無縫綠色中國(集團)有限公司
Seamless Green China (Holdings) Ltd.

(Incorporated in Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

Stock Code: 8150

Annual Report 2013

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATION INFORMATION

Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head Office and principal place of business	Unit D, 6/F., Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
Executive Directors	Mr. Li Jian Chao *(Chairman)* Mr. Xu Xuefeng Mr. Ho Chun Kit Gregory Mr. Liu Zhong Ping Mr. Leung Wah Ms. Lee Po Chu Feona Mr. Fok Ching Fung
Independent Non-executive Directors	Mr. Jal Nadirshaw Karbhari Ms. Chan Wing Sze Mr. Tse Wa Ngok Mr. Zou Weijun Mr. Koo Kim Shing
Company Secretary/Authorized Representative	Ms. Chan Yim Kum
Audit Committee	Mr. Jal Nadirshaw Karbhari *(Chairman)* Ms. Chan Wing Sze Mr. Tse Wa Ngok Mr. Zou Weijun Mr. Koo Kim Shing
Remuneration Committee	Mr. Jal Nadirshaw Karbhari *(Chairman)* Ms. Chan Wing Sze Mr. Tse Wa Ngok Mr. Zou Weijun Mr. Koo Kim Shing

Nomination Committee	Mr. Jal Nadirshaw Karbhari *(Chairman)* Ms. Chan Wing Sze Mr. Tse Wa Ngok Mr. Zou Weijun Mr. Koo Kim Shing
Legal Advisor	Keith Lam Lau & Chan, Solicitors
Principal share registrar transfer office	Butterfield Fund Services (Bermuda) Ltd Rosebank Centre 11 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Abacus Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Auditors	Elite Partners CPA Limited
Stock Code	8150

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Seamless Green China (Holdings) Limited (the "Company"), I am pleased to present the annual reports of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2013.

RESULTS

During the year under review, the Group recorded revenue of approximately HK$25.1 million (2012: HK$27 million), representing a decrease of approximately 7.1% against the prior year. Net loss attributable to the owners of the Company amounted to approximately HK$153.1 million (2012: HK$58.3 million), representing an increase of loss of approximately 162.4% as compared to the corresponding period in 2012. Basic loss per share for the year was HK36.54 cents (2012: HK22.63 cents).

BUSINESSES

The principal businesses of the Group are manufacturing and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor and fashion, property investment, integrated circuits and software trading and development and investment holding.

Synthetic Sapphire Watch

The turnover of the sapphire watch crystals for the year ended 31 December 2013 and 2012 were amounted to approximately HK$20.4 million and HK$22.5 million respectively, representing a decrease of approximately 9.1% over the corresponding period in 2012. The decrease in turnover is mainly due to the decrease in the market demand.

Optoelectronic Product

The sales of optoelectronic products division for the year ended 31 December 2013 and 2012 were amounted to HK$2.1 million and HK$3.5 million respectively, representing a decrease of approximately 40.6% over the corresponding period in 2012. The decrease in turnover is mainly due to the decrease in the market demand.

Liquor Product

Sales from the liquor products division for the year ended 31 December 2013 and 2012 were amounted to HK$1.7 million and HK$0.2 million respectively, representing an increase of approximately 736.5% over the corresponding period in 2012. The increase in turnover is mainly due to the increase in the market demand.

Fashion

No turnover is recorded during the year under review (2012: HK$0.5 million).

Integrated Circuits and Embedded Software Trading and Development

The sales of integrated circuits and embedded software development and reselling for the year ended 31 December 2013 and 2012 were amounted to HK$0.9 million and HK$0.4 million respectively, representing an increase of approximately 154.4% over the corresponding period in 2012.

PROSPECTS

The Company will conduct a review on the business operations and financial position of the Company for the purpose of formulating business plans and strategies for its future business development which would enable the Group to diversify its business and broaden its income sources. In addition, the Company will divest in the business areas which did not perform well in past years and/or do not have good business prospects with a view to allocate and concentrate the resources of the Company into the business areas which have better business prospects and exploring other business and investment opportunities.

With the lead of the management team, the Company is actively exploring for business opportunities in other sector to diversify risk and broaden the sources of income of the Company. The Company has adequate resources to continue with business operations, and will continue to centralize corporate objective of developing current businesses in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

On 30 January 2014, Mr. Lee Man Bun and the Company entered into the sale and purchase agreement, pursuant to which the Company would acquire 16,595,000 ordinary shares of ￡0.01 each in the issued share capital of Gowin New Energy Group Limited, a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on AIM of the London Stock Exchange at the consideration of HK$15,725,280. The consideration would be satisfied in full by the Company's allotment and issue of 13,556,276 Shares at the issue price of HK$1.16 per Share.

The Board considered that the shares acquired have the potential of appreciation in value in the long-run, as the Board believed that Gowin New Energy Group Limited and its subsidiaries should be able to take advantage of favourable market and industry conditions, in particular the popularity of energy saving concepts which, when combined with incentives from the PRC central government, improvements in LED technology and the decrease in prices of LED lighting solutions in the PRC, are making LED solutions more affordable.

On 28 February 2014, Silver Bonus Limited, a limited liability company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company, He A Jiao and Dai Zhongjin and the Company entered into the Sale and Purchase Agreement whereby Silver Bonus Limited has conditionally agreed to acquire from He A Jiao and Dai Zhongjin the 20 shares in the issue share capital of Central Tech Asia Limited ("Central Tech"), representing 20% of the issued share capital of Central Tech, for the consideration of HK$26,000,000 which shall be satisfied by the allotment and issue, credited as fully paid, of 20,000,000 Shares of the Company at an issue price of HK$1.3 per share to He A Jiao and Dai Zhongjin on the completion date.

