# Sino Splendid Holdings Limited
# 中國華泰瑞銀控股有限公司

(Formerly known as China.com Inc.中華網科技公司)
(Incorporated in the Cayman Islands with limited liability)
GEM Stock : 8006

Annual Report **2013**

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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*This annual report, for which the Directors (the "Directors") of Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司 (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this annual report is accurate and complete in all material respects and no misleading; (2) there are no other matters the omission of which would make any statement in this annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

# CONTENTS

## BOARD OF DIRECTORS

**Executive Directors**
Chow Chi Wa
Huang Honghua
Xiao Hua

**Non-Executive Director**
Xu Yun *(Chairlady of the board of directors)*

**Independent Non-Executive Directors**
Peng Jiang
Zhu Xiangrong
Wu Guilong

## AUDIT COMMITTEE

Peng Jiang *(Committee Chairlady)*
Zhu Xiangrong
Wu Guilong

## REMUNERATION COMMITTEE

Peng Jiang *(Committee Chairlady)*
Zhu Xiangrong
Wu Guilong

## NOMINATION COMMITTEE

Peng Jiang *(Committee Chairlady)*
Zhu Xiangrong
Wu Guilong

## AUTHORISED REPRESENTATIVES

Chow Chi Wa
Xiao Hua

## COMPANY SECRETARY

Chow Chi Wa

## COMPLIANCE OFFICER

Chow Chi Wa

## REGISTERED OFFICE

P.O. Box 309GT Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

## PLACE OF BUSINESS

Unit 2011, 20th Floor
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

## AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102, Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

## PRINCIPAL BANKER

Citibank N.A.
The Hongkong and Shanghai Banking Corporation Limited
Guangdong Nanyue Bank

## STOCK CODE

8006

## COMPANY'S WEBSITE

http://www.sinosplendid.com

On 29 March 2013, I took over the position of Chairman of the Board from Dr. Ch'ien Kuo Fung, Raymond. I am deeply honored and privileged to have been appointed such role of the Company. I am most grateful to Dr. Ch'ien for his outstanding leadership of the Board over the past 10 years during his tenure as our Chairman.

During 2013, our business operations delivered better results compared with the same period of last year.

- Revenue from continuing operation increased 2% to HK$93.3 million in 2013 from HK$91.5 million in 2012.
- Gross profit from continuing operation remain stable as HK$48.0 million in 2013 compare to HK$47.3 million in 2012.
- Other income, gains and losses decreased 20% to HK$35.1 million in 2013 from HK$44.1 million in 2012. It is largely as a result of certain one-off gains from investments in the previous financial year which did not recur.
- Profit attributable to owners of the Company amounted to HK$102.6 million in 2013, compared to HK$20.4 million in 2012 which includes the one-time disposal gain on disposal of our portal business in China.

2013 is a remarkable year for the Company. Qiyi Holdings Limited beneficially owned by Mr. Chen Ying Zhen, becomes our new controlling shareholder and nominated new Directors to the Board. The Board conducted a detail review on the existing business operations and investments with a view to improving the performance of the assets of the Group. The Board decided to dispose our internet portal business in China and it is supported by our shareholders in an extra-ordinary general meeting held on 9 October 2013. The disposal has been completed on 30 October 2013. Upon completion of the disposal, we had changed our name from "China.com Inc. 中華網科技公司" to "Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司" to provide the Company a fresh new corporate image and identity.

Travel media business under TTG brand name is still our core business. 2013 had been a challenging year for us. The deferment of a trade show in India during the third quarter which impacts the overall revenue as planned has not dampened the overall performance as costs were prudently managed. With the exception of the deferred trade show, TTG still able to successfully organised 5 world class exhibitions and events in 2013.

While print advertising faced an uphill task with fierce competition from new media, TTG Travel Trade Publishing group was able to do well with the contribution of various special projects undertaken by the company. Key special projects such as the TTG Show Daily at major events including ATF (ASEAN Tourism Forum), PTM (Pacific Asia Travel Association Travel Mart), CITM (China International Travel Mart), along with advertising for supplements and special publications have contributed considerably to the Company's total revenue.

Going forward, we will continue to focus on travel media business and dedicate our resources for the development of the travel media business segment or other investments if opportunities arise. We will strive for a better return for the Company and our shareholders.

Finally, I would like to take this opportunity to thank all Board colleagues and employees at Sino Splendid for their good work and our shareholders for their continuing support.

**Ms. Xu Yun**
*Chairlady*

Hong Kong, 13 March 2014

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2013** | 2012 | 2011 | 2010 | 2009 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Revenue (note 1) | | | | | |
| Continuing operation | **93,326** | 91,521 | 89,755 | 77,929 | 66,587 |
| Discontinued operation | **52,950** | 50,715 | 37,355 | 27,618 | 28,416 |
| | **146,276** | 142,236 | 127,110 | 105,547 | 95,003 |
| Profit for the year attributable to: | | | | | |
| Owners of the Company | **102,556** | 20,411 | 6,910 | 2,670 | 19,352 |
| Non-controlling interests | **8** | 352 | 1,051 | 160 | – |
| | **102,564** | 20,763 | 7,961 | 2,830 | 19,352 |

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

| | At 31 December | | | | |
|---|---|---|---|---|---|
| | **2013** | 2012 | 2011 | 2010 | 2009 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Assets | **466,895** | 394,345 | 366,326 | 361,630 | 508,617 |
| Liabilities | **(19,214)** | (52,299) | (51,069) | (51,819) | (44,184) |
| Non-controlling interests | **(2,081)** | (2,073) | (1,721) | (160) | – |
| | **445,600** | 339,973 | 313,536 | 309,651 | 464,433 |

## KEY FINANCIAL DATA

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2013** | 2012 | 2011 | 2010 | 2009 |
| | **HK cents** | HK cents | HK cents | HK cents | HK cents |
| Earnings per share – basic and diluted (note 2) | **15.95** | 3.17 | 1.07 | 0.42 | 3.01 |
| Net assets per share – basic and diluted (note 2 and 3) | **69.30** | 52.87 | 48.76 | 48.15 | 72.22 |

Notes:–

1 Revenue has been re-presented, the internet portal business has been disposed during the year, and presented as discontinued operation, details of which are set out in note 11 and 28 to the consolidated financial statements.

2 Earnings per share and net assets per share have been adjusted for the Company's bonus issue of shares in January 2014, details of which are set out in note 23 to the consolidated financial statements.

3 Net assets represent total assets less total liabilities and non-controlling interests.

## EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

**Chow Chi Wa**

Mr. Chow, aged 45, was appointed as an executive Director in March 2013; as company secretary in August 2013 and as chief executive officer in November 2013 of the Company. He holds a Master Degree in Corporate Governance from the Open University of Hong Kong. He has been a non-executive director of Sinoref Holdings Limited (HKEX: 1020) since November 2013. Mr. Chow is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is an associate of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. He possesses extensive experience in finance and accounting.

## EXECUTIVE DIRECTOR

**Huang Honghua**

Mr. Huang, aged 47,was appointed as an executive Director in May 2013. He is the chairman of Shenzhen Hua Tai Rui Yin Asset Management Co., Ltd (深圳華泰瑞銀資產管理有限公司) since 2011. Prior to this, from 2005 to 2011, he had held senior position in Shenzhen Mingda Asset Management Co., Ltd. (深圳市明達資產管理有限公司) and was responsible for management of Mingda Private Fund. He has substantial experience in investment and management aspects. Mr. Huang received his bachelor degree in Enterprise Economics Management from Renmin University of China and completed his post-graduate studies in Securities Investment Analysis at Zhongnan University of Economics and Law.

## EXECUTIVE DIRECTOR

**Xiao Hua**

Mr. Xiao, aged 48,was appointed as an executive Director in May 2013. He is the chief financial officer of Shenzhen Anxuan Investment Group Co., Limited (深圳市安軒投資集團有限公司) since May 2010. Prior to this, from January 2003 to May 2010, he was served as chief financial officer in Shenzhen Anxin Digital Development Co., Limited (深圳市安芯數字發展有限公司), and therefore has solid finance and accounting experience. Mr. Xiao has college degree and is a Certified Public Accountant in the People's Republic of China.

## NON-EXECUTIVE DIRECTOR

**Xu Yun**

Ms. Xu Yun, aged 52, was appointed as a non-executive Director in March 2013. She graduated from Medical College of Nanchang University (formerly known as Jiangxi Medical College). In her early years, she was engaged in the administration work in an export trading company. From 1996 to 2005, she held key managerial positions in a number of real estate development and sales companies. She joined Bonus Sky Group in 2005 as vice president, responsible for the management of real estate development, sales and financial investment. She began her career in the finance and investment industry in 2008 and invested in enterprises engaging in the real estate development and software development businesses. Ms. Xu possesses extensive experience in capital investment, risk management and corporate management.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

**Peng Jiang**

Ms. Peng, aged 34, was appointed as an independent non-executive Director in May 2013. She is currently the chief financial officer of Shenzhen Anxin Digital Development Co., Limited (深圳市安芯數字發展有限公司). Prior to this, she had worked in an internationally renowned accounting firm and has over eight years of experience in auditing and finance. Ms. Peng graduated from University of Manchester, United Kingdom with a Master Degree in Finance and Economic. She is a Certified Public Accountant in the PRC.

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Zhu Xiangrong**

Mr. Zhu, aged 46, was appointed as an independent non-executive Director in May 2013. Since 1998 onwards, he has respectively served as the general manager of Shenzhen Siu Che Industrial Co., Limited (深圳市兆策實業有限公司), the director and vice president of Beijing Zhong Min Gas Co,.Limited, the executive director of Wuxi Hai Yuan Industrial Co., Limited (無錫海源重工股份有限公司) and the executive director and president of Yi Rong International Investments (Holding) Co., Limited (一榮國際投資(控股)公司). Prior to this, he previously served in the Shenzhen Branch of the People's Bank of China and Shenzhen Foreign Exchange Administration bureau for several years, and has rich experience in the area of finance and investment. Mr. Zhu graduated at Faculty of Management of Shenzhen University, with a Bachelor Degree of Economic Management.

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Wu Guilong**

Mr. Wu, aged 49, was appointed as an independent non-executive Director in May 2013. He established the Anhui Daming Industries (Group) Co., Ltd. (安徽省大名實業(集團)有限公司) in June 1994 and has been the chairman and president of the company since then. Under his leadership, the company has created good economic performance and social benefits which were well recognized by Provincial and Municipal governmental leaders and amongst industry peers and received a number of awards. Mr. Wu has postgraduate qualification and holds a Master Degree. He is also a senior economist.

## SENIOR MANAGEMENT

**CHIEF FINANCIAL OFFICER**

**Ho Yuk Hay**

Mr. Ho, aged 34, joined the Company in April 2010 as financial controller and subsequently appointed as chief financial officer in September 2012. Mr. Ho has extensive financial management experience and over nine years of experience in one of the big 4 accounting firm. He has been an executive director of Sinoref Holdings Limited (HKEX: 1020) since October 2013. Mr. Ho graduated with a bachelor's degree in Accountancy in 2001 and further obtained a master's degree in Corporate Governance in 2012 at the Hong Kong Polytechnic University. He is currently a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

**Darren Ng**

Mr. Ng, aged 58, is the Managing Director of TTG Asia Media. He is a veteran in the travel and tourism industry and has a wealth of experience of more than 29 years in the business. Having joined the company *(formerly known as Asian Business Press and Miller Freeman Pte Ltd)* since 1984, he is credited with successfully growing TTG Asia Media regionally. Under Darren's leadership, TTG Asia Media achieved consistent organic growth, establishing profitable portfolios in event management, tourism and travel trade publishing. His accomplishments also include expanding TTG Asia Media's geographic presence across Asia.

Mr. Ng has also been at the helm of a multitude of incumbent committees and associations in the travel and tourism industry as council and advisory member. He is the current Chairman of PATA Singapore Chapter (since 2008)and is presently an Industry Council Member of Pacific Asia Travel Association, the Appointed Conference Ambassador to Shanghai City (since 2009)and previously a Member of the Asia Pacific Advisory Council to Meeting Professionals International (MPI).He also served as the President of Skål International Singapore from 2001 to 2003.

## FINANCIAL REVIEW

**Revenue and gross profit**

Revenue for the year ended 31 December 2013 was HK$93,326,000 representing a HK$1,805,000, or 2% increase compared to last year. The net increase was primarily attributable to an increase in revenue from travel media segment, as a result of the successful trade shows, ASEAN Tourism Forum (ATF) 2013 in Vientiane.

Gross profit margin was 51% in 2013, compared to 52% in 2012.

**Other income, gains and losses**

Other income, gains and losses decreased by 20% to HK$35,118,000 in 2013, compared to HK$44,068,000 in 2012. The decrease was primarily due to (1) a HK$9,557,000 decrease in investment income from our private equity funds investment; and (2) a HK$1,284,000 increase in bank interest income by investing our bank balances into short-term fixed deposit to earn higher yield.

**Selling and distribution expenses**

Selling and distribution expenses decreased by 7% to HK$16,736,000 in 2013, compared to HK$18,054,000 in 2012. The decrease was due to the decrease of show & event related expenses as a result of the deferred trade show in India.

**Administrative expenses**

Administrative expenses decreased by 36% to HK$31,958,000 in 2013, compared to HK$50,235,000 in 2012. The decrease was primarily attributable to (1) a decrease in legal and professional fee amounting to HK$12,496,000 which were incurred in 2012 in relation to the restructuring plan for our former controlling shareholder, CDC Corporation's Chapter 11 case; and (2) HK$2,809,000 exchange gain had been recognised in 2013, while there is HK$1,924,000 exchange losses recognised in 2012. Administrative expenses include share option expenses of HK$16,000 (2012: HK$250,000) recognised in accordance with HKFRS 2.

**Impairment losses/(reversal of impairment losses)**

An impairment loss of HK$443,000 has been recognized in 2013, compared a recovery of impairment loss of HK$498,000 in 2012. Impairment losses represent impairment charges on accounts receivable.

**Income tax**

The Group recorded an income tax expense of HK$2,032,000 in 2013, compared to HK$2,146,000 in 2012.

**Discontinued operation**

The disposal of Internet Portal operation had been completed on 30 October 2013. Details of the discontinued operation are set out in note 11.

**Non-controlling interests**

Profit shared by non-controlling interests was HK$8,000 in 2013, compared to HK$352,000 in 2012. Profit shared by non-controlling interests represented non-controlling interests' share of profit in a company that is partly owned by a third party. The Group's equity interest in this company is 90% as at 31 December 2013 (2012: 90%).

**Profit for the period attributable to owners of the Company**

Profit for the year attributable to owners of the Company was HK$102,556,000 in 2013, compared to HK$20,411,000 in 2012.

