	<b>150,890,573</b>

**Financial liabilities**

	Financial liabilities at amortised cost HK\$
Amount due to a director	400,000
Other payables and accruals	1,334,095
	<b>1,734,095</b>

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

7. Financial Instruments By Category (Continued)  
2013

**The Company**

**Financial assets**

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
Other receivables and deposits	9,817	—	9,817
Financial assets at fair value through profit or loss	—	5,338,208	5,338,208
Cash and bank balances	6,282	—	6,282
	16,099	5,338,208	5,354,307

**Financial liabilities**

	Financial liabilities at amortised cost HK\$
Amounts due to subsidiaries	13,665,245
Other payables and accruals	15,202,252
	28,867,497

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 8. Financial Risk Management Objectives and Policies

#### (a) Financial risk factors:

The Group's major financial instruments comprise available-for-sale financial assets, other receivables and deposits, financial assets at fair value through profit or loss, cash and bank balances, short term loans, amount due to a director and other payables and accruals.

The Group's activities expose it to a variety of financial risks: equity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (i) Equity price risk

The Group and the Company are exposed to equity securities which are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. These are susceptible to equity price risk arising from uncertainties about the future prices of the instruments. The Group's and the Company's equity price risk is managed through diversification of the investment portfolio ratios by exposures.

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed equity securities or the derivative financial instruments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

*The Group and the Company*

	Increase/ (decrease) in fair value %	Decrease/ (increase) in loss before taxation HK\$	Increase/ (decrease) in equity HK\$
<b>2014</b>			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss	5	425,325	355,147
	(5)	(425,325)	(355,147)
<b>2013</b>			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss	5	266,910	222,870
	(5)	(266,910)	(222,870)

8. Financial Risk Management Objectives and Policies (Continued)

(a) **Financial risk factors: (Continued)**

(i) **Equity price risk (Continued)**

Concentration of equity price risk may arise if the Group has a significant investment in a single equity investment. At the end of the reporting period, the Group has a certain concentration risk in one (2013: one) equity investment which account for more than 5% of the total assets of the Group.

	% of total assets of the Group	
	2014	2013
Upbest Group Limited	5.03%	89.76%

(ii) **Credit risk**

The Group and the Company take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the end of the reporting period, if any. The Group and the Company are responsible for monitoring the amount of credit exposure to any financial institution.

(iii) **Liquidity risk**

The Group and the Company invest in both listed and unlisted securities which are designated as available-for-sale financial assets and/or financial assets at fair value through profit or loss. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organised public market and may be illiquid. As a result, the Group and the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

The following table details the Group's and the Company's remaining contractual maturity for their financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

8. Financial Risk Management Objectives and Policies (Continued)

(a) Financial risk factors: (Continued)

(iii) Liquidity risk (Continued)

The Group

	Carrying amount at 31 December HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
<b>2014</b>			
<b>Non-derivative financial liabilities</b>			
Amount due to a director	400,000	400,000	400,000
Other payables and accruals	1,521,638	1,521,638	1,521,638
	<b>1,921,638</b>	<b>1,921,638</b>	<b>1,921,638</b>
<b>2013</b>			
<b>Non-derivative financial liabilities</b>			
Short-term loans	9,380,184	9,380,184	9,380,184
Amount due to a director	9,316,392	9,316,392	9,316,392
Other payables and accruals	15,219,433	15,219,433	15,219,433
	<b>33,916,009</b>	<b>33,916,009</b>	<b>33,916,009</b>

The Company

	Carrying amount at 31 December HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
<b>2014</b>			
<b>Non-derivative financial liabilities</b>			
Amount due to a director	400,000	400,000	400,000
Other payables and accruals	1,334,095	1,334,095	1,334,095
	<b>1,734,095</b>	<b>1,734,095</b>	<b>1,734,095</b>
<b>2013</b>			
<b>Non-derivative financial liabilities</b>			
Amounts due to subsidiaries	13,665,245	13,665,245	13,665,245
Other payables and accruals	15,202,252	15,202,252	15,202,252
	<b>28,867,497</b>	<b>28,867,497</b>	<b>28,867,497</b>