He A Jiao and Dai Zhongjin granted to Silver Bonus Limited a call option to purchase up to all the option shares (an aggregate of 80 shares beneficially owned by He A Jiao and Dai Zhongjin, and representing 80% of the entire issued share capital of the Central Tech immediately after Completion) each at the exercise price within exercise period of 12 months upon signing of the Agreement which shall calculated by reference to the following formula:

Exercise Price = 130,000,000 x option shares at each call option notice/Total number of issued shares of the Central Tech

The option shares should be sold by He A Jiao and Dai Zhongjin free from encumbrances and together with all rights attaching thereto as at each call completion date. Silver Bonus Limited might itself purchase the option shares or procure its group companies to do so.

Upon completion, Central Tech will be accounted for as an investment available for sale in the financial statements of the Company.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and increase the working capital of the Group.

Finally, for and on behalf of the Group and the Board, I would like to express my heartfelt thanks to our shareholders and customers for their enduring support and to all my colleagues for their dedication and hard work throughout the year. Your dedication and involvement will be the most valuable asset for the growth of the Company.

Liu Zhong Ping
Executive Director
28 March 2014

FINANCIAL REVIEW

The turnover of the Group for the year ended 31 December 2013 decreased by HK$1.9 million; cost of sales increased by HK$1.4 million. Gross profit margin decreased to 0.4% for the year ended 31 December 2013 from 12.7% for the year ended 31 December 2012.

Net loss attributable to shareholders amounted to approximately HK$153.1 million (2012: HK$58.3 million). Basic loss per share for the year was HK36.54 cents (2012: HK22.6 cents).

Turnover generated from European customers decreased to HK$13.1 million for the year ended 31 December 2013, representing a decrease of approximately 11.8% from that of HK$14.8 million generated from the year ended 31 December 2012. There was no sales to customers in Taiwan for the year ended 31 December 2013 (2012: HK$0.03 million). Turnover from Hong Kong customers decreased to HK$1.1 million for the year ended 31 December 2013, representing a decrease of approximately 86.5% from that of HK$8.3 million generated for the year ended 31 December 2012. Turnover from PRC customers increased to HK$10.9 million for the year ended 31 December 2013, representing an increase of approximately 182.6% from that of HK$3.9 million for the year ended 31 December 2012.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the year ended 31 December 2013 decreased by HK$2.0 million. Cost of sales of the sapphire watch crystals during the same year decreased by HK$2.9 million.

Optoelectronics products division

The sales of ferrules for the year ended 31 December 2013 and 2012 were amounted to HK$2.1 million and HK$3.5 million respectively. Cost of sales for the corresponding years were HK$4.4 million and HK$3.3 million respectively.

Liquor products division

Sales from the liquor products division for the year ended 31 December 2013 and 2012 were amounted to HK$1.7 million and HK$0.2 million respectively. Cost of sales for the year ended 31 December 2013 and 2012 were amounted to HK$2.6 million and HK$0.2 million respectively.

Fashion

No turnover is recorded for the year ended 31 December 2013 (2012: HK$0.5 million).

Integrated circuits and embedded software trading and development division

The sales of integrated circuits and embedded software development and reselling for the year ended 31 December 2013 was amounted to HK$0.9 million (2012: HK$0.4 million). Cost of sales for the corresponding years were HK$1 million. (2012: HK$0.01 million).

Other income and gains

Other income and gains for the year ended 31 December 2013 amounted to HK$0.7 million, representing a decrease of approximately HK$0.6 million from that of HK$1.3 million generated from the year ended 31 December 2012.

Selling and distribution costs, administrative and other operating expenses for Continuing Operations

Selling and distribution costs for the year ended 31 December 2013 amounted to approximately HK$1.0 million. This represents a decrease of approximately HK$0.5 million from that recorded for the year ended 31 December 2012.

Total administrative and operating expenses were approximately HK$75.3 million for the year ended 31 December 2013 (2012: HK$56.7 million).

The increase in the total administrative and operating expenses was mainly attributable to the increase in the equity-settled share-based payment expenses recorded for the year ended 31 December 2013.

Impairment loss on Great Steer Group

The impairment loss of HK$61,549,000 on Great Steer Group was based on the consideration that (i) Great Steer Group did not generate any profits since acquisition; (ii) the actual result and operations of Great Steer Group significantly different from its profit forecast since acquisition; and (iii) its net liabilities position and long-term losses incurred by Great Steer Group. After the provision of such impairment loss, the Group interests in Great Steer Group was approximately HK$3.1 million, being approximately 4% of the carrying value of Great Steer Group.

Interests in Great Steer Group was acquired by the Group for a total consideration of HK$80,000,000, which was satisfied by cash consideration of HK$9,000,000 and issuance of promissory note with principal amount of HK$71,000,000. As at 31 December 2013, the Group's aggregate cash outflow for the acquisition of Great Steer Group amounted to approximately HK$22,000,000, being the cash consideration of HK$9,000,000 paid upon completion of the acquisition and settlement of promissory note of approximately HK$13,000,000 which were early redeemed during the year ended 31 December 2012. The outstanding principal of the promissory note in respect of Great Steer Group was HK$58,000,000 which will be due on 24 November 2015.

Impairment losses on loan receivable and refundable deposit

The Group granted a loan to Mr. Lee Kai Ming, (李啟明) an independent third party, of approximately HK$3,800,000, which is unsecured, carry at interest of 4%per annual and matured on 14 December 2012. Due to the situation that the maturity of the loan had been passed and the outstanding balance of approximately HK$3,994,000 (including cumulative interest) were still outstanding as at 31 December 2013, in opinion of the directors, the recoverability of the loan were in doubt and accordingly, impairment has been fully provided. The Company will take further legal action to recover the debts as soon as appropriate;

The Group paid a refundable deposit of HK$7,000,000 to Chu Chun Kit (朱俊傑) for the proposed acquisition of 49% equity interests in EQM (Int'l) Co. Limited, which was lapsed in 2013. Due to the situation that the proposed investment has been lapsed and the outstanding balances were still outstanding as at 31 December 2013, in opinion of the directors, the recoverability of the deposit were in doubt and, accordingly, impairment has been fully provided. The Company will take further legal action to recover the deposit as soon as appropriate.