**Liquidity and financial resources**
The Group generally financed its operations with its internally generated cash flows. The Group continued to be in a strong financial position with total equity of HK$445,600,000 as at 31 December 2013, compared to HK$339,973,000 as at 31 December 2012. Total assets amounted to HK$466,895,000 as at 31 December 2013, compared to HK$394,345,000 as at 31 December 2012, of which HK$373,497,000 (2012: HK$286,542,000) was bank balances and cash and HK$61,752,000 (2012: HK$63,641,000) was available-for-sale investments.

**Capital structure**
There was no change in the capital structure of the Group as at 31 December 2013 as compared to 31 December 2012.

**Charges on the Group's assets**
There was no charge on the Group's assets as at 31 December 2013 and 2012.

**Gearing ratio**
The Group has a zero gearing ratio as at 31 December 2013 and 2012 as calculated by net debts divided by shareholders' equity.

**Exposure to fluctuations in exchange rates and any related hedges**
The majority of the Group's assets and liabilities and business transactions were denominated in Renminbi, Singapore dollars, Hong Kong dollars and United States dollars. During the year ended 31 December 2013, the Group had not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

**Contingent liabilities**
The Group had no significant contingent liability as at 31 December 2013 and 2012.

**Material acquisitions, disposals and significant investments**
Save as the disposal agreement dated 9 August 2013 in relation to the disposal of Internet Portal operation, the Group did not make any material acquisitions, disposals or significant investments during the year ended 31 December 2013.

**Employee information**
As at 31 December 2013, the Group had 62 (2012: 258) full-time employees, of which 13 (2012: 18) were based in Hong Kong, 2 (2012: 197) in China, 45 (2012: 42) in Singapore, 1 (2012: Nil) in Thailand and 1 (2012: 1) in Malaysia. The Group has introduced share option schemes to recognise the contributions of the employees to the growth of the Group. The schemes have been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

## BUSINESS REVIEW

**Travel Media**
2013 had been a challenging year for TTG. The deferment of a trade show in India during the third quarter and decrease in overall revenue has not dampened the overall performance as costs were prudently managed. With the exception of the deferred trade show, TTG still able to successfully organised 5 world class exhibitions and events in 2013.

While print advertising faced an uphill task with fierce competition from new media, TTG Travel Trade Publishing group was able to do well with the contribution of various special projects undertaken by the company. Key special projects such as the TTG Show Daily at major events including ATF (ASEAN Tourism Forum), PTM (Pacific Asia Travel Association Travel Mart), CITM (China International Travel Mart), along with advertising for supplements and special publications have contributed considerably to the company's total revenue.

The directors have pleasure in submitting their annual report together with the audited financial statements of the Group for the year ended 31 December 2013.

## CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 9 October 2013, the name of the Company was changed from "China.com Inc. 中華網科技公司" to "Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司".

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the consolidated financial statements. The Company and its subsidiaries (the "Group") are principally engaged in advertising services through the internet and travel magazines, event organising services and magazine publication. During the year, the Group ceased to be engaged in internet portal business upon the disposal of subsidiaries engaged in these principal activities.

## RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2013, and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 25 to 88.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2013.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefore, are set out in notes 23 and 29 to the consolidated financial statements, respectively.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Island which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

## RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

## DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2013, the Company's reserves available for distribution amounted to HK$300,693,000.

## CHARITABLE DONATIONS

Total donations made by the Group for charitable and other purpose during the year amounted to HK$6,000.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 19% of the total sales for the year and sales to the largest customer included therein amounted to 7%. Purchases from the Group's five largest suppliers accounted for 18% of the total purchases for the year and purchases from the largest supplier included therein amounted to 6%.

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

## DIRECTORS

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

| | |
|---|---|
| **Executive directors** | |
| Chow Chi Wa | (appointed on 29 March 2013) |
| Huang Honghua | (appointed on 11 May 2013) |
| Xiao Hua | (appointed on 11 May 2013) |
| Marcus Alexander Watson | (resigned on 29 March 2013) |
| **Non-executive directors** | |
| Xu Yun *(Chairlady of the board of directors)* | (appointed on 29 March 2013) |
| Ch'ien Kuo Fung, Raymond | (resigned on 29 March 2013) |
| Mao Hongcheng (with Mr. Chen Mouhua as his alternate) | (resigned on 22 January 2014) |
| Carrick John Clough | (resigned on 29 March 2013) |
| Joseph David Stutz | (resigned on 29 March 2013) |
| Ding Chun | (resigned on 29 March 2013) |
| **Independent non-executive directors** | |
| Peng Jiang | (appointed on 11 May 2013) |
| Wu Guilong | (appointed on 11 May 2013) |
| Zhu Xiangrong | (appointed on 11 May 2013) |
| Anson Wang | (resigned on 11 May 2013) |
| Li On-kwok, Victor | (resigned on 11 May 2013) |
| Kenneth Blake Fowler | (resigned on 11 May 2013) |

In accordance with Article 85 of the Company's articles of association, Mr. Chow Chi Wa, Mr. Huang Honghua and Ms. Xu Yun will hold office until the forthcoming annual general meeting of the Company and will then be eligible for re-election at that meeting.

### Emoluments of the directors, chief executive and the five highest paid individuals

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

The directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

## DIRECTORS' SERVICES CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its holding companies, fellow subsidiaries or subsidiaries was a party during the year.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, the interests and short positions of each of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors, were as follows:

**The Company**

*Long positions in ordinary shares and the underlying shares of equity derivatives*

| Name of Directors/ chief executive | Number of shares | Number of underlying shares | Nature of interests/ Holding capacity | Approximate percentage of interests |
|---|---|---|---|---|
| Xiao Hua | 130,000 | – | Personal/beneficiary | 0.12% |

**Options to subscribe for ordinary shares in the Company**

During the year, Qiyi Holdings Limited had made mandatory unconditional cash offer for the shares of the Company. Upon the receipt of the share offer, the Company had (pursuant to the Company's Share Option Scheme) given written notice to the optionholders informing them of their right to exercise the subscription rights attaching to their share options in full or in part within 14 days, otherwise the unexercised share options will lapse. Since none of optionholders have exercised their subscription rights, all share options of the Company had lapsed on 21 March 2013.

Save as disclosed above, as at 31 December 2013, none of the Directors, chief executive and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2013, so far as it known by or other notified to any directors or the chief executive of the Company, the particulars of the corporate or persons (other than a director or the chief executive of the Company) which had 5% or more interests and short positions in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follow:

| Name | Number of shares | Number of underlying shares | Percentage of issued share capital |
|---|---|---|---|
| QiYi Holdings Limited *(Note 1)* | 72,265,042 | – | 67.42% |
| Mr. Chen Ying Zhen *(Note 1)* | 72,265,042 | – | 67.42% |

*Note:*

(1) Mr. Chen Ying Zhen is a substantial shareholder, director and the ultimate beneficial owner of QiYi Holdings Limited.

Save as disclosed above, as at 31 December 2013, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who has an interest of short position in the shares or underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

## COMPETING INTERESTS

During the year ended 31 December 2013, the Board is not aware of any Director or the management shareholder of the Company (as defined under the GEM Listing Rules) having any interests in a business which competes or may compete with the business of the Group.

## PENSION SCHEME

Details of the pension scheme of the Group and the employer's pension costs charged to the consolidated statement of comprehensive income for the year are set out in notes 10 and 32 to the consolidated financial statements, respectively.

## SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2013, the Company has not adopted a code of conduct regarding the directors' securities transactions but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all directors of the Company, the directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the year ended 31 December 2013.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float (i.e. at least 25% of the issued shares were held by the public) as required by Rule 17.38A of the GEM Listing Rules during the year and up to the date of this report.

## ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES

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

## RELATED PARTY TRANSACTION AND CONNECTED TRANSACTIONS

During the year, except for those disclosed in Note 33 to the consolidated financial statements, the Group had no transactions with its related parties.

The directors conducted review of the related party transactions of the Group during the year and were not aware any transaction requiring disclosure of connected transactions in accordance with the requirements of the GEM Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 34 to the consolidated financial statements.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

## CORPORATE GOVERNANCE CODE COMPLIANCE

Save as disclosed below, the Company throughout the year 2013 has fully complied with the applicable code provisions in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules of the Stock Exchange.

In respect A.6.7 of the CG Code provision, the non-executive director, Mr. Mao Hongchen was unable to attend the annual general meeting of the Company due to his other business commitment.

## AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive directors, namely Ms. Peng Jiang (committee chairlady), Mr. Wu Guilong and Mr. Zhu Xiangrong. It has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2013.

## AUDITOR

BDO Limited retires and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint the auditor, BDO Limited.

On behalf of the Board
**Ms. Xu Yun**
*Chairlady*

Hong Kong, 13 March 2014

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") of the Company is always committed to maintaining high standards of corporate governance. Save as disclosed below, the Company throughout the year 2013 has fully complied with the applicable code provisions in the Corporate Governance Code (the "CG code") and Corporate Governance Report contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Market (the "GEM" Listing Rule) of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In respect A.6.7 of the CG Code provision, the non-executive director, Mr. Mao Hongcheng was unable to attend the annual general meeting of the Company due to his other business commitment.

## BOARD OF DIRECTORS

**Board Composition**

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board currently comprises three executive directors, one non-executive director and three independent non-executive directors and at least one of them has the appropriate professional qualification, or accounting or related financial management expertise. Independent non-executive directors constitute more than one-third and non-executive directors constitute more than half of the Board.

At each annual general meeting of the Company, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation.

The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat. All non-executive directors are subject to rotational retirement and re-election in accordance with the articles of association of the Company.

**Board responsibilities and Delegation**

The Board has adopted a set of guidelines on matters that requires its approval to achieve a clear division of the responsibilities of the Board and the management. Matters requiring the Board's approval include, among others, review of overall policies and objectives for corporate contributions and approval of corporate plan of the Company and any significant changes thereto, investment plans which would involve significant commitments of financial, technological or human resources, or would involve significant risks for the Company, significant sales, transfers, or other dispositions of property or assets, significant changes in policies of broad application, major organization changes, approval of the annual report, and review of semi-annual and quarterly financial and operating results, other matters relating to the Company's business which in the judgment of the chief executive officer are of such significance as to merit the Board's consideration, and adoption of such policies and the taking of such other actions as the Board deems to be in the best interests of the Company.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

**Chairman and Chief Executive**

The positions of the chairman of the Board and the chief executive officer are held by separate individuals with a view to maintain an effective segregation of duties with respect to the management of the Board and the day-to-day management of the Group's business.

The chairman shall ensure that the Board works effectively and discharges its responsibilities, ensure that good corporate governance practices and procedures are established, encourage all directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Company and that all key and appropriate issues are discussed by the Board in a timely manner, all directors have been consulted about any matters proposed for inclusion in the agenda. The chairman has delegated the responsibility of drawing up the agenda for each Board meeting to the company secretary. The chief executive officer is responsible for strategic planning and implementation, sourcing and meeting with potential business partners and looking for business opportunities for the Group, client development, recruiting, staff development, collaboration across the affiliated company network and looking for opportunities to cross-fertilise best practices and reporting to the Board regarding the Group's overall progress.

**Board Meetings and Attendance**

The Board conducts regularly scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Board held 11 meetings during the financial year ended 31 December 2013 to consider, among other things, reviewing and approving the quarterly, interim, annual results and other matters of the Group. The directors attend meetings in person or via telephone conference, as permitted under the articles of association of the Company.

The attendance record of each director at Board meetings in 2013 is set out below:

| **Directors** | **Attendance/ Number of Meetings** |
|---|---|
| **Executive Directors** | |
| Chow Chi Wa *(appointed on 29 March 2013)* | 7/7 |
| Huang Honghua *(appointed on 11 May 2013)* | 6/6 |
| Xiao Hua *(appointed on 11 May 2013)* | 5/6 |
| Marcus Alexander Watson *(resigned on 29 March 2013)* | 4/4 |
| **Non-executive Directors** | |
| Xu Yun (chairlady of the Board) *(appointed on 29 March 2013)* | 7/7 |
| Ch'ien Kuo Fung, Raymond *(resigned on 29 March 2013)* | 4/4 |
| Carrick John Clough *(resigned on 29 March 2013)* | 3/3 |
| Joseph David Stutz *(resigned on 29 March 2013)* | 4/4 |
| Ding Chun *(resigned on 29 March 2013)* | 4/4 |
| Chen Mouhua *(as alternate to Mao Hong Cheng) (resigned on 22 January 2014)* | 11/11 |
| Mao Hongcheng *(resigned on 22 January 2014)* | 0/11 |
| **Independent Non-executive Directors** | |
| Peng Jiang *(appointed on 11 May 2013)* | 6/6 |
| Wu Guilong *(appointed on 11 May 2013)* | 6/6 |
| Zhu Xiangrong *(appointed on 11 May 2013)* | 5/6 |
| Anson Wang *(resigned on 11 May 2013)* | 4/5 |
| Li On-kwok, Victor *(resigned on 11 May 2013)* | 4/5 |
| Kenneth Blake Fowler *(resigned on 11 May 2013)* | 5/5 |

The company secretary attends the Board/Board committees meetings. All directors have access to the company secretary who is responsible for ensuring that Board/Board committees procedures are observed and advising the Board/Board committees on compliance matters.

All directors were given the opportunities to include matters to be discussed in the agenda of Board/Board committees meetings. The company secretary is delegated with the responsibility to prepare these agendas and, where appropriate, take into account any matters proposed by each director/committee member for inclusion in the agenda. The company secretary shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings.

**Directors' Continuous Training and Development**

Directors' training is an ongoing process. During the year, directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. In addition, all directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution into the Board remains informed and relevant.

During the year, all directors had participated in continuous professional development ("CPD") to develop and refresh their knowledge and skills by reading materials and/or attending briefings by company secretary and chief financial officer or seminars organized by professional bodies on corporate governance or updated on laws, rules and regulations relating to the roles, functions and duties of a director.

The individual record of each director who received training for the year is summarized as follow:

| **Directors** | **Type of continuous professional development programs** |
|---|---|
| **Executive Directors** | |
| Chow Chi Wa | A, B |
| Huang Honghua | A, B |
| Xiao Hua | A, B |
| **Non-executive Director** | |
| Xu Yun *(Chairlady of the Board of directors)* | A, B |
| **Independent Non-executive Directors** | |
| Peng Jiang | A, B |
| Wu Guilong | A, B |
| Zhu Xiangrong | A, B |

*Notes:*

A: attending seminars and/or conferences and/or forums

B: reading newspapers, books, articles, journals and updates relating to economy, general business, travel, finance, investment, legal and regulatory, corporate governance and management or director's duties and responsibilities etc.