## 8. Financial Risk Management Objectives and Policies (Continued)

### (a) Financial risk factors: (Continued)

#### (iv) Interest rate risk

The Group and the Company have no interest-bearing financial liabilities at the end of the reporting period (2013: The Group was exposed to interest rate risk in relation to short term loans). The Group and the Company only expose to changes in interest rates to their interest-bearing short-term bank fixed deposits.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2014 would decrease/increase by HK\$459,358 (2013: increase/decrease HK\$38,401).

#### (v) Foreign currency risk

The Group holds assets denominated in currencies other than the Hong Kong dollars, the functional currency. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the directors consider the Group has no significant foreign currency risk exposure.

### (b) Fair values:

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's and the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.



NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

8. Financial Risk Management Objectives and Policies (Continued)

(b) Fair values: (Continued)

(i) Fair value hierarchy (Continued)

The Group and the Company

	Fair value measurements as at 31 December 2014 categorized into			Fair value at 31 December
	Level 1	Level 2	Level 3	2014
	HK\$	HK\$	HK\$	HK\$
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss	8,506,508	—	—	8,506,508

	Fair value measurements as at 31 December 2013 categorized into			Fair value at 31 December
	Level 1	Level 2	Level 3	2013
	HK\$	HK\$	HK\$	HK\$
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss	5,338,208	—	—	5,338,208

During the years ended 31 December 2014 and 31 December 2013, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's other financial instruments carried at costs are not materially different from their fair values as at 31 December 2014 and 31 December 2013.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 9. Turnover

	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
Dividend income from listed equity securities	<b>182,016</b>	182,016

As the Group has just completed the reorganisation and resumption of trading of shares, therefore, there were no proceeds from sales of available-for-sale financial assets and sales of financial assets at fair value through profit or loss included in the turnover.

No analysis of the Group's turnover and contribution to operating profit for the current and prior years set out by principal activities and geographical markets is provided. It is because the Group has only one single business segment, investment holding, and all the consolidated turnover and the consolidated results of the Group are attributable to performance of the markets in Hong Kong.

No information about major customers has been disclosed as a substantial portion of the Group's income is derived from the Group's investments in listed equity securities and the disclosure of information regarding customers would not be meaningful.

### 10. Other Revenue and Gain

	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
Other revenue		
Interest income	<b>332,825</b>	—
Other gain		
Unrealised gain on financial assets at fair value through profit or loss	<b>3,168,300</b>	134,000

### 11. Finance Costs

	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
Interest on unsecured short term loans wholly repayable within five years	<b>374,251</b>	706,068
Interest on bank overdraft	<b>100</b>	—
	<b>374,351</b>	706,068

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

12. Loss Before Taxation

Loss before taxation has been arrived at after charging:

	2014 HK\$	2013 HK\$
Auditors' remuneration	200,000	140,000
Depreciation	14,623	72,584
Investment management fee paid to an investment manager	1,013,248	600,000
Financial advisory fee paid to:		
i) an investment manager	212,903	—
ii) an independent financial advisor	50,000	—
Staff costs, including defined contributions of HK\$29,605 (2013: HK\$23,400) to a defined contribution mandatory provident fund scheme	2,634,047	2,197,400
Minimum lease payments on properties under operating leases	504,599	412,437