Financial resources and liquidity

The Group's shareholders' funds were decreased to approximately HK$27.0 million as at 31 December 2013 (2012: HK$50.8 million). Current assets amounted to approximately HK$62.4 million as at 31 December 2013 (2012: HK$32.0 million), of which approximately HK$0.8 million (2012: HK$3.7 million) was cash and bank balances and approximately HK$44.0 million (2012: HK$22.3 million) was trade and other receivables.

As at 31 December 2013, the Group's total borrowings amounted to approximately HK$112.8 million (2012: HK$56.4 million), of which HK$2.8 million (2012: HK$3.0 million) were short-term borrowings repayable within one year.

The Group's gearing ratios as at 31 December 2013 was 84.1% (2012: 56.1%). Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables, other payable and accruals, short-term loans and interest-bearing bank loan and promissory note, less cash and cash equivalents, and excludes discontinued operations. Total capital represents equity attributable to owners of the Company.

Foreign currency risk

During the year, the Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars ("USD"), Swiss Franc ("CHF"), Chinese Renminbi ("RMB"), Euro ("Euro"), New Taiwan dollars ("NTD") and Hong Kong dollars ("HKD").

During the year ended 31 December 2013, the exchange rate of USD and RMB was quite stable and the exchange rate of CHF, NTD and Euro were comparatively volatile.

As at 31 December 2013, the Group had not hedged any foreign currency sales to reduce such foreign currency risk. The management will monitor this risk, if the exchange rates of these foreign currencies have continuous fluctuation, the management will consider using forward currency contracts to reduce these risks.

Contingent liabilities

At 31 December 2013, the Group had no material contingent liabilities.

Capital structure

On 5 March 2013, a warrant placing agreement was entered between the Company and a placing agent to procure not less than six placees to subscribe for 64,130,329 warrants at issue price of HK$0.01 per warrant. The subscription price of the aforesaid warrants is HK$0.53 each. The placing of warrants was completed on 17 April 2013.

On 22 March 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for, and aggregate of 5,000,000 Subscription Shares at the Subscription Price of HK$0.70 per Share. The placing was completed on 3 May 2013.

On 31 May 2013, a Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six Placees, on a best effort basis, for subscribing up to an aggregate of 70,000,000 Placing Shares at HK$0.80 per Placing Share. The placing was completed on 5 July 2013.

On 22 July 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, and aggregate of 1,900,000 Subscription Shares at the Subscription Price of HK$2.23 per Share. The placing was completed on 26 August 2013.

On 22 July 2013, for the continuing financial advisory service provided to the Company by Chanceton Capital Partners Limited for the period started since 1 January 2013, the financial advisory fee would be satisfied by the issue of 1,000,000 Remuneration Shares to Chanceton Capital at an issue price of HK$2.23 per Remuneration Share. The issue of Remuneration Shares was completed on 13 August 2013.

During the year, 16,432,443 ordinary shares of HK$0.05 at an exercise price of HK$0.254 per share were issued in respect of the exercise of share option by employees under the share option scheme.

During the year, 5,000,000 ordinary shares of HK$0.05 at a subscription price of HK$0.81 were issued in respect of the exercise of warrants.

During the year, 40,130,329 ordinary shares of HK$0.05 at a subscription price of HK$0.53 were issued in respect of the exercise of warrants.

On 19 November 2013, the Company has granted, subject to acceptance of the grantees ("Grantees"), share options (the "Options") to certain eligible persons under the share option scheme of the Company adopted on 8 March 2011, to subscribe for a total of 37,100,000 ordinary shares of HK$0.05 each of the Company.

Employees

As at 31 December 2013, the Group had 103 (2012: 119) employees. Employees were remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits included free accommodation at the Group's staff quarters in the PRC and performance bonus and share options. Total staff costs including directors' remuneration for 2013 were approximately HK$43.5 million (including equity-settled share-based payment expenses of approximately HK$34.2 million) (2012: HK$25.3 million (including equity-settled share-based payment expenses of approximately HK$3.3 million)). The increase in the staff costs is primarily due to the increase of equity-settled share-based payment expenses.

Litigation

i) On 6 March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the Special General Meeting dated 19 March 2012. Amount of claims and damages had not been stated in the writ. The Company had appointed a legal advisor to deal with this allegation, in the views of directors, the allegation would not have any financial impact to the financial statements.

ii) On 14 March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the issuance of warrants and share options in March 2012. Amounts of claims and damages had not been mentioned in the writ. The Company had appointed a legal adviser to deal with this allegation. In the view of the directors, the allegation would not have any financial impact to the financial statements.

iii) On 28 February 2014, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company and the Company named as the 1st defendant and 2nd defendant ("Defendants") in respect of the allegations that the Defendants failed and/or refused to honour their respective obligations under agreement dated 3 December 2013 for the disposal of the entire equity interests in Fullway (China) Limited and its subsidiary at a consideration of HK$13,800,000, for which the plaintiff paid HK$7,900,000 as an initial deposits to the Defendant as disclosed to note 26 to the consolidated financial statements. The Company had appointed a legal adviser to deal with this allegation. In view of the directors, the maximum exposure of the allegation would be the repayment of the initial deposits of HK$7,900,000 and the related interests thereon under the High Court Ordinance.