## BOARD DIVERSITY POLICY

During the year, the Board adopted a Board diversity policy setting out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of diversity of Board members. It endeavors to ensure that the Board had a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

## BOARD COMMITTEE

The Board has appointed a number of committee to discharge the Board functions. Sufficient resources are provided to enable the Board committees to undertake their specific roles. The respective role, responsibilities and activities of each Board committee are set out below:

### Audit Committee

The Audit Committee was established on 25 February 2000 with written terms of reference as amended and restated. The terms of reference of the Audit Committee are available on the Company's website. The primary duties of the Audit Committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy.

The audit committee currently consists of three independent non-executive directors and chaired by Ms. Peng Jiang. Other members of the committee are Mr. Wu Guilong and Mr. Zhu Xiangrong. The meeting attendance of the committee members during the year are as follow:

| **Directors** | **Attendance/ Number of Meetings** |
|---|---|
| **Independent Non-executive Directors** | |
| Peng Jiang *(Chairlady) (appointed on 11 May 2013)* | 2/2 |
| Wu Guilong *(appointed on 11 May 2013)* | 2/2 |
| Zhu Xiangrong *(appointed on 11 May 2013)* | 2/2 |
| Anson Wang *(resigned on 11 May 2013)* | 2/2 |
| Li On-kwok, Victor *(resigned on 11 May 2013)* | 2/2 |
| Kenneth Blake Fowler *(resigned on 11 May 2013)* | 2/2 |

By invitation of the audit committee, other directors and senior management may also attend the meetings. The company secretary acts as secretary of the committee and prepared full minutes of the audit committee meetings with details of discussions and decisions reached. Sufficient resources are made available to the committee when independent legal or professional advice is required. The audit committee members meet with the external auditor twice a year.

The following is a summary of the work of the Audit Committee during the year ended 31 December 2013:

- Reviewed the audited financial statements of the Company for the year ended 31 December 2012 and the related results announcement;
- Reviewed the interim accounts of the Company for the 6 months ended 30 June 2013 and the related results announcement;
- Reviewed the quarterly accounts of the Company for the 3 months ended 31 March 2013 and 30 September 2013 respectively, and the related results announcements;
- Reviewed the Company's financial controls, internal control and risk management systems;
- Reviewed the remuneration and terms of engagement of the Company's external auditor;
- Reviewed the Group's accounting principles and practices, compliance with the GEM Listing Rules and statutes, and financial reporting matters.

**Nomination Committee**

The Nomination Committee was established on 28 February 2005 with written terms of reference. The terms of reference of the Nomination Committee are available on the Company's website. The primary duties of the Nomination Committee are to (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (iii) assess the independence of independent non-executive directors; and (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

The Committee currently comprises three independent non-executive directors and chaired by Ms. Peng Jiang. Other members of the committee are Mr. Wu Guilong and Mr. Zhu Xiangrong. The composition of the nomination committee during the year as well as the meeting attendance of the committee members are as follows:

| Directors | Attendance/ Number of Meetings |
|---|---|
| **Non-executive Director** | |
| Joseph David Stutz *(resigned on 29 March 2013)* | –/– |
| **Independent Non-executive Directors** | |
| Peng Jiang *(Chairlady) (appointed on 11 May 2013)* | 1/1 |
| Wu Guilong *(appointed on 11 May 2013)* | 1/1 |
| Zhu Xiangrong *(appointed on 11 May 2013)* | 1/1 |
| Anson Wang *(resigned on 11 May 2013)* | 2/2 |
| Li On-kwok, Victor *(resigned on 11 May 2013)* | 2/2 |
| Kenneth Blake Fowler *(resigned on 11 May 2013)* | 2/2 |

The following is a summary of the work of the Nomination Committee during the year ended 31 December 2013:

- Reviewed the structure, size and diversity of the Board;
- Reviewed the retirement of directors by rotation and the re-appointment of retiring directors at the 2013 AGM
- Assessed the independence of independent non-executive directors.

**Remuneration Committee**

The Remuneration Committee was established on 25 February 2000 with written terms of reference as amended and restated. The terms of reference of the Remuneration Committee are available on the Company's website. The Company has adopted the model to delegate the determination of the remuneration packages of executive directors and senior management to the remuneration committee. The Remuneration Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing and making recommendations on compensation-related issues.

The remuneration committee currently comprises three independent non-executive directors. The chairlady of the committee is Ms. Peng Jiang. The meeting attendance of the committee members are as follows:

| **Directors** | **Attendance/ Number of Meetings** |
|---|---|
| **Non-executive Directors** | |
| Ch'ien Kuo Fung, Raymond *(resigned on 29 March 2013)* | –/– |
| Carrick John Clough *(resigned on 29 March 2013)* | –/– |
| **Independent Non-executive Directors** | |
| Peng Jiang *(Chairlady) (appointed on 11 May 2013)* | 1/1 |
| Wu Guilong *(appointed on 11 May 2013)* | 1/1 |
| Zhu Xiangrong *(appointed on 11 May 2013)* | 1/1 |
| Anson Wang *(resigned on 11 May 2013)* | 2/2 |
| Li On-kwok, Victor *(resigned on 11 May 2013)* | 2/2 |
| Kenneth Blake Fowler *(resigned on 11 May 2013)* | 2/2 |

The following is a summary of the work of the Remuneration Committee during the year ended 31 December 2013:

- Reviewed the Company's policy and structure for the remuneration of directors and senior management;
- Reviewed and recommended to the Board the remuneration packages of directors and senior management; and
- Ensured that no director or any of his/her associates is involved in deciding his/her own remuneration.

**Corporate Governance Functions**
The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual to employees and directors; and

(e) to review the Company's compliance with the CG Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has not adopted a code of conduct regarding securities transactions by directors but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). In response to specific enquiry from the Company, the directors have confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings for the year ended 31 December 2013.

## ACCOUNTABILITY AND AUDIT

**Financial reporting**
The Board acknowledges its responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis, with supporting assumptions or qualifications as necessary. In preparing the accounts for the year ended 31 December 2013, the directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

**Auditor's Remuneration**
The external audit provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. During the year, the fees charged by BDO Limited for audit and non-audit services of HK$970,000 and HK$369,000 respectively. The non-audit services represent taxation services and the service in connection with the disposal of discontinued operation.

**Internal Controls**
The Board has overall responsibilities for maintaining proper and effective systems of internal control of the Group. The Group's internal control system includes a defined management structure with specified limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

**Company Secretary**
The company secretary of the Company assists the Board by ensuring good information flow within the Board and the Board policy and procedures are followed. The company secretary is also responsible for advising the Board on governance matters. Mr. Chow Chi Wa, as the company secretary of the Company, has undertaken not less than 15 hours of relevant professional training to update his skills and knowledge in 2013.

**Budgetary Control**

Budgets are prepared and are subject to the approval of the Board prior to being adopted. There are procedures for review and approval of major capital and expenses. Proper controls are in place for recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

## SHAREHOLDERS' RIGHT

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirement under paragraph O of the CG Code.

**Convening of extraordinary general meeting on requisition by shareholders**

Pursuant to Article of 59 of the Amended and Restated Memorandum and Articles of the Association of the Company (the "M&A"), it is stipulated that:–

Extraordinary general meetings shall also be convened on the written requisition of any one or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. The extraordinary general meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

**Procedure for putting forward proposals at shareholders' meetings**

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business. The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the board of directors of the Company will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(a) Notice in writing of not less than 21 clear days and not less than 20 clear business days if the Proposal requires approval by way of a special resolution or an ordinary resolution of the Company in an annual general meeting of the Company.

(b) Notice in writing of not less than 21 clear days and not less than 10 clear business days if the Proposal requires approval by way of a special resolution of the Company in an extraordinary general meeting of the Company.

(c) Notice in writing of not less than 14 clear days and not less than 10 clear business days if the Proposal requires approval by way of an ordinary resolution of the Company in an extraordinary general meeting.

**Procedures for directing shareholders enquiries to the Board**

Shareholders may send their written enquiries to the Company, for the attention of company secretary, by email: investor.relations@sinosplendid.com, fax: (852) 2237 7227, or mail to Unit 2011, 20th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

## INVESTOR RELATIONS

The Company establishes different communication channels with shareholders and investors. Apart from publication of quarterly, interim and annual reports, announcement and press release, updated and key information of the Group are available on the Company's website. The Company's website offers communication channel between the Company and its shareholders and investors. Regular media and analysts briefings are held to update the information of the Group after the quarterly, interim and annual results are released. The Company's registrars serve the shareholders in respect of all share registration matters.

## CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the respective websites of the Stock Exchange and the Company its memorandum of association and Articles of Association. During the year, the Company has proposed amendments to the M&A and approved by shareholders at an extraordinary general meeting on 31 December 2013.

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**TO THE MEMBERS OF SINO SPLENDID HOLDINGS LIMITED中國華泰瑞銀控股有限公司**
(formerly known as China.com Inc.)
*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Sino Splendid Holdings Limited中國華泰瑞銀控股有限公司(the "Company") and its subsidiaries (together the "Group") set out on pages 25 to 88 which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' Responsibility for the Consolidated Financial Statements**
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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, in accordance with our agreed terms of engagement, 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 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**BDO Limited**
*Certified Public Accountants*

**Cheung Sai Kit**
*Practising Certificate Number P05544*

Hong Kong, 13 March 2014

As at 31 December 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 (Re-presented) |
|---|---|---|---|
| **Continuing operation** | | | |
| Revenue | 5 | **93,326** | 91,521 |
| Cost of sales | | **(45,359)** | (44,202) |
| Gross profit | | **47,967** | 47,319 |
| Other income, gains and losses | 7 | **35,118** | 44,068 |
| Selling and distribution expenses | | **(16,736)** | (18,054) |
| Administrative expenses | | **(31,958)** | (50,235) |
| (Impairment losses)/reversal of impairment losses | 8 | **(443)** | 498 |
| Profit before tax from continuing operation | | **33,948** | 23,596 |
| Income tax expense | 9 | **(2,032)** | (2,146) |
| Profit for the year from continuing operation | 10 | **31,916** | 21,450 |
| **Discontinued operation** | | | |
| Profit/(loss) for the year from discontinued operation | 11 | **70,648** | (687) |
| **Profit for the year** | | **102,564** | 20,763 |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translating foreign operation | | **(773)** | 2,274 |
| Fair value gain on available-for-sale investments | | **–** | 9,750 |
| Reclassification adjustment on translation difference upon disposal of subsidiaries | | **6,460** | – |
| Reclassification adjustment upon capital distribution from available-for-sale investments | | **(2,632)** | (6,248) |
| Other comprehensive income for the year | | **3,055** | 5,776 |
| **Total comprehensive income for the year** | | **105,619** | 26,539 |
| **Profit attributable to:** | | | |
| ***Owners of the Company*** | | | |
| Profit for the year from continuing operation | | **31,908** | 21,098 |
| Profit/(loss) for the year from discontinued operation | | **70,648** | (687) |
| Profit for the year attributable to owners of the Company | | **102,556** | 20,411 |
| ***Non-controlling interests*** | | | |
| Profit for the year attributable to non-controlling interests | | **8** | 352 |
| | | **102,564** | 20,763 |

For the year ended 31 December 2013

| | Notes | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|---|
| **Total comprehensive income attributable to:** | | | |
| ***Owners of the Company*** | | | |
| Continuing operation | | **28,503** | 27,040 |
| Discontinued operation | | **77,108** | (853) |
| | | **105,611** | 26,187 |
| ***Non-controlling interests*** | | **8** | 352 |
| | | **105,619** | 26,539 |
| | | | (Restated) |
| **Earnings per share from continuing and discontinued operation** | 15 | | |
| Basic and diluted (cents per share) | | **15.95** | 3.17 |
| **Earnings per share from continuing operation** | 15 | | |
| Basic and diluted (cents per share) | | **4.96** | 3.28 |

As at 31 December 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | **644** | 1,625 |
| Available-for-sale investments | 19 | **61,752** | 63,641 |
| | | **62,396** | 65,266 |
| **Current assets** | | | |
| Accounts receivable | 20 | **13,449** | 22,382 |
| Prepayments, deposits and other receivables | | **17,553** | 17,293 |
| Amounts due from fellow subsidiaries | 21 | **–** | 2,526 |
| Amount due from ultimate holding company | 21 | **–** | 336 |
| Bank balances and cash | 22 | **373,497** | 286,542 |
| | | **404,499** | 329,079 |
| **Current liabilities** | | | |
| Accounts payable | 26 | **5,797** | 9,899 |
| Other payables and accrued liabilities | | **9,177** | 16,816 |
| Deferred revenue | | **1,247** | 22,132 |
| Tax liabilities | | **2,993** | 3,452 |
| | | **19,214** | 52,299 |
| **Net current assets** | | **385,285** | 276,780 |
| **Total assets less current liabilities** | | **447,681** | 342,046 |
| **Capital and reserves** | | | |
| Share capital | 23 | **1,072** | 1,072 |
| Share premium and reserves | | **444,528** | 338,901 |
| Equity attributable to owners of the Company | | **445,600** | 339,973 |
| Non-controlling interests | | **2,081** | 2,073 |
| **Total equity** | | **447,681** | 342,046 |

On behalf of the Board

**Xu Yun**
*Director*

**Chow Chi Wa**
*Director*

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiaries | 18 | **65,285** | 65,285 |
| Available-for-sale investments | 19 | **61,752** | 63,641 |
| | | **127,037** | 128,926 |
| **Current assets** | | | |
| Prepayments, deposits and other receivables | | **108** | 6,568 |
| Amounts due from subsidiaries | 21 | **209,155** | 3,627 |
| Bank balances and cash | | **16,847** | 102,295 |
| | | **226,110** | 112,490 |
| **Current liabilities** | | | |
| Other payables and accrued liabilities | | **997** | 1,549 |
| Amounts due to subsidiaries | 21 | **37,825** | 26,266 |
| | | **38,822** | 27,815 |
| **Net current assets** | | **187,288** | 84,675 |
| **Total assets less current liabilities** | | **314,325** | 213,601 |
| **Capital and reserves** | | | |
| Share capital | 23 | **1,072** | 1,072 |
| Share premium and reserves | 24 | **313,253** | 212,529 |
| **Total equity** | | **314,325** | 213,601 |