13. Directors' and Senior Management's Emoluments

(a) The remuneration of every director for the year ended 31 December 2014 is as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
<b>Executive directors:</b>							
Wu Chun Wah, Michael (1)	345,161	—	1,500	—	—	—	346,661
Tung Tat Wah (1)	345,161	147,945	1,500	—	—	—	494,606
Leung King Yue, Alex (2)	116,125	—	—	—	—	—	116,125
Lewis Chan (2)	116,125	—	—	—	—	—	116,125
Leong Chi Wai (2)	116,125	—	—	—	—	—	116,125
<b>Non-executive directors:</b>							
Chan Pui Kwan (2)	87,000	—	—	—	—	—	87,000
Ma Chun Fai (2)	87,000	—	—	—	—	—	87,000
<b>Independent non-executive directors:</b>							
Kwok Ming Fai	73,932	—	—	—	—	—	73,932
Siu Siu Ling, Robert (1)	28,763	—	—	—	—	—	28,763
Lee Ming Ching, Stephen (1)	28,763	—	—	—	—	—	28,763
Lo Chi Ming (2)	48,125	—	—	—	—	—	48,125
Jochum Siebren Haakma (2)	48,125	—	—	—	—	—	48,125
	1,440,405	147,945	3,000	—	—	—	1,591,350

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

13. Directors' and Senior Management's Emoluments (Continued)

(a) The remuneration of every director for the year ended 31 December 2013 is as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
<b>Executive directors:</b>							
Wu Chun Wah, Michael	600,000	—	—	—	—	—	600,000
Tung Tat Wah	600,000	—	—	—	—	—	600,000
<b>Independent non- executive directors:</b>							
Siu Siu Ling, Robert	50,000	—	—	—	—	—	50,000
Kwok Ming Fai	50,000	—	—	—	—	—	50,000
Lee Ming Ching, Stephen	50,000	—	—	—	—	—	50,000
	1,350,000	—	—	—	—	—	1,350,000

(1) These directors resigned on 29 July 2014

(2) These directors were appointed on 7 July 2014

No directors waived or agreed to waive any remuneration during the year.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 13. Directors' and Senior Management's Emoluments (Continued)

- (b) Details of emoluments of the five highest paid individuals (including directors and other employees) are:

	2014 HK\$	2013 HK\$
Salaries and other benefits	1,770,709	824,000
Retirement benefits contributions	26,805	23,400
	<b>1,797,514</b>	847,400

Two (2013: Two) of the five highest paid individuals were directors of the Company, whose emoluments are included in Note 13(a).

Analysis of the emoluments of the five highest paid individuals (including directors and other employees) by number of individuals and emolument ranges is as follows:

	2014	2013
Nil to HK\$1,000,000	5	4

### 14. Income Tax Expense

- (a) No provision for Hong Kong profits tax has been made as the Group incurred a loss for the years ended 31 December 2014 and 31 December 2013.

- (b) Reconciliation between income tax expense and the Group's accounting loss at the statutory income tax rate is set out below:

	2014 HK\$	2013 HK\$
Loss before taxation	<b>(3,742,514)</b>	(6,664,875)
Tax effect at the statutory income tax rate of 16.5% (2013: 16.5%)	<b>(617,514)</b>	(1,099,704)
Tax effect of profit not subject to taxation	<b>(572,427)</b>	(52,143)
Tax effect of non-deductible expenses	<b>138,532</b>	5,156
Tax effect on unrecognised temporary differences	<b>(35,516)</b>	—
Tax effect of unused tax losses not recognised	<b>1,086,925</b>	1,135,852
Others	—	10,839
Income tax expense	—	—

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 14. Income Tax Expense (Continued)

- (c) At the end of the reporting period, the Group has unutilised tax losses of HK\$30,816,612 (2013: HK\$24,229,186) available for offsetting against future taxable profits. However, no deferred tax asset has been recognised due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

### 15. Loss for the Year Attributable to Equity Holders of the Company

The loss for the year attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of HK\$8,574,254 (2013: HK\$5,510,092).

### 16. Loss Per Share

The basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$3,742,514 (2013: HK\$6,664,875) and the weighted average number of 927,993,151 (2013: 72,000,000) ordinary shares in issue during the year.