iv) On 27 March 2014, Good Return (BVI) Limited (a wholly-owned subsidiary of the Company) ("Good Return") issued writs of summons against Wickham Ventures Limited ("Wickham") and Ms. Lee Hei Wun ("Ms. Lee") for claiming, inter alia, the profit guarantee shortfall in the sum of HK$3,000,000 as a result of the inability of Arnda Semiconductor Limited ("Arnda") to make any profit during the year ended 31 December 2012. Reference is made to the Company's announcements dated 6 April 2011, 19 March 2012 and 24 March 2014. Pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham in 2011, Wickham and Ms. Lee guarantee to pay to Good Return the difference between the actual amount of net profit after tax of Arnda and the guaranteed profit in the sum of HK$3,000,000 for the year ended 31 December 2012. According to the audited accounts of Arnda for the year ended 31 December 2012, Arnda made a loss of HK$1,252,101 and thus the profit guarantee shortfall is HK$3,000,000, which Wickham and Ms. Lee have failed to pay to Good Return despite its demand.

Save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation at the end of the reporting period.

Material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group acquired 28% issued share capital of Neo Partner Investments Limited where the consideration was HK$23,800,000 and was satisfied by cash and the issue of promissory note. The Group also acquired 45% issued share capital of Full Pace Holdings Limited where consideration was HK$50,000,000 and was satisfied by the issue of promissory note.

In June 2013, a subsidiary of the Company, Billion Sky Investment Limited ("Billion Sky"), increased the issued share capital by allotting shares to the Company and an Independent third party at fair value of HK$390 and HK$382 respectively, After the issue of the shares, the Company and the independent third party held 51% and 49% of the total issued share capital of Billion Sky respectively. Billion Sky owns 100% interest in Rich Point International Limited, a company engaged in the trading of liquor.

On 16 August 2013, Good Return (BVI) Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with the Primary Billion Limited for the sale of the entire issued share capital of, and shareholder's loan extended to, Arnda Semiconductor Limited, a wholly-owned subsidiary of the Company prior to the completion of the sale and purchase agreement at an aggregate consideration of HK$11 million. Since certain conditions under the sale and purchase agreement were not fulfilled, the transaction was subsequently terminated.

On 3 December 2013, Excel Energy Holdings Limited (which is a wholly-owned subsidiary of the Company) and Long China Holdings Limited entered into the sale and purchase agreement, pursuant to which Excel Energy Holdings Limited would sell and Long China Holdings Limited will acquire the entire issued share capital of Fullway (China) Limited at the total consideration of HK$13,800,000. The transaction was not yet completed during the year.

On 6 December 2013, Jewel King Limited, a wholly-owned subsidiary of the Company, Ms. Hui Sai Ha ("Ms. Hui), World Sheen International Group Limited ("World Sheen") and the Company entered into the Sale and Purchase Agreement whereby Jewel King Limited has conditionally agreed to acquire 18 shares in the issue share capital of World Sheen from Ms. Hui, representing 18% of the issued share capital of World Sheen, for the consideration of HK$52,000,000, which is satisfied by 40,000,000 Shares to be allotted and issued, credited as fully paid at an issue price of HK$1.3 per share. Upon Completion, World Sheen will be accounted for as an investment available for sale in the financial statements of the Company. The transaction was completed on 10 January 2014.

Save as above, the Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 December 2013.

Segmental Information

An analysis of the Group's performance for the year by the type of goods sold is set out in note 7 to the financial statements and further elaborated under "Financial Review" of this section.

BUSINESS REVIEW

During the year the Group recorded a decrease in turnover and an increase in loss attributable to equity shareholders of Company. The turnover was approximately HK$25.1 million (2012: approximately HK$27.0 million), representing a decrease of 7.1% as compared to last year. The decrease in turnover was mainly due to decrease in market demand in both sapphire watch crystals and optoelectronics products. Loss attributable to equity shareholders of the Company for year ended 31 December 2013 was approximately HK$153.1 million (2012: HK$58.4 million). The loss was mainly attributable to the impairment loss on trade and other receivables of approximately HK$12.4 million, impairment loss on interest in an associate of approximately HK$61.5 million and the increase in staff costs upon the recognition of equity-settled share-based payment of approximately HK$34.2 million.

During the year, the principal businesses of the Group are investment holding, property investment, manufacturing and sale of synthetic sapphire watch crystals, optoelectronics products, trading of liquor products and fashion, and the integrated circuits and software trading and development.

On 23 January 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company completed the acquisition of 28% issued share capital of Neo Partner Investments Limited, which indirectly holds a subsidiary engaged in the business of distribution of smart products in the PRC. The consideration of the acquisition was HK$23,800,000 and was satisfied by cash and the issue of promissory note.

On 5 March 2013, the Company entered into the Memorandum Of Understanding with Zhong Ba Xing Ye in relation to the Possible Cooperation in developing a Business to consumer commerce platform under the E-Commerce Project within the rural towns and cities of the PRC.

On 6 March 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company and Great China Media Holdings Limited entered into a sale and purchase agreement in relation to the acquisition of 45% issued share capital of Full Pace Holdings Limited, which indirectly holds a subsidiary engaged in the license and concessionary advertising business in the mass public transportation systems in the Hong Kong and the distribution of Stratospheres within the territory of the PRC, Hong Kong and Macau. The consideration of the acquisition amounted was HK$50,000,000 and was satisfied by the issue of promissory note.

On 28 March 2013, owing to certain conditions were not fulfilled, all parties agreed to terminate the agreements in relation to the proposed acquisition of approximately 25% shareholding in Beaming Enterprises Limited without any claims or liability with effect from 28 March 2013.