On behalf of the Board

| | |
|---|---|
| **Xu Yun** | **Chow Chi Wa** |
| *Director* | *Director* |

For the year ended 31 December 2013

| | Share capital | Share premium | Capital reserve | Goodwill reserve | Investment revaluation reserve | Capital redemption reserve | Reserve funds | Translation reserve | Share options reserve | Retained profits | Subtotal | Attributable to non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| | | (Note a) | (Note a) | (Note 17) | | | (Note b) | | | | | | |
| At 1 January 2012 | 1,072 | 39,337 | 24,650 | (31,193) | – | 11,690 | 19,025 | 44,285 | 62,412 | 142,258 | 313,536 | 1,721 | 315,257 |
| Profit for the year | – | – | – | – | – | – | – | – | – | 20,411 | 20,411 | 352 | 20,763 |
| Other comprehensive income for the year | – | – | – | – | 3,502 | – | – | 2,274 | – | – | 5,776 | – | 5,776 |
| Total comprehensive income for the year | – | – | – | – | 3,502 | – | – | 2,274 | – | 20,411 | 26,187 | 352 | 26,539 |
| Recognition of equity-settled share-based payments | – | – | – | – | – | – | – | – | 250 | – | 250 | – | 250 |
| At 31 December 2012 | 1,072 | 39,337 | 24,650 | (31,193) | 3,502 | 11,690 | 19,025 | 46,559 | 62,662 | 162,669 | 339,973 | 2,073 | 342,046 |
| Profit for the year | – | – | – | – | – | – | – | – | – | 102,556 | 102,556 | 8 | 102,564 |
| Other comprehensive income for the year | – | – | – | – | (2,632) | – | – | 5,687 | – | – | 3,055 | – | 3,055 |
| Total comprehensive income for the year | – | – | – | – | (2,632) | – | – | 5,687 | – | 102,556 | 105,611 | 8 | 105,619 |
| Lapse of share options granted | – | – | – | – | – | – | – | – | (62,678) | 62,678 | – | – | – |
| Recognition of equity-settled share-based payments | – | – | – | – | – | – | – | – | 16 | – | 16 | – | 16 |
| At 31 December 2013 | 1,072 | 39,337 | 24,650 | (31,193) | 870 | 11,690 | 19,025 | 52,246 | – | 327,903 | 445,600 | 2,081 | 447,681 |

Note a: Under the Companies Law of the Cayman Islands (2010 Revision as amended from time to time), the share premium and capital reserve of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Note b: Pursuant to the relevant laws and regulations for foreign investment enterprises ("FIEs") established in the People's Republic of China excluding Hong Kong (the "PRC"), a certain portion of the FIE's profits is required to be transferred to reserve funds which are not distributable. Transfers to this reserve are made out of the FIE's profits after taxation calculated in accordance with accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and shall not be less than 10% of profit after taxation calculated in accordance with PRC GAAP. No such transfer was made in either year as there was no such profit after tax from the FIEs in either year.

For the year ended 31 December 2013

| | Note | 2013 HK$'000 | 2012 HK$'000 (Re-presented) |
|---|---|---|---|
| **Cash flows from operating activities of continuing and discontinued operations** | | | |
| Profit before income tax expense from | | | |
| continuing operation | | **33,948** | 23,596 |
| discontinued operation | 11 | **70,648** | (687) |
| | | **104,596** | 22,909 |
| Adjustments for: | | | |
| Amortisation of management fee for available-for-sale investments | | **961** | 960 |
| Bank interest income | | **(4,969)** | (3,686) |
| Depreciation of property, plant and equipment | | **1,055** | 1,140 |
| Gain on disposal of subsidiaries | | **(63,686)** | – |
| Impairment losses on accounts receivable | | **855** | 335 |
| Investment income on available-for-sale investments | | **(29,756)** | (39,313) |
| Loss/(gain) on disposal of property, plant and equipment | | **6** | (49) |
| Realisation of translation reserve in disposal | | **(6,460)** | – |
| Share-based payments expense | | **16** | 250 |
| Transaction cost incurred for disposal of subsidiaries | | **(5,465)** | – |
| Operating loss before working capital changes | | **(2,847)** | (17,454) |
| Increase in accounts receivable | | **(5,010)** | (2,766) |
| Increase in prepayments, deposits and other receivables | | **(14)** | (2,239) |
| Increase in accounts payable | | **147** | 1,416 |
| Increase/(decrease) in other payables and accrued liabilities | | **10,670** | (127) |
| (Decrease)/increase in deferred revenue | | **(11,861)** | 809 |
| Cash used in operations | | **(8,915)** | (20,361) |
| PRC and Singapore taxes paid, net | | **(1,862)** | (3,008) |
| **Net cash used in operating activities** | | **(10,777)** | (23,369) |

For the year ended 31 December 2013

| | Note | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of subsidiaries | | **64,188** | – |
| Investment income received from available-for-sale investments | | **29,840** | 33,065 |
| Proceeds from disposal of available-for-sale investment | | **5,210** | – |
| Repayment of advances to fellow subsidiaries | | **2,754** | – |
| Proceeds from capital return of available-for-sale investments | | **2,253** | 22,100 |
| Interest received | | **988** | 3,694 |
| Repayment received from ultimate holding company | | **362** | 3 |
| Proceeds from disposal of property, plant and equipment | | **1** | 52 |
| Purchases of available-for-sale investments | | **(9,252)** | (2,986) |
| Purchases of property, plant and equipment | | **(1,517)** | (633) |
| **Net cash from investing activities** | | **94,827** | 55,295 |
| **Cash flows from financing activity** | | | |
| Repayment of amounts due from/to fellow subsidiaries | | **–** | (153) |
| **Cash used in financing activity** | | **–** | (153) |
| **Net increase in cash and cash equivalents** | | **84,050** | 31,773 |
| Cash and cash equivalents at beginning of year | | **286,542** | 253,087 |
| Effect of exchange rate changes on cash and cash equivalents | | **2,905** | 1,682 |
| **Cash and cash equivalents at end of year** | | **373,497** | 286,542 |
| **Analysis of the balances of cash and cash equivalents:** | | | |
| Bank balances and cash | | **373,497** | 286,542 |

## 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Growth Enterprise Market (the "**GEM**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Pursuant to a special resolution passed on 9 October 2013 and approved by the Registrar of Companies in the Cayman Islands, the name of the Company was changed from "China.com Inc. 中華網科技公司" to "Sino Splendid Holdings Limited 中國華泰瑞銀控股有限公司".

The Company acts as an investment holding company. Its immediate holding company is QiYi Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and ultimately owned by Chen Ying Zhen, by reason of its controlling QiYi Holdings Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

The principal activities of its subsidiaries (collectively referred to as the "**Group**") are engaged in advertising services through the internet and travel magazines, event organizing services and magazine publication.

The functional currency of the Company is Hong Kong dollars while the functional currencies of its subsidiaries are Renminbi, Singapore dollars and Hong Kong dollars. The consolidated financial statements are presented in Hong Kong dollars.

**Closed down of the Internet Portal business ("Internet Portal") in the People's Republic of China (the "PRC")**

On 13 August 2013, the Company entered into a sale and purchase agreement to dispose the Companies' interests in Chinadotcom Communications Technology Development (Beijing) Limited (先達華網通信技術發展（北京）有限公司), Beijing China.com Technology Services Co. Ltd. (北京華網匯通技術服務有限公司) and its subsidiary and the uniform resource locator http://www.china.com (collectively referred to as "Disposal Assets") to the Global Broadcasting Media Group (國廣環球傳媒控股有限公司) (the "**Global Broadcasting**"), at a total consideration of HK$90,800,000.

Global Broadcasting is a private company founded in year 2011 that provides television broadcasting services based in the PRC. The disposal was completed on 30 October 2013. Details of the disposal of the subsidiaries are set out in notes 11 and 28. This business segment is also presented as discontinued operation in accordance with Hong Kong Financial Reporting Standard 5 ("**HKFRS 5**"). Certain comparatives on the consolidated statement of comprehensive income, the consolidated statement of cash flows and the related notes have been re-presented as a result of the retrospective application of HKFRS 5. Details of the disposal of the Disposal Assets are also set out in the Company's announcement dated 17 September 2013.

Other than the disposal as described above, there were no significant changes in the Group's operations during the year. The financial statements on pages 25 to 88 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### (a) Adoption of new/revised HKFRSs – effective 1 January 2013

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements 2009-2011 Cycle |
| HKFRSs (Amendments) | Annual Improvements 2010-2012 Cycle |
| HKFRSs (Amendments) | Annual Improvements 2011-2013 Cycle |
| Amendments to HKAS 1 (Revised) | Presentation of Items of Other Comprehensive Income |
| Amendments to HKFRS 7 | Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HKAS 27 (2011) | Separate Financial Statements |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures |
| HKAS 19 (2011) | Employee Benefits |
| HK(IFRIC) – Interpretation 20 | Stripping Costs of the Production Phase of a Surface Mine |
| Amendments to HKFRS 1 | Government loans |

*Amendments to HKAS1 (Revised) – Presentation of Items of Other Comprehensive Income*
The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

*Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities*
HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

### (a) Adoption of new/revised HKFRSs – effective 1 January 2013 – Continued

*HKFRS 10 – Consolidated Financial Statements*

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

*HKFRS 12 – Disclosure of Interests in Other Entities*

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

*HKFRS 13 – Fair Value Measurement*

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

### (a) Adoption of new/revised HKFRSs – effective 1 January 2013 – Continued

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

These new/revised standards and interpretations has no material impact on the Group's financial statements.

### (b) New/revised HKFRSs that have been issued but are not yet effective:

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities[1] |
| HKFRS 9 | Financial Instruments[2] |

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

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

*Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities*

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

*HKFRS 9 – Financial Instruments*

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

The principal accounting policies are set out below.

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (b) Goodwill

*Goodwill arising on acquisitions prior to 1 January 2005*

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

Goodwill arising on acquisitions prior to 1 January 2001 continues to be held in reserves, and will be transferred to the retained earnings at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

For previously capitalised goodwill arising on acquisitions of new assets and operations of another entity after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

*Goodwill arising on acquisitions on or after 1 January 2005*

Goodwill arising on acquisition on or after 1 January 2005 was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (e) Leasing

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

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

### (f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from internet portal and travel media mainly represents revenue from advertising, which is recognised in the period in which the advertisement is displayed, provided that no significant Group obligations remain, on a straight-line basis over the period in which the advertisement is displayed, and when collection of the resulting receivable is probable. Advertising service fees from direct mailings are recognised when each advertisement is sent to a target audience.

Revenue from travel media also includes income from management fees, registration and exhibitor fees on the various events and conferences organised by the Group. The revenue was recognised upon completion of the events and conferences.

All prepaid fees received from customers of internet portal and travel media are initially recognised as deferred revenue and revenue is recognised when the above revenue recognition criteria are met.

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

Dividend income is recognised when the right to receive the dividend is established.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (g) 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 the consolidated statement of comprehensive income 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 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. 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. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which it is able to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on acquisitions of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (i) Retirement benefit costs

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

### (j) Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

### (k) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

*(i) Financial assets*

The Group's financial assets are classified into one of the two categories, including financial assets loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (k) Financial instruments – Continued

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, other receivables, bank balances and cash, amounts due from fellow subsidiaries and ultimate holding company) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

*(iii) Available-for-sale investments*

Available-for-sale investments are non-derivatives that are either designated or not classified loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

*(iv) Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (k) Financial instruments – Continued

*(iv) Impairment of financial assets – Continued*

For financial assets carried at amortised cost, 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.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (k) Financial instruments – Continued

*(iv) Impairment of financial assets – Continued*

Effective interest method

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

Interest expense is recognised on an effective interest basis.

*(v) Financial liabilities*

Financial liabilities (including accounts payable, other payables and accrued liabilities and amounts due to fellow subsidiaries) are subsequently measured at amortised cost, using the effective interest method.

*(vi) Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*(vii) Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (l) Share-based payment transactions – Equity-settled share-based payment transactions

*Share options granted to employees and other eligible persons after 7 November 2002 and vested on or after 1 January 2005.*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium.
When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be retained in the share options reserve.

*Share options granted to employees and other eligible persons on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005.*

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (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 key management personnel of the Group or the Company's parent.

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

(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 the employees of 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 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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### (n) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification of a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is presented as if the operation had discontinued from the start of the comparative period. The disposal of PRC Internet Portal Business, as described in note 11, gives rise to a discontinued operation and restatement of comparatives.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

For the private equity funds disclosed in note 19(b), the ranges of reasonable fair value estimates is significant and the fair value cannot be measured reliably, therefore they are measured at cost less impairment. Management judgment is required in determining the impairment loss, if any. In assessing the private equity funds with a carrying amount of HK$60,853,000 (2012: HK$60,026,000), management takes into account the investment's financial performance (including such factors as earnings trends, dividend payments, asset quality and specific events), the near term prospects of the investment, the current and expected financial condition of the investment's issuer. Any changes in these estimates may result in an impairment loss.

**Fair value of available-for-sale financial assets**

As explained in note 19, the directors use their judgement in selecting an appropriate valuation technique for units interest in trust fund not quoted in an active market. The estimation of fair value of units interest in trust fund includes some assumptions not supported by observable market prices and rates.

## 5. REVENUE

An analysis of the Group's revenue for the year is as follows:

| | Note | **2013**<br>**HK$'000** | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|---|
| **Continuing operation** | | | |
| Travel Media | | **93,326** | 91,521 |
| **Discontinued operation** | | | |
| Internet Portal | 11 | **52,950** | 50,715 |
| | | **146,276** | 142,236 |

## 6. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's operating segments represents a strategic unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

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

**Continuing operation**

- Travel media – provision of advertising services through the internet and travel magazines, event organising services and magazine publication.

**Discontinued operation**

- Internet portal – provision of content and internet services and advertising services.