There is no diluted loss per share for the years ended 31 December 2014 and 31 December 2013 presented since the Company had no dilutive potential ordinary shares.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

17. Property, Plant and Equipment

	The Group and the Company				Total HK\$
	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	
	HK\$	HK\$	HK\$	HK\$	
As at 1 January 2013					
Cost	145,169	—	—	54,076	199,245
Accumulated depreciation	(72,585)	—	—	(54,075)	(126,660)
Net book value	72,584	—	—	1	72,585
Net book value as at					
1 January 2013	72,584	—	—	1	72,585
Depreciation	(72,584)	—	—	—	(72,584)
Net book value as at					
31 December 2013	—	—	—	1	1
As at 31 December 2013					
Cost	145,169	—	—	54,076	199,245
Accumulated depreciation	(145,169)	—	—	(54,075)	(199,244)
Net book value	—	—	—	1	1
<b>Net book value as at</b>					
<b>1 January 2014</b>					
	—	—	—	1	1
<b>Additions</b>	<b>288,000</b>	<b>69,913</b>	<b>33,450</b>	—	<b>391,363</b>
<b>Depreciation</b>	<b>(9,600)</b>	<b>(3,907)</b>	<b>(1,115)</b>	<b>(1)</b>	<b>(14,623)</b>
<b>Net book value as at</b>					
<b>31 December 2014</b>					
	<b>278,400</b>	<b>66,006</b>	<b>32,335</b>	—	<b>376,741</b>
<b>As at 31 December 2014</b>					
<b>Cost</b>	<b>288,000</b>	<b>69,913</b>	<b>33,450</b>	<b>54,076</b>	<b>445,439</b>
<b>Accumulated depreciation</b>	<b>(9,600)</b>	<b>(3,907)</b>	<b>(1,115)</b>	<b>(54,076)</b>	<b>(68,698)</b>
<b>Net book value</b>	<b>278,400</b>	<b>66,006</b>	<b>32,335</b>	—	<b>376,741</b>

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

18. Investments in Subsidiaries

	<b>The Company</b>	
	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
Unlisted shares, at cost	<b>40</b>	9
Less: provision for impairment	<b>(1)</b>	(1)
	<b>39</b>	8

Details of the Company's subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity interest held		Principal activity
			Directly	Indirectly	
			%	%	
Perfect Partner Holdings Limited	Hong Kong	HK\$1	100	—	Dormant
Sparkling Achievement Limited	British Virgin Islands	US\$1	100	—	Dormant
Ace Perfection Group Limited	British Virgin Islands	US\$1	100	—	Investment holding
Power Bright International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Equity Merit International Limited	British Virgin Islands	US\$1	100	—	Dormant
New Fantasy International Limited	British Virgin Islands	US\$1	100	—	Dormant

All subsidiaries operate in Hong Kong.

None of the subsidiaries had any loan capital outstanding at the end of the reporting period or at any time during the year.

During the year, the Group incorporated four wholly-owned subsidiaries, namely Ace Perfection Group Limited, Power Bright International Limited, Equity Merit International Limited and New Fantasy International Limited.



NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

19. Loan to Subsidiaries

These accounts represent advances which are unsecured and not to be settled within twelve months from the end of the reporting period. Interest bearing advance to a subsidiary carries interest at commercial rates.

	The Company	
	2014 HK\$	2013 HK\$
Interest bearing	25,000,000	—
Non-interest bearing	3,000,000	—
	<b>28,000,000</b>	—

20. Available-for-sale Financial Assets

	The Group		The Company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Unlisted equity securities, at cost	3,000,000	—	—	—
Unlisted debt securities, at cost	25,000,000	—	—	—
	<b>28,000,000</b>	—	—	—

At the end of the reporting period, the unlisted equity and debt securities are stated at cost because their fair values cannot be measured reliably. In the opinion of the directors, the costs of these unlisted equity and debt securities are not materially different from their fair values.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

20. Available-for-sale Financial Assets (Continued)

(a) Details of unlisted equity and debt securities as at 31 December 2014 are as follows:

Name of companies	Place of incorporation	Proportion of share capital owned	Cost HK\$	Impairment loss HK\$	Carrying amount HK\$	% of total assets of the Group	Principal activities
Good Quality Investment Limited	Hong Kong	20%	3,000,000	—	3,000,000	1.98%	Investment holding
Yi Hua Department Store Holdings Limited ("Yi Hua Store")	Cayman Islands	N/A <sup>*1</sup>	25,000,000	—	25,000,000	16.48%	Operation of department store chain
			<b>28,000,000</b>	<b>—</b>	<b>28,000,000</b>		

\*1 No share capital owned as it is a 3-years bond with 7% coupon rate issued by Yi Hua Store.

(b) Particulars of major available-for-sale financial assets

(i) **Unlisted equity securities**

**Good Quality Investment Limited ("Good Quality")**

Good Quality is incorporated in Hong Kong and is inactive during the year.

The Group holds 3,000,000 shares in Good Quality, representing 20% interest in the issued share capital of Good Quality. No dividend was received during the year. No audited or unaudited financial statements is available as Good Quality is inactive during the year.

(ii) **Unlisted debt securities**

**Yi Hua Department Store Holdings Limited ("Yi Hua Store")**

Yi Hua Store is incorporated in the Cayman Islands and is principally engaged in operation of department stores chain in the People's Republic of China.

On 17 November 2014, the Company entered into the Subscription Agreement with Yi Hua Store pursuant to which the Company agreed to subscribe for 7% coupon unlisted bonds due 2017 issued by Yi Hua Store in an aggregate principal amount of HK\$25,000,000 due on the third anniversary of the date of issue of the Bonds and derived an interest income of HK\$213,889 during the year. Based on the annual results for the year ended 31 December 2014, the net asset value of Yi Hua Store was approximately HK\$198,799,000.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

21. Amounts due from/(to) Subsidiaries/A Director

(a)

	The Company	
	2014 HK\$	2013 HK\$
Amounts due from subsidiaries	5,914,416	—
Less: provision for impairment loss on amount due from subsidiaries	(5,671,330)	—
	243,086	—

(b) Amounts due from subsidiaries are non-interest bearing, unsecured and not to be settled within twelve months from the end of the reporting period.

Amounts due to subsidiaries/a director are unsecured, interest-free and have no fixed term of repayment.

22. Other Receivables, Deposits and Prepayments

	The Group		The Company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Deposits	339,950	109,220	230,730	—
Prepayments	349,194	398	348,796	—
Other receivables	269,520	9,817	55,632	9,817
	958,664	119,435	635,158	9,817

No ageing analysis is disclosed for other receivables in view of the fact that they comprise mainly accrued interest income from unlisted debt securities.

23. Financial Assets at Fair Value Through Profit or Loss

	The Group and The Company	
	2014 HK\$	2013 HK\$
Equity securities listed in Hong Kong at fair value	8,506,508	5,338,208
Market value of listed equity securities	8,506,508	5,338,208

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

23. Financial Assets at Fair Value Through Profit or Loss (Continued)

(a) Listed equity securities of the Group as at 31 December 2014 are as follows:

Name of investee companies	Fair value HK\$	Unrealised gain HK\$	% of total assets of the Group	Net assets attributable to the Group HK\$
UBA Investments Limited	871,948	438,060	0.57%	555,341
Upbest Group Limited	7,634,560	2,730,240	5.03%	5,431,229
	<u>8,506,508</u>	<u>3,168,300</u>		

(b) Particulars of major financial assets at fair value through profit or loss

**UBA Investments Limited (“UBA Investments”)**

UBA Investments is incorporated in the Cayman Islands and is principally engaged in investment holding and trading of securities.

The Group holds 4,172,000 shares in UBA Investments, representing 0.39% interest in the issued share capital of UBA Investments. No dividend income was received during the year. Based on the interim report for the six months ended at 30 September 2014, the net asset value of UBA Investments was approximately HK\$141,069,000.