On 7 June 2013, Gains Achieve Limited ("Gains Achieve"), a wholly-owned subsidiary of the Company and Strong Base Holdings Limited ("Strong Base") entered into the sale and purchase agreement, pursuant to which, among other things, Strong Base agreed to sell, and the Gains Achieve agreed to purchase the large display system unit at a consideration of HK$10 million in cash. The large display system unit consisted of control unit for processing content signal and large display unit for displaying the content which could provide further potential rental income by leasing out the large display system.

On 8 July 2013, a wholly owned subsidiary of the Company, Option Best Limited ("Option Best"), has signed a memorandum of understanding (the "MOU") with (1) the joint venture company, Power Asia Global Investments Limited (力亞環球投資有限公司) (the "JV Co."); (2) On Charter Global Investments Limited (安卓環球投資有限公司) ("On Charter"); and (3) Mr. Fang Rongzi, in respect of Option Best's and On Charter's investment in the JV Co. (the "Proposed Investments").

Pursuant to the MOU, Option Best has paid to the JV Co. in cash HK$30,000,000 as earnest money (the "Earnest Money") for the Proposed Investments upon the signing the MOU. Nevertheless, the exact investment amounts of Option Best and On Charter into the JV Co. and whether the Proposed Investments shall be settled in cash or in kind shall be subject to further negotiations between Option Best and On Charter based on the proposed business projects to be carried out by the JV Co. The MOU provided that On Charter and the JV Co. should grant to Option Best an exclusive right to discuss, negotiate and finalise a joint venture agreement (the "JV Agreement") for the Proposed Investments for a period of four months commencing from (and exclusive of) the date of the MOU (the "Exclusivity Period").

On 12 July 2013, Gains Achieve Limited ("Gains Achieve"), a wholly-owned subsidiary of the Company and the Strong Base Holdings Limited ("Strong Base") entered into the sale and purchase agreement, pursuant to which, among other things, Strong Base agreed to sell, and Gains Achieve agreed to purchase a large LED display system unit at the consideration of HK$13.5 million. The large LED display system unit is for information display or advertisement usage. The Assets consists of a control unit for processing content signal and a large LED display unit for displaying the content. The transaction was completed on 17 July 2013.

Reference is made to the announcements dated 27 November 2012 and 27 May 2013 respectively, the Company, Billion Sky Investment Limited (a wholly owned subsidiary of the Company), Central Pacific International Group Limited ("Central Pacific") and Mr. Tang Wai Ting entered into a sale and purchase agreement in relation to the acquisition of 4.5% shareholding in Central Pacific at a consideration of HK$10 million. Since the conditions precedent to the acquisition have not been fulfilled, the Board has decided not to extend the Long Stop Date and the sale and purchase agreement was automatically terminated during the period. Upon such termination, each party to the sale and purchase agreement ceased to have any right against or liability towards each other and each party had confirmed that it has no claims against other parties in relation to the sale and purchase agreement.

On 12 July 2013, the Company entered into the Cooperation Agreement with Shanghai Zhou Ming Video Equipment Company Limited ("Shanghai Zhou Ming"), pursuant to which Shanghai Zhou Ming agreed, among other things, to provide adequate spare parts for LED display of the Company in return for, amongst other things, not more than HK$1 million in cash as capital for the development and working capital for the operation of Beijing LED rental market and an leasing operation team.

During the year, the Company was in the process of negotiating with Jiangxu Liantai Guoji Energy- saving Environmental Technology Company Limited (江蘇聯泰國基節能環保科技有限公司) for an investment cooperation project named Jiangxu Liantai Guoji Energysaving Environmental Technology Industrial Park (江蘇聯泰國基節能環保科技產業園) (the "Industrial Park"). The first phase of the Industrial Park occupies an area of approximately 600 mu and is strategically located just two kilometres off the Yixing exit of a highway and next to Route 104 west of Yixing City, Jiangxu Province of the People's Republic of China.

On 8 August 2013, the Company entered into the memorandum of understanding with Guangzhou Yi Zhi Tong Information Technology Company Limited ("Yi Zhi Tong") in relation to the establishment of a the joint venture company for the development of the E-Commerce Project in the PRC ("Possible Cooperation"). Yi Zhi Tong is an information technology company incorporated with limited liability in the PRC with advanced technology and product development capacity. It has newly developed an innovative selfservice terminal which acts as an interactive multi-media integrating mobile, internet and selfservice terminal network. The function of the self-service terminal includes telephone top-up, movie ticket purchase, and repayment of credit card bills.

On 16 August 2013, Good Return (BVI) Limited ("Good Return"), a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with the Primary Billion Limited for the sale of the entire issued share capital of, and shareholder's loan extended to, Arnda Semiconductor Limited ("Arnda"), a wholly-owned subsidiary of the Company prior to the completion of the sale and purchase agreement at an aggregate consideration of HK$11 million. Owing to certain conditions under the sales and purchase agreement were not fulfilled, the transaction was terminated.

Reference was made to the Company's announcements dated 6 April 2011 and 19 March 2012 in relation to the Company's acquisition (the "Acquisition – Arnda") of, inter alia, the entire issued share capital of Arnda. The Acquisition – Arnda has already been completed in 2011.

Pursuant to the terms of the sale and purchase agreement for the Acquisition – Arnda made between Wickham Ventures Limited ("Wickham") as vendor, Good Return as purchaser, Arnda as target company and Lee Hei Wun ("Ms. Lee") as guarantor dated 1 April 2011 (which was amended by two supplemental agreements dated 31 May 2011 and 17 March 2012) (the "Acquisition Agreement"), each of Wickham and Ms. Lee guarantees to Good Return, inter alia, that:

(i) the net profit after tax (calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of Arnda for the year ending 31 December 2012 shall be not less than HK$3,000,000;

(ii) the net profit after tax (calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of Arnda for the year ending 31 December 2013 shall be not less than HK$4,000,000; and

(iii) the net profit after tax (calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of Arnda for the year ending 31 December 2014 shall be not less than HK$6,000,000.