## 6. SEGMENT INFORMATION – CONTINUED

### (a) Segment revenues and results

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

| | Continuing Operation Travel media | | Discontinued Operation Internet portal | | Total | |
|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Reportable segment revenue | **93,326** | 91,521 | **52,950** | 50,715 | **146,276** | 142,236 |
| Reportable segment profit/(loss) | **18,018** | 14,879 | **6,962** | (687) | **24,980** | 14,192 |
| Bank interest income | **18** | 25 | **211** | 309 | **229** | 334 |
| Depreciation | **(259)** | (286) | **(796)** | (854) | **(1,055)** | (1,140) |
| (Impairment loss)/reversal of impairment loss on accounts receivable | **(443)** | 498 | **(412)** | (833) | **(855)** | (335) |
| Income tax expense | **(2,032)** | (2,146) | **–** | – | **(2,032)** | (2,146) |
| Reportable segment assets | **60,742** | 73,125 | **–** | 27,898 | **60,742** | 101,023 |
| Additions to non-current assets | **463** | 147 | **1,055** | 486 | **1,518** | 633 |
| Reportable segment liabilities | **17,420** | 29,262 | **–** | 19,703 | **17,420** | 48,965 |

Reconciliation of segment results to profit before tax:

| | **2013** | 2012 |
|---|---|---|
| | **HK$'000** | HK$'000 (Re-presented) |
| Segment profit | **24,980** | 14,192 |
| Segment (profit)/loss from discontinued operation | **(6,962)** | 687 |
| Investment and other income | **34,990** | 43,489 |
| Loss on disposal of available-for-sale investments | **(1)** | – |
| Central administration costs | **(19,059)** | (34,772) |
| Profit before tax from continuing operation | **33,948** | 23,596 |

## 6. SEGMENT INFORMATION – CONTINUED

### (a) Segment revenues and results – Continued

All revenue reported above represents revenue generated from external customers. There were no inter-segment sales in either year.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of gain on disposal of subsidiaries, investment and other income, loss on disposal of available-for-sale investments and central administration costs. Included in investment and other income consists of investment income and interest income from unallocated bank balances. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

| | **2013** | 2012 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Segment assets** | | |
| Travel Media (Continuing operation) | **60,742** | 73,125 |
| Internet Portal (Discontinued operation) | **–** | 27,898 |
| Total Segment assets | **60,742** | 101,023 |
| Unallocated bank balances and cash | **328,491** | 217,586 |
| Available-for-sale investments | **61,752** | 63,641 |
| Others | **15,910** | 12,095 |
| Consolidated assets | **466,895** | 394,345 |
| **Segment liabilities** | | |
| Travel Media (Continuing operation) | **17,420** | 29,262 |
| Internet Portal (Discontinued operation) | **–** | 19,703 |
| Total segment liabilities | **17,420** | 48,965 |
| Others | **1,794** | 3,334 |
| Consolidated liabilities | **19,214** | 52,299 |

## 6. SEGMENT INFORMATION – CONTINUED

### (b) Segment assets and liabilities – Continued

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than unallocated bank balances and cash, available-for-sale investments and unallocated other assets.
- all liabilities are allocated to reportable and operating segments other than unallocated other payables and accrued liabilities.

### (c) Geographical information

The Group's operations are located in and two principal geographical areas – the People's Republic of China ("The PRC") and Singapore.

The Company is an investment holding company incorporated in the Cayman Islands where the Group does not have any activities. The Group has majority of its operations and workforce in the PRC and Singapore. With the disposal of the PRC internet portal business during the year ended 31 December 2013, the Singapore is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

Information about the Group's revenue from external customers is presented based on geographical location based on the location at which the services were provided and information about the Group's non-current assets is presented based on geographical location of the assets detailed below:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | Year ended 31 December | | As at 31 December | |
| | **2013** | 2012 | **2013** | 2012 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| **Continuing operation** | | | | |
| Singapore (place of domicile) | **93,326** | 91,521 | **644** | 319 |
| **Discontinued operation** | | | | |
| The PRC | **52,950** | 50,715 | **–** | 1,306 |
| | **146,276** | 142,236 | **644** | 1,625 |

Note: Non-current assets excluded financial instruments.

No customer attributed more than 10% of the Group's total revenue (2012: Nil).

## 7. OTHER INCOME, GAIN AND LOSSES

| | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|
| **Continuing operation** | | |
| Investment income | **29,756** | 39,313 |
| Bank interest income | **4,759** | 3,376 |
| Other non-operating income | **605** | 1,363 |
| (Loss)/gain on disposal of property, plant and equipment | **(1)** | 16 |
| Loss on disposal of available-for-sale investment | **(1)** | – |
| | **35,118** | 44,068 |

## 8. (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES

| | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|
| **Continuing operation** | | |
| Reversal of impairment loss on accounts receivable | **–** | 498 |
| Impairment loss on accounts receivable | **(443)** | – |
| | **(443)** | 498 |

## 9. INCOME TAX EXPENSE

| | 2013<br>HK$'000 | 2012<br>HK$'000 |
|---|---|---|
| **Continuing operation** | | |
| Current tax – Singapore | **2,734** | 2,146 |
| Over-provision in prior years | **(702)** | – |
| | **2,032** | 2,146 |

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in Hong Kong for the year ended 31 December 2013 (2012: HK$ Nil).

For subsidiary in Singapore, they are subject to a flat corporate tax rate of 17% (2012:17%).

## 9. INCOME TAX EXPENSE – CONTINUED

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

| | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|
| Profit before income tax expense from continuing operation | **33,948** | 23,596 |
| Tax calculated at Singapore flat corporate tax rate of 17% (2012: 17%) | **5,771** | 4,011 |
| Effect of different tax rate of operation in the PRC and Hong Kong | **(181)** | 255 |
| Tax effect of revenue not taxable for tax purposes | **(21,561)** | (8,072) |
| Tax effect of expenses not deductible for tax purposes | **13,868** | 3,209 |
| Tax effect of deductible temporary differences not recognised | **(2)** | (3) |
| Tax effect of tax losses not recognised | **4,839** | 2,746 |
| Over-provision in respect of prior year | **(702)** | – |
| Tax expenses | **2,032** | 2,146 |

## 10. PROFIT FOR THE YEAR FROM CONTINUING OPERATION

Profit for the year from continuing operation is arrived at after charging/(crediting):

| | 2013<br>HK$'000 | 2012<br>HK$'000<br>(Re-presented) |
|---|---|---|
| **Continuing operation** | | |
| Operating leases | | |
| – in respect of office premises | **4,128** | 4,313 |
| – in respect of office equipment | **70** | 70 |
| Depreciation of property, plant and equipment | **293** | 298 |
| Staff costs (including directors' emoluments and share-based payments) | **27,190** | 32,862 |
| Retirement benefits scheme contributions | **2,449** | 2,586 |
| Total staff costs | **29,639** | 35,448 |
| Net foreign exchange (gain)/loss | **(2,809)** | 1,924 |
| Auditor's remuneration | **825** | 786 |
| Gain on disposal of subsidiaries | **(63,686)** | – |
| Loss/(gain) on disposal of property, plant and equipment | **1** | (16) |
| Investment income on available-for-sale investments | **(29,756)** | (39,313) |
| Bank interest income | **(4,759)** | (3,376) |
| Loss on disposal of available-for-sale investment | **1** | – |

## 11. DISCONTINUED OPERATION

On 13 August 2013, the Company entered into a sale and purchase agreement to dispose the Disposal Assets to the Global Broadcasting, at a total consideration of HK$90,800,000.

The Disposal Assets, as specified in note 28, was engaged in provision of content and internet service in the PRC. The disposal was completed on 30 October 2013, the date on which the control of PRC Internet Portal segment passed to the Global Broadcasting. The revenue, results, cash flows and net assets of the Disposal Assets were as follows:

| | **10 months to October 2013 HK$'000** | 12 months to December 2012 HK$'000 (Re-presented) |
|---|---|---|
| Revenue | **52,950** | 50,715 |
| Cost of sales | **(13,055)** | (15,332) |
| Other income | **212** | 344 |
| Selling and distribution expenses | **(12,685)** | (13,693) |
| General and administration expenses | **(20,048)** | (21,888) |
| Impairment losses | **(412)** | (833) |
| Profit/(loss) before tax | **6,962** | (687) |
| Income tax expense | **–** | – |
| | **6,962** | (687) |
| Gain on disposal of operation | **63,686** | – |
| Profit/(loss) for the year from discontinued operation | **70,648** | (687) |
| Net cash generated from/(used in) operating activities | **3,802** | (3,373) |
| Net cash used in investing activities | **(578)** | (2,354) |
| Net cash (used in)/generated from financing activities | **(1,924)** | 2,630 |
| Total cash flows | **1,300** | (3,097) |

The carrying amounts of the assets and liabilities of the Disposal Assets at the date of disposal are disclosed in note 28 to the financial statements.

A gain of HK$63,686,000 arose on the disposal of the Disposal Assets, being the proceeds of disposal less the carrying amount of the subsidiaries' net assets. No tax charge or credit arose from the disposal.

For the purpose of presenting discontinued operation, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

## 12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 16 (2012: 14) directors were as follows:

**Year ended 31 December 2013**

| | Salaries, allowances and benefits in kind HK$'000 | Share–based payments HK$'000 | Fees HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Mr. Chow Chi Wa (note a) | – | – | 77 | – | 77 |
| Mr. Huang Honghua (note a) | – | – | 230 | – | 230 |
| Mr. Xiao Hua (note a) | – | – | 230 | – | 230 |
| Mr. Marcus Alexander Watson (note b) | – | – | – | – | – |
| | – | – | 537 | – | 537 |
| Independent non-executive directors: | | | | | |
| Ms Peng Jiang (note c) | – | – | 23 | – | 23 |
| Mr. Zhu Xiangrong (note c) | – | – | 23 | – | 23 |
| Mr. Wu Guilong (note c) | – | – | 23 | – | 23 |
| Mr. Anson Wang (note d) | – | – | 70 | – | 70 |
| Professor Li On-Kwok, Victor (note d) | – | – | 64 | – | 64 |
| Mr. Kenneth Blake Fowler (note d) | – | – | 56 | – | 56 |
| | – | – | 259 | – | 259 |
| Non-executive directors: | | | | | |
| Ms Xu Yun (note e) | – | – | 154 | – | 154 |
| Mr. Mao Hong Cheng | – | – | – | – | – |
| Dr. Ch'ien Kuo Fung, Raymond (note f) | – | – | 42 | – | 42 |
| Mr. Carrick John Clough (note f) | – | – | – | – | – |
| Mr. Joseph David Stutz (note f) | – | – | – | – | – |
| Mr. Ding Chun (note f) | – | – | – | – | – |
| | – | – | 196 | – | 196 |
| | – | – | 992 | – | 992 |

## 12. DIRECTORS' EMOLUMENTS – CONTINUED

Notes:

a. Appointed as an executive director during the year ended 31 December 2013.

b. Resigned as an executive director during the year ended 31 December 2013.

c. Appointed as an independent non-executive director during the year ended 31 December 2013.

d. Resigned as an independent non-executive director during the year ended 31 December 2013.

e. Appointed as a non-executive director during the year ended 31 December 2013.

f. Resigned as a non-executive director during the year ended 31 December 2013.

**Year ended 31 December 2012**

| | Salaries, allowances and benefits in kind HK$'000 | Share–based payments HK$'000 | Fees HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Mr. Wong Kwong Chi (note a) | 1,170 | 127 | – | 14 | 1,311 |
| Mr. Cheng Loi (note b) | 779 | – | – | 2 | 781 |
| Mr. Marcus Alexander Watson (note c) | – | – | – | – | – |
| | 1,949 | 127 | – | 16 | 2,092 |
| Independent non-executive directors: | | | | | |
| Mr. Wang Cheung Yue, Fred (note d) | – | – | 77 | – | 77 |
| Mr. Anson Wang | – | – | 195 | – | 195 |
| Professor Li On-Kwok, Victor (note e) | – | – | 146 | – | 146 |
| Mr. Kenneth Blake Fowler (note f) | – | – | 45 | – | 45 |
| | – | – | 463 | – | 463 |
| Non-executive directors: | | | | | |
| Dr. Ch'ien Kuo Fung, Raymond | – | – | 176 | – | 176 |
| Mr. Mao Hong Cheng | – | – | – | – | – |
| Mr. Carrick John Clough (note g) | – | – | – | – | – |
| Mr. Joseph David Stutz (note g) | – | – | – | – | – |
| Mr. Ding Chun (note g) | – | – | – | – | – |
| Mr. Chen Mouhua (note h) | – | – | 35 | – | 35 |
| Mr. Yip Hak Yung, Peter (note i) | – | – | 8 | – | 8 |
| | – | – | 219 | – | 219 |
| | 1,949 | 127 | 682 | 16 | 2,774 |

## 12. DIRECTORS' EMOLUMENTS – CONTINUED

Notes:

a. Resigned as an executive director during the year ended 31 December 2012, but remain as chief executive officer until 6 November 2013.

b. Resigned as an executive director during the year ended 31 December 2012.

c. Appointed as an executive director during the year ended 31 December 2012.

d. Resigned as an independent non-executive director during the year ended 31 December 2012.

e. Resigned and re-appointed as an independent non-executive director during the year ended 31 December 2012.

f. Appointed as an independent non-executive director during the year ended 31 December 2012.

g. Appointed as a non-executive directors during the year ended 31 December 2012.

h. Appointed and resigned as a non-executive director during the year ended 31 December 2012.

i. Resigned as a non-executive director during the year ended 31 December 2012.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. During the year ended 31 December 2013 and 2012, no share option of the Company was granted to a director in respect of his services provided to the Group under a share option scheme of the Company, further details of which are set out in note 29.

## 13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, nil (2012: one) was director of the Company whose emoluments are included in the disclosure note 12 above. The emoluments of the remaining five (2012: four) individuals were as follows:

| | **2013 HK$'000** | 2012 HK$'000 |
|---|---|---|
| Salaries and other benefits | **7,111** | 5,894 |
| Retirement benefits scheme contributions | **220** | 266 |
| | **7,331** | 6,160 |

| | **2013 No. of individuals** | 2012 No. of individuals |
|---|---|---|
| HK$ NIL TO HK$ 1,000,000 | **–** | – |
| HK$ 1,000,001 TO HK$ 1,500,000 | **4** | 3 |
| HK$ 1,500,001 TO HK$ 2,000,000 | **–** | – |
| HK$ 2,000,001 TO HK$ 2,500,000 | **1** | – |
| HK$ 2,500,001 TO HK$ 3,000,000 | **–** | 1 |
| | **5** | 4 |

## 13. EMPLOYEES' EMOLUMENTS – CONTINUED

The emoluments paid or payable to members of senior management were within the following bands:

| | **2013 No. of individuals** | 2012 No. of individuals |
|---|---|---|
| HK$ NIL TO HK$ 1,000,000 | **1** | 2 |
| HK$ 1,000,001 TO HK$ 1,500,000 | **3** | 1 |
| HK$ 1,500,001 TO HK$ 2,000,000 | **–** | – |
| HK$ 2,000,001 TO HK$ 2,500,000 | **1** | – |
| HK$ 2,500,001 TO HK$ 3,000,000 | **–** | 1 |
| | **5** | 4 |

* Mr. Wong Kwong Chi has resigned from as the Chief Executive Officer of the Company, with effective from 6 November 2013; and Mr. Chow Chi Wa was appointed as the Chief Executive Officer of the Company with effective from 6 November 2013. The remuneration of Mr. Wong and Mr. Chow were included in the band ranged from HK$1,000,001 to HK$1,500,000 and nil to HK$1,000,000 respectively.