**Upbest Group Limited (“Upbest Group”)**

Upbest Group is incorporated in the Cayman Islands and is principally engaged in investment holding.

The Group holds 5,056,000 shares in Upbest Group, representing 0.38% interest in the issued share capital of Upbest Group and derived a dividend income of HK\$182,016 for the year ended 31 December 2014. Based on the interim report for the six months ended at 30 September 2014, the net asset value of Upbest Group was approximately HK\$1,441,000,000.

24. Cash and Bank Balances

	The Group and The Company	
	2014 HK\$	2013 HK\$
Time deposits with banks with maturity period less than three months	110,025,952	—
Bank balances	3,828,665	6,282
	<u>113,854,617</u>	<u>6,282</u>

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 25. Short Term Loans

The short term loans are unsecured and repayable on demand. Interest is charged at a range from 2% to 9.25% per annum for the year ended 31 December 2013.

### 26. Other Payables and Accruals

Included in the other payables and accruals are the amounts due to directors arising from unsettled directors' fees amounting to HK\$Nil (2013: HK\$8,038,575), the amount due to the investment manager for unsettled investment management fee amounting to HK\$763,248 (2013: HK\$2,800,000) and the amount due to financial advisor for unsettled financial advisory fee amounting to HK\$212,903 (2013: HK\$Nil).

No ageing analysis is disclosed as they are not trade creditors.

### 27. Share Capital

	Number of shares		Share capital	
	2014	2013	2014 HK\$	2013 HK\$
Ordinary shares of HK\$0.01 each				
Authorised ( <i>note (a)</i> )	<b>2,000,000,000</b>	500,000,000	<b>20,000,000</b>	5,000,000
Issued and fully paid:				
At 1 January	<b>72,000,000</b>	72,000,000	<b>720,000</b>	720,000
Allotment of shares ( <i>note (b)</i> )	<b>1,827,500,000</b>	—	<b>18,275,000</b>	—
At 31 December	<b>1,899,500,000</b>	72,000,000	<b>18,995,000</b>	720,000

Note:

- (a) The authorised capital was increased from HK\$5,000,000 divided into 500,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,500,000,000 shares which was passed by an ordinary resolution of the independent shareholders at the extraordinary general meeting held on 24 June 2014.
- (b) As detailed in note 1(b) on the financial statements, pursuant to the Subscription Agreement dated 30 April 2013, the Company has allotted and issued the subscription shares, being 1,400,000,000 shares at the subscription price of HK\$0.1 per subscription share to Sharp Years Limited and Hugo Lucky Limited ("the Offerors"). The subscription of shares by the Offerors was completed on 30 June 2014.

And on 29 August 2014, the Company has allotted and issued the open offer shares, being 427,500,000 shares at the price of HK\$0.1 per shares to the other public shareholders. The net proceeds from the allotment were approximately HK\$41,969,000.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 28. Reserves

#### The Group

	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2013	67,320,071	(89,827,279)	(22,507,208)
Loss and total comprehensive loss for the year	—	(6,664,875)	(6,664,875)
Balance as at 31 December 2013 and 1 January 2014	67,320,071	(96,492,154)	(29,172,083)
Loss and total comprehensive loss for the year	—	(3,742,514)	(3,742,514)
Allotment of shares	164,475,000	—	164,475,000
Transaction cost on allotment of shares	(780,511)	—	(780,511)
Balance as at 31 December 2014	231,014,560	(100,234,668)	130,779,892

#### The Company

	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2013	67,320,071	(86,043,160)	(18,723,089)
Loss and total comprehensive loss for the year	—	(5,510,092)	(5,510,092)
Balance as at 31 December 2013 and 1 January 2014	67,320,071	(91,553,252)	(24,233,181)
Loss and total comprehensive loss for the year	—	(8,574,254)	(8,574,254)
Allotment of shares	164,475,000	—	164,475,000
Transaction cost on allotment of shares	(780,511)	—	(780,511)
Balance as at 31 December 2014	231,014,560	(100,127,506)	130,887,054