Each of Wickham and Ms. Lee undertook to pay to Good Return any profit guarantee shortfall (that is, the difference between the guaranteed amounts of net profit after tax and the actual amounts of the net profit after tax of the Arnda) (the "Profit Guarantee Shortfall") within 3 days upon Good Return's demand.

According to the audited accounts, Arnda actually made a loss in the amount of HK$1,252,101 in the year ended 31 December 2012. So the Profit Guarantee Shortfall for the year ended 31 December 2012 is in the sum of HK$3,000,000 (the "Year 2012 Profit Guarantee Shortfall").

The Company has instructed its legal advisor to issued a writ of summons against Wickham and Ms. Lee for demanding payment of the Year 2012 Profit Guarantee Shortfall on 27 March 2014.

According to the preliminary review of the unaudited management accounts of Arnda, the Board expects that Arnda will not be able to meet the guaranteed net profit after tax of HK$4,000,000 for the year ended 31 December 2013. Once the audited accounts of Arnda are prepared, the Company will instruct its legal advisor to take further action against Wickham and Ms. Lee for demanding payment of the amount of the Profit Guarantee Shortfall for the year ended 31 December 2013.

On 30 September 2013, the Company entered into the memorandum of understanding with the shareholders who own 51% of the issued share capital of Shenzhen San Sheng Gao Technology Holdings Company Limited ("Shenzhen San Sheng Gao") in relation to the possible acquisition of 51% of the issued share capital of Shenzhen San Sheng Gao.

Shenzhen San Sheng Gao is a company incorporated on 24 December 2007 with limited liability in the PRC. It is principally engaged in development, manufacturing and sales of light emitting diode ("LED") products, LED display, semiconductor lighting products and other electrical integration products, computer software products and indoor and outdoor full color LED electronic display technology development.

On 2 October 2013, the Company entered into the memorandum of understanding with Sichuang Element of Life Electronic Commerce Company ("Element of Life") in relation to the establishment of a joint venture company ("JV Company") for the development of the E-Commerce Project in the PRC.

The Company has expressed intention to establish a JV Company for the development of the E-Commerce Project together with Element of Life to explore the consumer market in the PRC and the Parties have agreed to enter into the memorandum of understanding with the intention of further negotiations for a formal cooperation agreement.

Element of Life is an information technology company incorporated with limited liability in the PRC with advanced technology and product development capacity. It has newly developed an innovative self-service terminal which acts as an interactive multi-media integrating mobile, internet and selfservice terminal network. The function of the selfservice terminal includes telephone top-up, movie ticket purchase, and repayment of credit card bills.

On 3 December 2013, Excel Energy Holdings Limited (which is a wholly-owned subsidiary of the Company) and Long China Holdings Limited entered into the sale and purchase agreement, pursuant to which Excel Energy Holdings Limited would sell and Long China Holdings Limited will acquire the entire issued share capital of Fullway (China) Limited at the total consideration of HK$13,800,000. The transaction was not yet completed during the year.

Fullway (China) Limited indirectly wholly-owned a two-storey villa for residential purpose with a gross floor area of approximately 433 square meters situated in Bai Sa Wan Rose Garden (白沙灣玫瑰園) at Songlan Mountain Resort Area (松蘭山度假區) in Xiangshan County (象山縣), Ningbo City, Zhejiang Province of the PRC (the "Property").

Since the Group's acquisition of Fullway (China) Limited in March 2012, the Property has remained vacant and the Group was unable to lease out the Property to suitable tenant for generating any rental income for the Group. The Directors considered that the future trend of the PRC property market would be uncertain and the disposal represented a good opportunity to realize this investment. Also, the proceeds from the disposal can be used to finance the Company's repayment of its judgment debt and to strengthen its working capital which would be more beneficial to the Group. In light of the above, the Board believed that the disposal would benefit the Group and the disposal will not cause any material adverse impact on the financial position or business operation of the Group.

On 6 December 2013, Jewel King Limited, a wholly-owned subsidiary of the Company, Ms. Hui Sai Ha ("Ms. Hui), World Sheen International Group Limited ("World Sheen") and the Company entered into the Sale and Purchase Agreement whereby Jewel King Limited has conditionally agreed to acquire 18 shares in the issue share capital of World Sheen from Ms. Hui, representing 18% of the issued share capital of World Sheen, for the consideration of HK$52,000,000, which is satisfied by 40,000,000 Shares to be allotted and issued, credited as fully paid at an issue price of HK$1.3 per share.

World Sheen is principally engaged in providing solar power and lighting solutions such as installing solar powered products and generators, it is also engaged in sale of PV panels. The company has been emphasising on the development and production of hi-tech practical products. For years, World Sheen has been devoting its effort on new energy development, solar energy-efficient and environmentally friendly series products and research and development, design, production and sales of solar-related items such as solar power generation, solar cell and low-carbon environmentally friendly lighting equipment.

Upon Completion, World Sheen will be accounted for as an investment available for sale in the financial statements of the Company. The transaction was completed on 10 January 2014.

On 11 December 2013, the Company entered into the memorandum of understanding ("MOU") with the shareholders of Element of eLiving (Holdings) Limited ("eLiving Holdings") in relation to the acquisition of 12% of the issued share capital of eLiving Holdings at a consideration of HK$140,000,000 which may be settled by the issuance of shares, convertible bonds and/or other financial instruments.