## 14. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2013 and 31 December 2012.

## 15. EARNINGS PER SHARE

**From continuing and discontinued operations**

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

| | **2013 HK$'000** | 2012 HK$'000 |
|---|---|---|
| **Profit from continuing and discontinued operations** | | |
| Earnings for the purpose of basic and diluted earnings per share | **102,556** | 20,411 |

| | **2013 '000** | 2012 '000 (Restated) |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **107,174** | 107,174 |
| Bonus issue of shares by capitalization of the share premium account | **535,868** | 535,868 |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share after bonus issue | **643,042** | 643,042 |

## 15. EARNINGS PER SHARE – CONTINUED

**From continuing and discontinued operations – Continued**

535,868,205 ordinary shares are deemed to be in issue at the beginning of the relevant periods assuming that the issuance of bonus shares has been effective. The comparative figures for 2012 have been adjusted accordingly.

The calculation of diluted earnings per share does not assume the exercise of share options as the exercise prices of share options are higher than the average market price of the Company's shares over the reporting period.

**From continuing operation**

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

| | **2013** **HK$'000** | 2012 HK$'000 (Re-presented) |
|---|---|---|
| Profit for the year attributable to owners of the Company | **102,556** | 20,411 |
| Less: (Profit)/loss for the year from discontinued operation | **(70,648)** | 687 |
| Earnings for the purpose of basic and diluted earnings per share from continuing operation | **31,908** | 21,098 |

The calculation of diluted earnings per share does not assume the exercise of share options as the exercise prices of share options are higher than the average market price of the Company's shares over the reporting period.

**From discontinued operation**

Basic and diluted earnings per share for the discontinued operation is HK$10.99 cent per share (2012: loss per share HK$0.11 cents, based on the profit for the year from the discontinued operation of approximately HK$70,648,000 (2012: loss of approximately HK$687,000) and the denominators detailed above for both basic and diluted earnings per share.

## 16. PROPERTY, PLANT AND EQUIPMENT

**The Group**

| | Leasehold improvements HK$'000 | Furniture and fixtures HK$'000 | Office equipment HK$'000 | Computer equipment and software HK$'000 | Motor vehicles HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| **COST** | | | | | | |
| At 1 January 2012 | 7,153 | 1,003 | 8,512 | 50,719 | 18 | 67,405 |
| Exchange realignments | 87 | 8 | (15) | 239 | (3) | 316 |
| Additions | – | 2 | 220 | 411 | – | 633 |
| Disposals | – | – | – | (2,409) | – | (2,409) |
| At 31 December 2012 | 7,240 | 1,013 | 8,717 | 48,960 | 15 | 65,945 |
| Exchange realignments | 92 | 18 | 24 | 320 | – | 454 |
| Additions | 45 | 43 | 388 | 1,042 | – | 1,518 |
| Disposals | – | – | (1) | (10) | – | (11) |
| Disposal of subsidiaries | (3,168) | (644) | (848) | (11,657) | – | (16,317) |
| At 31 December 2013 | 4,209 | 430 | 8,280 | 38,655 | 15 | 51,589 |
| **ACCUMULATED DEPRECIATION** | | | | | | |
| At 1 January 2012 | 7,117 | 922 | 8,316 | 48,930 | 15 | 65,300 |
| Exchange realignments | 82 | 7 | (14) | 211 | – | 286 |
| Provided during the year | 41 | 23 | 75 | 1,001 | – | 1,140 |
| Eliminated on disposals | – | – | – | (2,406) | – | (2,406) |
| At 31 December 2012 | 7,240 | 952 | 8,377 | 47,736 | 15 | 64,320 |
| Exchange realignments | 92 | 18 | 13 | 319 | – | 442 |
| Provided during the year | 45 | 26 | 93 | 891 | – | 1,055 |
| Eliminated on disposals | – | – | (1) | (3) | – | (4) |
| Release upon disposal of subsidiaries | (3,168) | (576) | (524) | (10,600) | – | (14,868) |
| At 31 December 2013 | 4,209 | 420 | 7,958 | 38,343 | 15 | 50,945 |
| **CARRYING VALUES** | | | | | | |
| At 31 December 2013 | – | 10 | 322 | 312 | – | 644 |
| At 31 December 2012 | – | 61 | 340 | 1,224 | – | 1,625 |

## 16. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

**The Group – Continued**

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

| | |
|---|---|
| Leasehold improvements | Over the shorter of the term of the lease, or 33 $^1/_3$ % – 50% |
| Furniture and fixtures | 20% |
| Office equipment | 20% |
| Computer equipment and software | 33 $^1/_3$% |
| Motor Vehicles | 20% |

## 17. GOODWILL

**The Group**

| | HK$'000 |
|---|---|
| **COST** | |
| At 1 January 2012 and 31 December 2012 | 520,281 |
| Cost attributable to the Disposal Group | (658) |
| At 31 December 2013 | 519,623 |
| **ACCUMULATED IMPAIRMENT** | |
| At 1 January 2012 and 31 December 2012 | (520,281) |
| Accumulated impairment attributable to the Disposal Group | 658 |
| At 31 December 2013 | (519,623) |
| **CARRYING VALUE** | |
| At 31 December 2013 | – |
| At 31 December 2012 | – |

**Impairment Testing**

For the purposes of impairment testing, good will has been allocated to travel media and included in reserves.

| | **2013** **HK$'000** | 2012 HK$'000 |
|---|---|---|
| Travel media and included in reserves | **31,193** | 31,193 |

**Travel Media**

The recoverable amount of this cash generating unit ("CGU") has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a one-year period, and a discount rate of 17% (2012: 22%). Cash flows beyond the one-year period are extrapolated using growth rates of 6% to 8% (2012: 6% to 8%) over the projected period of five years. These growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rates for the relevant industries. Another key assumption for the value in use calculation is the budgeted gross margins, which are determined based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of this CGU.

## 18. INVESTMENT IN SUBSIDIARIES

| | The Company | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Unlisted shares/equity investments, at cost | **65,285** | 65,285 |

| Name of subsidiary | Place of incorporation/ registration and operations | Particulars of issued and paid up capital | | Proportion ownership interest held by the Company | | | | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | | | Directly | | Indirectly | | |
| | | **2013** | 2012 | **2013** % | 2012 % | **2013** % | 2012 % | |
| TTG Global Limited (formerly known as China.com Corp. Limited) | Hong Kong | **100 ordinary shares of HK$10 each** | 100 ordinary shares of HK$10 each | **100** | 100 | **-** | – | Investment holdings |
| TTG Asia Media Pte. Ltd | Singapore | **100,000 ordinary shares of SGD1 each** | 100,000 ordinary shares of SGD1 each | **-** | – | **100** | 100 | Provision of advertising and event organising services and magazine publication |
| Beijing China.com Technology Services Co. Ltd (note a) | PRC | **Registered capital of RMB 20,000,000** | Registered capital of RMB 20,000,000 | **-** | – | **-** | 100 | Operation of a portal site provision of content and internet adverting services |
| Chinadotcom Communications Technology Development (Beijing) Limited (note b) | PRC | **Registered capital of USD850,000** | Registered capital of USD850,000 | **-** | – | **-** | 100 | Operation of a portal site provision of content and internet adverting services |

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

Notes:

(a) This company is registered as a limited liability company under the PRC law. This company is accounted for as a subsidiary by virtue of the Group's control over its financial and operating policies, directly or indirectly, so as to obtain benefits from its activities.

(b) This company is registered as a wholly-foreign owned enterprise under the PRC law.

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

## 19. AVAILABLE-FOR-SALE INVESTMENTS

| | Notes | The Group and Company 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| Trust Units in CDC Liquidation Trust | a | **899** | 3,615 |
| Other unlisted security: | | | |
| – Equity interest in private equity funds | b | **60,853** | 60,026 |
| Total | | **61,752** | 63,641 |
| Analysed for reporting purposes as: | | | |
| – Non-current assets | | **61,752** | 63,641 |

Notes:

(a) On 5 October 2011, CDC Corporation, the Company former ultimate holding company, filed a voluntary petition in the United States Bankruptcy Court for the Northern District of Georgia (the "Court") seeking relief under the provisions of Chapter 11 of the U.S. Bankruptcy Code. On 19 December 2012, the Court entered an order providing 19 December 2012 as the Effective Date (the "Effective Date") for CDC Corporation's Second Amended Joint Plan of Reorganization (the "Plan"). On 19 December 2012, CDC Corporation: (i) established a liquidation trust ("CDC Liquidation Trust"); and (ii) executed a Liquidation Trust Agreement and Deed of Assignment, and substantially all of CDC Corporation's assets were subsequently transferred to the CDC Liquidation Trust. Pursuant to, and as more fully-described in, the Plan, all shares of common stock of CDC Corporation ("Common Shares"), except for one Common Share held in the name of the Liquidation Trustee, held by shareholders of record on the Effective Date were cancelled and fully-extinguished in exchange for an equivalent number of beneficial interests in the CDC Liquidation Trust ("Trust Units"). The Group holds approximately 0.7% (2012: 0.7%) Trust Units in the CDC Liquidation Trust.

The latest available market price as at the Effective Date was US$5.15 and no market price was available subsequent to the Effective Date. Considering that most of the assets of the Trust is bank and cash, the Directors of the Company estimates that the fair value of the investment as at 31 December 2013 is based on the quoted market bid price of US$5.15 as at the Effective Date and adjusting the effect of capital distribution of US$1.39 and US$3.3 per Trust Units by the CDC Liquidation Trust on 29 July 2013 and 24 December 2012 respectively.

## 19. AVAILABLE-FOR-SALE INVESTMENTS – CONTINUED

Notes: – Continued

(b) The Group has invested in two (2012: three) private equity funds as a limited partner:

| | The Group and Company | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| New Horizon Capital, L.P. ("New Horizon") | **54,912** | 50,734 |
| Greycroft Partners, L.P. ("Greycroft") | **5,941** | 6,306 |
| New Horizon Capital IV, L.P. ("New Horizon IV") | **–** | 2,986 |
| | **60,853** | 60,026 |

New Horizon is a Cayman Islands Exempted Limited Partnership formed in April 2007 and commenced operations in May 2007. New Horizon makes direct and indirect investments in state-owned enterprises in the PRC, with a focus on the consumer products, health care, alternative energy, manufacturing industries and other entities with strong fundamentals and high growth rate. New Horizon completed its final closing in June 2007, raising aggregate committed capital of HK$3,946,800,000, including the general partner's commitment of HK$46,800,000. In May 2007, the Group signed the subscription document indicating its total capital commitment to the fund is HK$109,200,000, representing 2.8% of the partnership interest. At 31 December 2013, the Group had cumulatively contributed HK$105,326,000 (2012: HK$97,171,000) in total, of which HK$41,225,000 (2012: HK$39,337,000) cumulatively was distributed to the Group as return of capital as of 31 December 2013. The remaining commitment is HK$3,874,000 (2012: HK$12,029,000). The timing of capital contribution is generally on an "as needed" basis. The term of New Horizon will be seven years unless terminated earlier pursuant to the partnership agreement.

Greycroft is a Delaware Limited Partnership. Greycroft engages in venture capital investing in early stage revenue producing companies with particular emphasis on applications of digital media in the wireless and internet arena, although investments will be made from time to time in other industries. Greycroft's aggregate committed capital is HK$585,078,000 including the general partner's commitment of HK$31,278,000. The Group signed the subscription document indicating its total capital commitment to the fund is HK$7,800,000, representing 1.3% of the partnership interest. At 31 December 2013, the Group had cumulatively contributed HK$7,800,000 (2012: HK$7,800,000).

New Horizon Capital IV, a China-focused growth fund managed by New Horizon Capital established in 2011, with main focus on investment in leading players in industries, such as consumer services and products, energy, pharmaceuticals and retail. In August 2011, the Group signed the subscription document indicating its total capital commitment to the New Horizon Capital IV is HK$31,200,000 representing 0.37% of the partnership interest. As at 31 December 2012, the Group had cumulatively contributed HK$2,986,000 to New Horizon IV. No further capital contribution needed.

31 December 2013

## 19. AVAILABLE-FOR-SALE INVESTMENTS – CONTINUED

Notes: – Continued

(b) The Group has invested in two (2012: three) private equity funds as a limited partner: – Continued

***Disposal of the Private Equity Fund – New Horizon IV***

On 14 June 2013, the Company as the seller entered into the disposal agreement (the "Disposal Agreement") with AlpInvest Partners Primary Fund Investments 2013 I B.V. ("AlpInvest"), a private company with limited liability organized under the laws of the Netherlands and is wholly owned by AlpInvest Partners B.V, pursuant to which the Company conditionally agreed to sell and the AlpInvest conditionally agreed to purchase the Company's entire interest in the New Horizon IV, at a consideration of HK$4,025,000 in cash subject to adjustments. The disposal completed on 4 July 2013. Upon the completion, the Company has received the consideration in cash. Following the Completion, the Company no longer holds any interest in the New Horizon IV.

The Company's committed capital commitment in the Private Equity Fund is HK$31,200,000, of which approximately HK$4,026,000 had been paid as of 30 May 2013 as the Company's capital contribution to the Private Equity Fund was generally on an "as needed" basis. After the completion of the Disposal, the remaining capital commitment of the Company in the Private Equity Fund will be taken up by the AlpInvest pursuant to the terms of the Disposal Agreement.

For New Horizon and Greycroft, the management, operation, policy and conduct of the private equity funds shall be vested exclusively in the general partners. The Group's investments have been accounted for at cost less impairment, if any, at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

## 20. ACCOUNTS RECEIVABLE

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Accounts Receivable | **15,005** | 26,204 |
| Less: Allowance for bad and doubtful debts | **(1,556)** | (3,822) |
| | **13,449** | 22,382 |

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding accounts receivable and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has provided an impairment loss on accounts receivable based on experience of collecting payments.

## 20. ACCOUNTS RECEIVABLE – CONTINUED

The following is an aged analysis of accounts receivable net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Within 90 days | **12,353** | 21,181 |
| 91-120 days | **528** | 579 |
| 121-180 days | **397** | 236 |
| Over 180 days | **171** | 386 |
| | **13,449** | 22,382 |

Before accepting any new customer, the Group uses an evaluation scoring system to assess the potential customer's credit quality and defines credit limits by each customer. Limits and evaluation attributed to customers are reviewed regularly by senior management based on experience of collecting payments. Over 20% (2012: 75%) of the accounts receivable that are neither past due nor impaired have the best credit quality under the credit system of the Group.

Accounts receivable that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Accounts receivable that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered. The average age of these accounts receivable by invoice date is 95 days (2012: 99 days).