### 29. Net Asset/(Liability) Value Per Share

The calculation of net asset/(liability) value per share is based on the net assets of HK\$149,774,892 (2013: net liabilities of HK\$28,452,083) and the 1,899,500,000 (2013: 72,000,000) ordinary shares in issue as at 31 December 2014.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 30. Operating Lease Commitments

At the end of the reporting period, the Group and the Company had entered into the following future minimum lease payments in respect of the office premises under the non-cancellable operating leases. These leases run for 17 months to two years (2013: two years).

	The Group		The Company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Within one year	<b>1,047,888</b>	357,696	<b>720,000</b>	—
In the second to fifth years, inclusive	<b>222,000</b>	327,888	<b>222,000</b>	—
	<b>1,269,888</b>	685,584	<b>942,000</b>	—

### 31. Connected and Related Party Transactions

During the year, the Group and the Company had the following transactions with its related parties:

	Notes	The Group and The Company	
		2014 HK\$	2013 HK\$
Investment management fee paid to Hua Yu Investment Management Limited	(a)	<b>1,013,248</b>	600,000
Financial advisory fee paid to Hua Yu Investment Management Limited for:	(b)		
i) period from 1 June 2014 to 31 December 2014		<b>210,000</b>	—
ii) period from 29 May 2014 to 31 May 2014		<b>2,903</b>	—
Custodian fee paid to Bank of Communication Trustee Limited	(c)	<b>35,500</b>	35,200

- (a) The Company and Hua Yu Investment Management Limited, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director of the investment manager, had entered into an investment management agreement on 25 February 2013 for the term of one year from 1 March 2013 at a quarterly management fee of HK\$150,000. The investment management agreement was further renewed the service period for three months up to 31 May 2014. Pursuant to the investment management agreement, an investment management fee is payable at HK\$150,000 quarterly.

A new investment management agreement was entered into between the Company and the investment manager on 28 May 2014 for the service period of three years to 31 May 2017. Pursuant to the investment management agreement, monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 31. Connected and Related Party Transactions (Continued)

(a) (Continued)

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the financial years ended/ending 31 December 2014, 2015, 2016 and 2017 are HK\$3,050,000, HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively (2013: HK\$Nil). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014. There was no performance fee paid for the financial year ended 31 December 2014.

- (b) The Company entered corporate financial advisory agreement with the investment manager as referred to in (a) above on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the financial years ended/ending 31 December 2014, 2015, 2016 and 2017 are HK\$210,000, HK\$360,000, HK\$360,000 and HK\$150,000 respectively (2013: HK\$Nil). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- (c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

- (d) The remuneration of directors and other members of key management during the year were disclosed in note 13.

- (e) Detail of the balances with a director is disclosed in note 21 on the financial statements.

The above transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties.



## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

### 32. Subsequent Events

The Company and Ms. Chan Pui Kwan (“Ms. Chan”) and Mr. Ma Chun Fai (“Mr. Ma”), both are non-executive directors, have entered into a Sale and Purchase Agreement (“the Agreement”) dated 6 March 2015 in relation to the acquisition of the share capital of US\$2 (equivalent to HK\$15.60) divided into 2 shares of US\$1 each and the loan of HK\$10,498,854 of Rainbow Ocean Investments Limited (“Rainbow Ocean”) at a cash consideration of HK\$9,500,000.

Rainbow Ocean was 50% owned by Ms. Chan and 50% by Mr. Ma. Each of them is a substantial shareholder of the Company with indirect holding through Sharp Years Limited which holds 254,500,000 shares in the Company, representing approximately 13.40% of the issued share capital of the Company. Accordingly, they are connected persons of the Company and the acquisition constituted a connected transaction of the Company subsequent to 31 December 2014.