Upon the completion of the transaction, the Company would indirectly own 12% of the issued share capital of Element of Life. The principal business of Element of Life is electronic commerce specializing in online retail and sale of household items (including without limitation, household merchandises, household ornaments, household textile, furniture, apparel, bags, shoes, maternal and child products), food items (including without limitation, imported packaged food, beverages, wines and spirits) and digital appliances (including without limitation, household electronic appliances, digital communication devices, computers and high-tech products) in mainland China. Element of Life will also set up "experience centres" for potential customers to try out the products before purchasing online, and for providing seasonal maintenance and storage services for customers.

PROSPECTS

The Company will conduct a review on the business operations and financial position of the Company for the purpose of formulating business plans and strategies for its future business development which would enable the Group to diversify its business and broaden its income sources. In addition, the Company will divest in the business areas which did not perform well in past years and/or do not have good business prospects with a view to allocate and concentrate the resources of the Company into the business areas which have better business prospects and exploring other business and investment opportunities.

With the lead of the management team, the Company is actively exploring for business opportunities in other sector to diversify risk and broaden the sources of income of the Company. The Company has adequate resources to continue with business operations, and will continue to centralize corporate objective of developing current businesses in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

The Company is also actively exploring for investment opportunities through potential acquisitions and joint ventures.

On 30 January 2014, Mr. Lee Man Bun and the Company entered into the sale and purchase agreement, pursuant to which the Company would acquire 16,595,000 ordinary shares of ￡0.01 each in the issued share capital of Gowin New Energy Group Limited, a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on AIM of the London Stock Exchange at the consideration of HK$15,725,280. The consideration would be satisfied in full by the Company's allotment and issue of 13,556,276 Shares at the issue price of HK$1.16 per Share.

The Board considered that the shares acquired have the potential of appreciation in value in the long-run, as the Board believed that Gowin New Energy Group Limited and its subsidiaries should be able to take advantage of favourable market and industry conditions, in particular the popularity of energy saving concepts which, when combined with incentives from the PRC central government, improvements in LED technology and the decrease in prices of LED lighting solutions in the PRC, are making LED solutions more affordable.

On 28 February 2014, Silver Bonus Limited, a limited liability company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company, He A Jiao and Dai Zhongjin and the Company entered into the Sale and Purchase Agreement whereby Silver Bonus Limited has conditionally agreed to acquire from He A Jiao and Dai Zhongjin the 20 shares in the issue share capital of Central Tech Asia Limited ("Central Tech"), representing 20% of the issued share capital of Central Tech, for the consideration of HK$26,000,000 which shall be satisfied by the allotment and issue, credited as fully paid, of 20,000,000 Shares of the Company at an issue price of HK$1.3 per share to He A Jiao and Dai Zhongjin on the completion date.

He A Jiao and Dai Zhongjin granted to Silver Bonus Limited a call option to purchase up to all the option shares (an aggregate of 80 shares beneficially owned by He A Jiao and Dai Zhongjin, and representing 80% of the entire issued share capital of the Central Tech immediately after Completion) each at the exercise price within exercise period of 12 months upon signing of the Agreement which shall calculated by reference to the following formula:

Exercise Price = 130,000,000 x option shares at each call option notice/Total number of issued shares of the Central Tech

The option shares should be sold by He A Jiao and Dai Zhongjin free from encumbrances and together with all rights attaching thereto as at each call completion date. Silver Bonus Limited might itself purchase the option shares or procure its group companies to do so.

Upon completion, Central Tech will be accounted for as an investment available for sale in the financial statements of the Company.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and increase the working capital of the Group.

CORPORATE GOVERNANCE

Adapting and adhering to recognized standards of corporate governance principles and practices are always one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2013 with the exception of certain deviations as set out in this report. The application of the relevant principles and the reasons for the deviation are contained in this report.

Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2013.

Remuneration committee

Remuneration committee, currently comprises five independent non-executive directors, namely Mr. Jal Nadirshaw Karbhari (Chairman), Ms. Chan Wing Sze, Mr. Tse Wa Ngok, Mr. Zou Weijun and Mr. Koo Kim Shing has been established to make recommendation to the Board on the Company's policy and structure for all remuneration of Directors. Mr. Jal Nadirshaw Karbhari is the Chairman of the remuneration committee. The remuneration and benefits for the executive directors amounted to approximately HK$24.8 million in 2013. During the year ended 31 December 2013, the Remuneration Committee held 1 meeting during which duties, roles and performance of the Executive Directors were reviewed. The Committee also made recommendation to the Board on the remuneration to the Directors.

The attendance of the Directors at the meetings is as follows:

Directors	**Number of attendance**
Jal Nadirshaw Karbhari *(Chairman)*	0/1
Chan Wing Sze (appointed on 5 November 2013)	0/0
Tse Wa Ngok (appointed on 5 November 2013)	0/0
Koo Kim Shing (appointed on 11 November 2013)	0/0
Zou Weijun (appointed on 11 November 2013)	0/0
Ng Kai Shing (resigned on 10 May 2013)	1/1
Leung Wah (appointed on 6 May 2013 and resigned on 16 July 2013)	1/1
Chin Barry Chi Yung (appointed on 16 July 2013 and resigned on 1 November 2013)	0/0
Chan Sze Man (resigned on 1 November 2013)	0/1

Board of directors

The Board of the Company (the "Board") currently comprises twelve directors, of which seven are executive directors and five are independent non-executive directors. The Board collectively oversees the management and operation of the Group and will meet regularly during the year to discuss the operation strategy and financial performance of the Group.

The composition of the Board ensures a balance of expertise and experience appropriate to the requirements of the business of the Company and to the exercising of independent opinion. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

The Board of Directors is responsible for the overall strategic development of the Group. It also monitors the financial performance and internal control of the Group's business operations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. The Non-Executive Directors serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on Audit Committee, Remuneration Committee and Nomination Committee.