Ageing of accounts receivable which are past due but not impaired

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Within 90 days | **9,612** | 4,303 |
| 91 – 120 days | **528** | 579 |
| 121 – 180 days | **397** | 236 |
| Over 180 days | **171** | 386 |
| | **10,708** | 5,504 |

## 20. ACCOUNTS RECEIVABLE – CONTINUED

**Movement in the allowance for bad and doubtful debts**

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Balance at beginning of the year | **(3,822)** | (3,509) |
| Disposal of subsidiaries | **2,486** | – |
| Impairment loss on accounts receivable | **(855)** | (335) |
| Amounts written off as uncollectible | **599** | 147 |
| Exchange realignment | **36** | (125) |
| Balance at end of the year | **(1,556)** | (3,822) |

The Group recognized impairment loss on individual assessment based on the accounting policy stated in note 3(k). An impairment loss of HK$855,000 has been provided for the year ended 31 December 2013 (2012: HK$335,000) since the Group does not consider the amount will be collectible.

## 21. BALANCES WITH SUBSIDIARIES, FELLOW SUBSIDIARIES AND ULTIMATE HOLDING COMPANY

The amounts due from subsidiaries, fellow subsidiaries and ultimate holding company are unsecured, interest-free and repayable within one year. The amounts due to subsidiaries, fellow subsidiaries are unsecured, interest-free and repayable on demand.

## 22. BANK BALANCES AND CASH

Bank balances and cash of the Group and the Company comprise cash held by the Group and the Company and short-term bank deposits with original maturity of less than 3 months. As at 31 December 2013, bank balances and cash of the Group amounting to HK$302,651,000 and HK$32,632,000 were denominated in Renminbi and Singapore dollars, functional currency of the relevant group entities, respectively (2012: HK$125,494,000 and HK$27,275,000 respectively).

## 23. SHARE CAPITAL

| | Number of shares | Share capital HK$'000 |
|---|---|---|
| Ordinary shares of HK$0.01 each | | |
| **Authorised:** | | |
| As at 1 January 2012, 31 December 2012 | 250,000,000 | 2,500 |
| Increase during the year | 2,750,000,000 | 27,500 |
| As at 31 December 2013 | 3,000,000,000 | 30,000 |
| **Issued and fully paid:** | | |
| As at 1 January 2012, 31 December 2012 and 31 December 2013 | 107,173,641 | 1,072 |

Pursuant to an ordinary resolution in relation to the bonus issue of share passed at the extraordinary general meeting of the Company held on 31 December 2013, 535,868,205 bonus shares of HK$0.01 each were issued on 16 January 2014 to the shareholders on the basis of five bonus shares for every existing ordinary share who were entitled to those bonus shares. The bonus shares rank pari passu with the existing shares in all respects. Details of the bonus issue of shares are set out in the circular of the Company dated 6 December 2013.

## 24. SHARE PREMIUM AND RESERVES

**The Company**

| | Share premium HK$'000 | Capital reserve HK$'000 | Investment revaluation reserve HK$'000 | Capital redemption reserve HK$'000 | Share options reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2012 | 39,337 | 24,650 | – | 11,690 | 62,412 | 51,309 | 189,398 |
| Profit for the year | – | – | – | – | – | 19,379 | 19,379 |
| Other comprehensive income for the year | – | – | 3,502 | – | – | – | 3,502 |
| Total comprehensive income for the year | – | – | 3,502 | – | – | 19,379 | 22,881 |
| Recognition of equity-settled share-based payments | – | – | – | – | 250 | – | 250 |
| At 31 December 2012 | 39,337 | 24,650 | 3,502 | 11,690 | 62,662 | 70,688 | 212,529 |
| Profit for the year | – | – | – | – | – | 103,340 | 103,340 |
| Other comprehensive income for the year | – | – | (2,632) | – | – | – | (2,632) |
| Total comprehensive income for the year | – | – | (2,632) | – | – | 103,340 | 100,708 |
| Lapse of share options | – | – | – | – | (62,678) | 62,678 | – |
| Recognition of equity-settled share-based payments | – | – | – | – | 16 | – | 16 |
| At 31 December 2013 | 39,337 | 24,650 | 870 | 11,690 | – | 236,706 | 313,253 |

## 25. DEFERRED TAXATION

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 December 2013, due to the disposal of PRC Internet Portal, there is no temporary difference attributable to accumulated profits of the PRC subsidiaries. At 31 December 2012, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries with amount of HK$3,555,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of reporting period, the Group had unused tax losses arising in the PRC of HK$3,473,000 (2012: HK$49,619,000) and in Hong Kong of HK$237,237,000 (2012: HK$207,025,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised at the end of reporting dates in respect of the tax losses due to the unpredictability of future profit streams. The tax losses arising in the PRC will expire from 2014 to 2018 (2014: HK$1,607,000; 2015: HK$ nil; 2016: HK$167,000; 2017: HK$28,000; 2018: HK$1,671,000) while those arising in Hong Kong will carry forward indefinitely.

## 26. ACCOUNTS PAYABLE

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

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Within 90 days | **4,643** | 7,950 |
| 91-120 days | **7** | 25 |
| 121-180 days | **2** | 13 |
| Over 180 days | **1,145** | 1,911 |
| | **5,797** | 9,899 |

The credit period on purchase is generally 1.5 to 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

## 27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### (a) Categories of financial instruments

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **Financial assets** | | |
| Loans and receivables (including bank balances and cash) | **404,499** | 329,079 |
| Available-for-sale investment | **61,752** | 63,641 |
| **Financial liabilities** | | |
| Liabilities measured at amortised cost | **14,974** | 26,715 |

| | The Company | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **Financial assets** | | |
| Loans and receivables (including bank balances and cash) | **226,110** | 112,490 |
| Available-for-sale investment | **61,752** | 63,641 |
| **Financial liabilities** | | |
| Liabilities measured at amortised cost | **38,822** | 27,815 |

The Group's major financial instruments include available-for-sale investments, accounts receivable, amounts due from fellow subsidiaries and ultimate holding company, bank balances and cash, accounts payable and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### (b) Financial risk management objectives and policies

Management monitors and manages the financial risks relating to the operations of the Group through their degree of magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

*(i) Market risk*

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. There has been no change to the Group's manner in which it manages and measures the risk.

Foreign currency risk

The Group's business transaction, assets and liabilities are denominated in HK$, US$, SGD and RMB and the functional currencies of the Group's principal operating entities are HK$, SGD and RMB. Considering the fact that most of the groups transactions are denominated in its functional currency except for sales denominated in US$, the group's exposure to foreign currency risk arises from sales denominated in US$.

Since HK$ is pegged to US$, there is no significant exposure expected on US$ transactions and balances whilst the currency peg remains in place.

The foreign currency risk of the Group also includes the foreign exchange loss arising on the retranslation of monetary assets denominated in Hong Kong dollars against Renminbi and Singapore dollars for those subsidiaries with Renminbi and Singapore dollars as functional currencies. The carrying amount of PRC subsidiaries and Singapore subsidiary's Hong Kong dollars denominated monetary assets representing loans receivable within the Group and monetary liabilities representing loans payable within the Group at 31 December 2013 was HK$114,414,000 and HK$546,000 (2012: HK$17,291,000 and HK$18,556,000) respectively.

The sensitivity analysis below has been determined based on the exposure to a 5% (2012: 5%) increase and decrease in Hong Kong dollars against Renminbi and Singapore dollars. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding amounts of PRC subsidiaries and Singapore subsidiary' Hong Kong dollars denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% strengthening of Hong Kong dollars against Renminbi and Singapore dollars, the post-tax profit for the year ended 31 December 2013 would be decreased by HK$4,754,000 (2012: post-tax profit decreased by HK$53,000). For a 5% weakening of the Hong Kong dollars against Renminbi and Singapore dollars, there would be an equal and opposite impact on the profit or loss.

The Group's sensitivity to Hong Kong dollars against Renminbi and Singapore has increased during the current year mainly due to the increased in carrying amount of PRC subsidiaries and Singapore subsidiaries' Hong Kong dollars denominated monetary net assets.

## 27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### (b) Financial risk management objectives and policies – Continued

*(i) Market risk – Continued*

Interest rate risk

The Group's fair value interest rate risk relates primarily to interest rate of short-term bank deposits which carry interest ranging from 0.11% to 3.30% per annum (2012: 2.65% to 3.10%). Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

*(ii) Credit risk*

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management reviews the recoverable amount of each individual accounts receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds including bank balances is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group is exposed to some concentration of credit risk. The five largest debtors accounted for approximately 31% (2012: 32%) of the Group's total accounts receivable. In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or recover the overdue debts.

Other than concentration of credit risk described above, the Company does not have any other significant concentration of credit risk.

*(iii) Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate bank balances and cash and continuously monitoring forecast and actual cash flows.

The following table analyses the Group's remaining contractual maturity for its financial liabilities provided internally to the key management personnel for the purpose of managing liquidity risk. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

## 27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### (b) Financial risk management objectives and policies – Continued

*(iii) Liquidity risk – Continued*

| | Within 90 days HK$'000 | 91-120 days HK$'000 | 121-180 days HK$'000 | Over 180 days HK$'000 | Total undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| 2013 | | | | | | |
| Accounts payable | **5,797** | **–** | **–** | **–** | **5,797** | **5,797** |
| Other payables and accrued liabilities | **9,177** | **–** | **–** | **–** | **9,177** | **9,177** |
| | **14,974** | **–** | **–** | **–** | **14,974** | **14,974** |
| 2012 | | | | | | |
| Accounts payable | 9,899 | – | – | – | 9,899 | 9,899 |
| Other payables and accrued liabilities | 16,816 | – | – | – | 16,816 | 16,816 |
| | 26,715 | – | – | – | 26,715 | 26,715 |

| | Within 90 days HK$'000 | 91-120 days HK$'000 | 121-180 days HK$'000 | Over 180 days HK$'000 | Total undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| **The Company** | | | | | | |
| 2013 | | | | | | |
| Other payables and accrued liabilities | **997** | **–** | **–** | **–** | **997** | **997** |
| Amounts due to subsidiaries | **37,825** | **–** | **–** | **–** | **37,825** | **37,825** |
| | **38,822** | **–** | **–** | **–** | **38,822** | **38,822** |
| 2012 | | | | | | |
| Other payables and accrued liabilities | 1,549 | – | – | – | 1,549 | 1,549 |
| Amounts due to subsidiaries | 26,266 | – | – | – | 26,266 | 26,266 |
| | 27,815 | – | – | – | 27,815 | 27,815 |

## 27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### (c) Fair value of financial instruments

As at 31 December 2013, the fair value determination of available-for-sale investment as described in note 19(a) are determined with reference to latest quoted market bid prices as at the Effective Date adjusting the effect of capital distribution of US$1.39 and US$3.3 per Trust Units by the CDC Liquidation Trust on 29 July 2013 and 24 December 2012 respectively.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except that the private equity funds are stated at cost less impairment as detailed in note 19(b), management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

Based on the lowest level input that is significant to the fair value measurement in its entirely, the fair value hierarchy has the following levels:

| | |
|---|---|
| Level 1 | fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities. |
| Level 2 | fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

At the end of the reporting period, all of the Group's and the Company's investment in the CDC Liquidation Trust are grouped into level 2 category.

There is no transfer between among the three levels during the year.

### (d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. As the Company is in a cash-rich position, the directors do not intend to rely on external financing. The Group had no bank borrowings as at 31 December 2013 and 2012. The Group's overall strategy remains unchanged from the prior years.

Accordingly, the capital structure of the Group consists only of equity attributable to owners of the Group, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure of the Group on a timely basis. As part of this review, the directors consider the cost of capital and the risks associated with capital.

## 28. DISPOSAL OF SUBSIDIARIES

As referred to in note 11, on 30 October 2013, the Group disposed of its Disposal Assets which is engaged in the PRC Internet Portal Business Segment. The net assets of Disposal Assets at the date of disposal were as follows:

| | HK$'000 |
|---|---|
| Plant and equipment | 1,448 |
| Accounts receivables | 13,586 |
| Prepayment, deposits and other receivables | 12,816 |
| Bank balance and cash | 17,532 |
| Account payables | (4,237) |
| Other payables and accrued liabilities | (17,629) |
| Intercompany debt | (46,052) |
| Deferred revenue | (7,845) |
| Deferred tax liabilities | (482) |
| Attributable goodwill | 658 |
| Accumulated impairment on goodwill | (658) |
| **Net assets attributable to the Internet Portal** | (30,863) |
| Realisation of translation reserve1 | 6,460 |
| Transaction cost incurred during disposal | 5,465 |
| Waiver of debts | 46,052 |
| Gain on disposal of subsidiary included in profit for the year from discontinued operation in the consolidated statement of comprehensive income | 63,686 |
| **Total consideration** | 90,800 |
| **Satisfied by:** | |
| Cash | 81,720 |
| Deferred consideration* | 9,080 |
| | 90,800 |
| **Net cash inflow arising on disposal:** | |
| Cash consideration | 81,720 |
| Cash and bank balances disposed of | (17,532) |
| | 64,188 |

Note:

* It refers to the 10% of the consideration (HK$9,080,000) held at third party as the trust custody. It will be released to the Company upon the completion of all the transfer of legal ownership.

## 29. SHARE-BASED PAYMENT TRANSACTIONS

**Equity-settled share option scheme of the Company**

On 22 March 2013, all the outstanding share options of the company were cancelled upon the mandatory unconditional cash offers by Qiyi Holdings Limited. The release of share options reserve of approximately HK$62,678,000 was recognised in the consolidated statement of changes in equity.

For the 2002 Scheme, the maximum number of shares which can be granted must not exceed 10% of the issued share of the Company at the date of approval of such scheme. At 31 December 2012, the number of shares in respect of which options has been granted and remained outstanding under the 2002 Scheme was 8,636,534, which represented approximately 8.06% in aggregate of the Company's shares in issue at that date. The maximum number of shares issuable as share options to each eligible participant shall not exceed 1% of the issued share capital of the Company from time to time. Any further grant of options in excess of this 1% limit must be subject to shareholders' approval with that participant and his associates abstaining from voting.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options of the 2002 Scheme must be accepted with 7 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors. There is no general requirement on the minimum period for which option must be held before an option can be exercised. All option shares must be exercised within 10 years from the date of grant of options.

The exercise price of the 2002 Scheme share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (ii) the nominal value of the share.

The share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme*

Year ended 31 December 2013

| | | | Number of share options | | | | |
|---|---|---|---|---|---|---|---|
| Name or category of participant | Date of grant of share options (note a) | Exercise price of share options (note b) HK$ | At 1 January 2013 | Granted/ Exercised during the year | Reclassified during the year | Forfeited /lapsed during the year | At 31 December 2013 |
| **Directors/chief executive** | | | | | | | |
| Carrick John Clough | 3 January 2006 | 21.040 | 137,500 | – | – | (137,500) | – |
| Ch'ien Kuo Fung, Raymond | 5 June 2003 | 25.040 | 100,000 | – | – | (100,000) | – |
| | 10 October 2005 | 25.200 | 100,000 | – | – | (100,000) | – |
| Chen Mouhua | 15 September 2005 | 22.400 | 5,000 | – | – | (5,000) | – |
| Wong Kwong Chi | 3 January 2006 | 21.040 | 137,500 | – | – | (137,500) | – |
| | 11 May 2010 | 4.124 | 500,000 | – | – | (500,000) | – |
| **Employees** | | | | | | | |
| In aggregate | 24 February 2003 | 6.840 | 807 | – | – | (807) | – |
| | 29 May 2003 | 28.640 | 1,614 | – | – | (1,614) | – |
| | 5 June 2003 | 25.040 | 16,250 | – | – | (16,250) | – |
| | 7 September 2004 | 20.400 | 1,291 | – | – | (1,291) | – |
| | 15 September 2005 | 22.400 | 43,750 | – | – | (43,750) | – |
| | 3 January 2006 | 21.040 | 6,250 | – | – | (6,250) | – |
| | 2 October 2007 | 17.160 | 2,500 | – | – | (2,500) | – |
| | 5 July 2010 | 4.330 | 360,000 | – | – | (360,000) | – |

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme – Continued*

Year ended 31 December 2013 – Continued

| Name or category of participant | Date of grant of share options (note a) | Exercise price of share options (note b) HK$ | Number of share options: At 1 January 2013 | Granted/ Exercised during the year | Reclassified during the year | Forfeited /lapsed during the year | At 31 December 2013 |
|---|---|---|---|---|---|---|---|
| **Other Eligible Persons–** | | | | | | | |
| In aggregate | 5 June 2003 | 25.040 | 150,000 | – | – | (150,000) | – |
| | 15 September 2005 | 22.400 | 100,000 | – | – | (100,000) | – |
| | 10 October 2005 | 25.200 | 100,000 | – | – | (100,000) | – |
| | 3 January 2006 | 21.040 | 225,000 | – | – | (225,000) | – |
| | 14 August 2006 | 17.800 | 5,983,912 | – | – | (5,983,912) | – |
| | 25 August 2006 | 18.000 | 125,000 | – | – | (125,000) | – |
| | 19 August 2008 | 5.436 | 540,160 | – | – | (540,160) | – |
| | | | 8,636,534 | – | – | (8,636,534) | – |
| **Number of share options exercisable at the end of the year** | | | | | | | – |
| **Weighted average exercise price** | | | 16.34 | – | – | 16.34 | – |

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme – Continued*

Year ended 31 December 2012

| Name or category of participant | Date of grant of share options (note a) | Exercise price of share options (note b) HK$ | Number of share options At 1 January 2012 | Granted/ Exercised during the year | Reclassified during the year | Forfeited /lapsed during the year | At 31 December 2012 |
|---|---|---|---|---|---|---|---|
| **Directors/chief executive** | | | | | | | |
| Carrick John Clough | 3 January 2006 | 21.040 | – | – | 137,500 | – | 137,500 |
| Ch'ien Kuo Fung, Raymond | 5 June 2003 | 25.040 | 100,000 | – | – | – | 100,000 |
| | 10 October 2005 | 25.200 | 100,000 | – | – | – | 100,000 |
| Chen Mouhua | 15 September 2005 | 22.400 | – | – | 5,000 | – | 5,000 |
| Yip Hak Yung, Peter | 5 June 2003 | 25.040 | 100,000 | – | (100,000) | – | – |
| | 10 October 2005 | 25.200 | 100,000 | – | (100,000) | – | – |
| | 3 January 2006 | 21.040 | 225,000 | – | (225,000) | – | – |
| | 14 August 2006 | 17.800 | 5,983,912 (note c) | – | (5,983,912) | – | – |
| | 19 August 2008 | 5.436 | 540,160 | – | (540,160) | – | – |
| Wang Cheung Yue, Fred | 5 June 2003 | 25.040 | 50,000 | – | (50,000) | – | – |
| | 15 September 2005 | 22.400 | 100,000 | – | (100,000) | – | – |
| Cheng Loi | 26 March 2008 | 11.000 | 37,500 (note d) | – | – | (37,500) | – |
| | | | 375 | – | – | (375) | – |
| Wong Kwong Chi | 3 January 2006 | 21.040 | 137,500 | – | – | – | 137,500 |
| | 11 May 2010 | 4.124 | 500,000 (note e) | – | – | – | 500,000 |

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme – Continued*

Year ended 31 December 2012 – Continued

| Name or category of participant | Date of grant of share options (note a) | Exercise price of share options (note b) HK$ | Number of share options At 1 January 2012 | Granted/ Exercised during the year | Reclassified during the year | Forfeited /lapsed during the year | At 31 December 2012 |
|---|---|---|---|---|---|---|---|
| **Employees** | | | | | | | |
| In aggregate | 24 February 2003 | 6.840 | 807 | – | – | – | 807 |
| | 29 May 2003 | 28.640 | 1,614 | – | – | – | 1,614 |
| | 5 June 2003 | 25.040 | – | – | 16,250 | – | 16,250 |
| | 7 September 2004 | 20.400 | 1,291 | – | – | – | 1,291 |
| | 15 September 2005 | 22.400 | 15,000 | – | 43,750 | (15,000) | 43,750 |
| | 3 January 2006 | 21.040 | 6,250 | – | – | – | 6,250 |
| | 2 October 2007 | 17.160 | 2,500 | – | – | – | 2,500 |
| | 5 July 2010 | 4.330 | 390,000 | – | – | (30,000) | 360,000 |
| **Other Eligible Persons** | | | | | | | |
| In aggregate | 5 June 2003 | 25.040 | 16,250 | – | 133,750 | – | 150,000 |
| | 15 September 2005 | 22.400 | 48,750 | – | 51,250 | – | 100,000 |
| | 10 October 2005 | 25.200 | – | – | 100,000 | – | 100,000 |
| | 3 January 2006 | 21.040 | 137,500 | – | 87,500 | – | 225,000 |
| | 14 August 2006 | 17.800 | – | – | 5,983,912 (note c) | – | 5,983,912 |
| | 25 August 2006 | 18.000 | 125,000 | – | – | – | 125,000 |
| | 19 August 2008 | 5.436 | – | – | 540,160 | – | 540,160 |
| | | | 8,719,409 | – | – | (82,875) | 8,636,534 |
| **Number of share options exercisable at the end of the year** | | | | | | | 5,192,582 |
| **Weighted average exercise price** | | | 16.29 | – | – | 10.65 | 16.34 |

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme – Continued*

Notes:

(a) Save as disclosed herein, during the first 12 months from the date of grant, no options granted to the directors, employees and/or other eligible persons shall be vested.

Save as disclosed herein, during the second 12 months from the date of grant, a cumulative maximum of 25% of the share options granted to the directors, employees and/or other eligible persons shall be vested.

Save as disclosed herein, during the third 12 months from the date of grant, a cumulative maximum of 50% of the share options granted to the directors, employees and/or other eligible persons shall be vested.

Save as disclosed herein, during the fourth 12 months from the date of grant, a cumulative maximum of 75% of the share options granted to the directors, employees and/or other eligible persons shall be vested.

During remaining option period, a cumulative of 100% of the share options granted to the directors, employees and/or other eligible persons shall be vested.

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(c) This option grant was approved by the shareholders of the Company at the extraordinary general meeting held on 18 September 2006. 108,798,412 (2,719,960 after Share Consolidation) of such option shall vest quarterly over 2 years effective from 1 October 2006 to 1 July 2008 subject to the terms and conditions as set out in the Executive Services (Acting CEO) Agreement (the "Services Agreement") as follows:

- 12.5% options shall vest from 1 October 2006
- 12.5% options shall vest from 1 January 2007
- 12.5% options shall vest from 1 April 2007
- 12.5% options shall vest from 1 July 2007
- 12.5% options shall vest from 1 October 2007
- 12.5% options shall vest from 1 January 2008
- 12.5% options shall vest from 1 April 2008
- 12.5% options shall vest from 1 July 2008

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

**Equity-settled share option scheme of the Company – Continued**

*2002 Scheme – Continued*

Notes: – Continued

(c) Continued

Of the 130,558,095 options (3,263,952 options after Share Consolidation), 50% shall vest upon the occurrence of one of the below events (the date of occurrence shall be the vesting date for such options) pursuant to the terms and conditions as set out in the Services Agreement as described below provided (i) Mr. Yip Hak Yung, Peter remains at the Company to provide the services on the day vesting of the relevant portion of those options takes place and (ii) the Services Agreement has not otherwise been terminated:

– Event 1: The grant by the relevant authorities in the PRC of an asset management license or equivalent that would allow the Company or its affiliate or associate to raise and manage a Renminbi denominated fund or funds which will invest in any of the following: a) "A" shares listed on a recognised stock exchange in the PRC; b) pre-initial public offering "A" shares; and c) convertible loans. For Event 1, the vesting date shall be the date of the grant of the license.

– Event 2: The completion of a real estate development project in the PRC which will comprise of both residential and commercial units for use by the Company and CDC Corporation and for rental to third parties. For Event 2, the vesting date shall be the date of the completion of the real estate development project, such date to be determined by the Board of the Company in their absolute discretion.

(d) The vesting schedule of 37,500 options is as follows:

– 12,500 options shall vest on 26 March 2009
– 12,500 options shall vest on 26 March 2010
– 12,500 options shall vest on 26 March 2011

(e) The vesting schedule of 500,000 options is as follows:

– 41,666 options shall vest on 5 June 2010
– 41,666 options shall vest on 5 September 2010
– 41,666 options shall vest on 5 December 2010
– 41,666 options shall vest on 5 March 2011
– 41,667 options shall vest on 5 June 2011
– 41,667 options shall vest on 5 September 2011
– 41,667 options shall vest on 5 December 2011
– 41,667 options shall vest on 5 March 2012
– 41,667 options shall vest on 5 June 2012
– 41,667 options shall vest on 5 September 2012
– 41,667 options shall vest on 5 December 2012
– 41,667 options shall vest on 5 March 2013

## 29. SHARE-BASED PAYMENT TRANSACTIONS – CONTINUED

Details of specific categorized options are as follows:

**2002 Scheme**

| **Date of grant** | **Exercise Period** | **Exercise Price** HK$ |
|---|---|---|
| 24 February 2003 | 24 February 2004 to 23 February 2013 | 6.8400 |
| 29 May 2003 | 29 May 2004 to 28 May 2013 | 28.640 |
| 5 June 2003 | 5 June 2004 to 4 June 2013 | 25.040 |
| 7 September 2004 | 7 September 2005 to 6 September 2014 | 20.400 |
| 15 September 2005 | 15 September 2006 to 14 September 2015 | 22.400 |
| 10 October 2005 | 10 October 2006 to 9 October 2015 | 25.200 |
| 3 January 2006 | 3 January 2007 to 2 January 2016 | 21.040 |
| 14 August 2006 | 14 August 2007 to 13 August 2016 | 17.800 |
| 25 August 2006 | 25 August 2007 to 25 August 2016 | 18.000 |
| 2 October 2007 | 2 October 2008 to 1 October 2017 | 17.160 |
| 26 March 2008 | 26 March 2009 to 25 March 2018 | 11.000 |
| 19 August 2008 | 19 August 2009 to 18 August 2018 | 5.436 |
| 11 May 2010 | 11 May 2011 to 11 May 2020 | 4.124 |
| 5 July 2010 | 5 July 2011 to 4 July 2020 | 4.330 |

No share option was granted and exercised during the year ended 31 December 2013 and 2012.

The Group recognised a total expense of HK$16,000 for the year ended 31 December 2013 (2012: HK$250,000) in relation to share options granted by the Company.

## 30. OPERATING LEASES

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

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Within one year | **1,462** | 7,256 |
| In the second to the fifth year inclusive | **265** | 4,914 |
| | **1,727** | 12,170 |

Operating leases relate to office premises and office equipment with lease terms of between 10 month to 5 years (2012: 1 month to 5 years).

## 31. COMMITMENTS

| | The Group and Company | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Commitment in respect of investments in private equity fund (note 19(b)) | | |
| – New Horizon | **3,874** | 12,029 |
| – New Horizon IV | **–** | 28,213 |
| | **3,874** | 40,242 |

## 32. RETIREMENT BENEFITS PLANS

Retirement benefits are also paid by an overseas subsidiary to its employees who contribute to certain retirement benefits plans managed by relevant government authorities. The retirement benefits paid by the overseas subsidiary are based on a certain percentage of its employees' basic salaries in accordance with the relevant regulations and are charged to profit or loss as incurred. The subsidiary discharges its retirement obligations upon payment of the retirement benefits to its employees.

## 33. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

| | **2013 HK$'000** | 2012 HK$'000 |
|---|---|---|
| – SLC Management Consulting International Limited | **–** | 595 |

Cheng Loi, one of the directors of the Group but resigned on 17 July 2012, is the sole director of SLC Management Consulting International Limited providing management service. During the year ended 31 December 2012, the management service consultancy fee was paid to Cheng Loi in the name of the SLC Management Consulting International Limited.

During the year ended 31 December 2012, the Group was licensed the right to use the Uniform Resources Locator ("URL") of hongkong.com and china.com by Chinadotcom Strategic, Inc., a fellow subsidiary of the Company, at nil consideration and at an annual license fee of US$1 (equivalent to HK$8), respectively.

As at 31 December 2013, URL of china.com has been sold to the Global Broadcasting.

**Compensation of key management personnel**

The remuneration of key management consisting of directors and five employees (2012: directors and four employees) during the year was as follows:

| | **2013 HK$'000** | 2012 HK$'000 |
|---|---|---|
| Short-term benefits | **7,553** | 7,649 |
| Share-based payments | **9** | 140 |
| | **7,562** | 7,789 |

The remuneration of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 34. SUBSEQUENT EVENTS

On 3 December 2013, the Board proposed a bonus issue of new shares ("Bonus Share") on the basis of five bonus shares for every one share held by the existing shareholders. The Bonus Shares will rank pari passu in all respect with the shares then in issue. The bonus issue will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company.

On 16 January 2014, the bonus issue was completed. A total of 535,868,205 Bonus Shares were issued on 16 January 2014 pursuant to the bonus issue on the basis of five Bonus Shares for every one existing share held. As a result of the bonus issue, the number of shares in issue has increased to 643,041,846 shares.

Calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively in note 15.

## 35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 March 2014.