According to the Articles of Associations of the Company, at each annual general meeting, one third of the Directors for the time being, or their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the year 2013 and thereafter up to 28 March 2014 the latest practicable date prior to the printing of this annual report, the directors are as follows:

Executive directors

Li Jian Chao *(Chairman)* (appointed on 8 April 2013)
Xu Xuefeng
Ho Chun Kit Gregory
Liu Zhong Ping (appointed on 7 June 2013)
Leung Wah (appointed as independent non-executive director on 6 May 2013 and re-designated as executive director on 16 July 2013)
Lee Po Chu Feona (appointed on 1 November 2013)
Fok Ching Fung (appointed on 11 November 2013)
Lee Tat Wing (retired on 10 May 2013)
Nee, Henry Pei Ching (retired on 10 May 2013)
Lau Tao Hung Herry (resigned on 15 April 2013)
Kwan Pak Ming (appointed on 14 March 2013 and retired on 10 May 2013)

Independent non-executive directors

Jal Nadirshaw Karbhari
Chan Wing Sze (appointed on 5 November 2013)
Tse Wa Ngok (appointed on 5 November 2013)
Zou Weijun (appointed on 11 November 2013)
Koo Kim Shing (appointed on 11 November 2013)
Ng Kai Shing (resigned on 10 May 2013)
Chin Barry Chi Yung (appointed on 16 July 2013 and resigned on 1 November 2013)
Chan Sze Man (resigned on 1 November 2013)

Pursuant to clause 86(2) of the current Bye-laws, Mr. Ho Chun Kit Gregory, Mr. Jal Nadirshaw Karbhari, Mr. Liu Zhong Ping, Mr. Leung Wah, Ms. Lee Po Chu Feona, Mr. Fok Ching Fung, Ms. Chan Wing Sze, Mr. Tse Wa Ngok, Mr. Zou Weijun and Mr. Koo Kim Shing shall hold office until the 2014 AGM. All of the above retiring directors, being eligible, will offer themselves for re-election at the 2014 AGM.

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

The Board has four scheduled meetings at quarterly interval and meets as and when required. During the year ended 31 December 2013, the Board held 38 meetings.

The attendance of the Directors at the board meetings and general meetings held during the year ended 31 December 2013 is as follows:

Directors	**Number of board meeting attendance**	**Number of general meeting attendance**
Li Jian Chao *(Chairman)* (appointed on 8 April 2013)	15/26	1/2
Xu Xuefeng	10/38	1/3
Ho Chun Kit Gregory	10/38	1/3
Liu Zhong Ping (appointed on 7 June 2013)	6/18	0/1
Leung Wah (appointed as independent non-executive director on 6 May 2013 and re-designated as executive director on 16 July 2013)	12/22	1/2
Lee Po Chu Feona (appointed on 1 November 2013)	0/10	0/0
Fok Ching Fung (appointed on 11 November 2013)	3/7	0/0
Lee Tat Wing (retired on 10 May 2013)	5/16	0/1
Nee, Henry Pei Ching (retired on 10 May 2013)	6/16	0/1
Lau Tao Hung Herry (resigned on 15 April 2013)	0/14	0/1
Kwan Pak Ming (appointed on 14 March 2013 and retired on 10 May 2013)	3/12	0/0
Jal Nadirshaw Karbhari	0/38	0/3
Chan Wing Sze (appointed on 5 November 2013)	0/9	0/0
Tse Wa Ngok (appointed on 5 November 2013)	0/9	0/0
Zou Weijun (appointed on 11 November 2013)	2/8	0/0
Koo Kim Shing (appointed on 11 November 2013)	6/8	0/0
Ng Kai Shing (resigned on 10 May 2013)	10/16	0/1
Chin Barry Chi Yung (appointed on 16 July 2013 and resigned on 1 November 2013)	1/4	0/1
Chan Sze Man (resigned on 1 November 2013)	0/28	0/3

Code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chin Barry Chi Yung, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, both being the independent non-executive Directors, did not attend the Company's extraordinary and annual general meetings during the year ended 31 December 2013 due to their other unexpected business engagement.

Code provision E.1.2 of the Code requires that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Jal Nadirshaw Karbhari, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee did not attend the annual general meeting held on 10 May 2013 due to his engagement in his own official business.

Audit Committee

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems.

Audit committee, currently comprises five independent non-executive directors, namely Mr. Jal Nadirshaw Karbhari, Ms. Chan Wing Sze, Mr. Tse Wa Ngok, Mr. Zou Weijun and Mr. Koo Kim Shing has been established to make recommendation to the Board on the Company's policy. Mr. Jal Nadirshaw Karbhari is the Chairman of the audit committee.

The Company's financial statements for the year ended 31 December 2013 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

During the year ended 31 December 2013, the audit committee held 4 meetings and performed duties including reviewing the Group's annual report, half-yearly and quarterly reports.

The attendance of the Directors at the meetings is as follows:

Directors	**Number of attendance**
Jal Nadirshaw Karbhari *(Chairman)*	0/4
Chan Wing Sze (appointed on 5 November 2013)	0/1
Tse Wa Ngok (appointed on 5 November 2013)	0/1
Koo Kim Shing (appointed on 11 November 2013)	1/1
Zou Weijun (appointed on 11 November 2013)	1/1
Ng Kai Shing (resigned on 10 May 2013)	1/1
Leung Wah (appointed on 6 May 2013 and resigned on 16 July 2013)	1/1
Chin Barry Chi Yung (appointed on 16 July 2013 and resigned on 1 November 2013)	1/1
Chan Sze Man (resigned on 1 November 2013)	3/3

Nomination Committee

The Company established a nomination committee with written terms of reference to review the structure, size and composition of the Board, identifying individuals suitable and qualified to become Board members and selecting or making recommendations to the Board on the election of, individuals nominated for directorship. The nomination committee comprises at least three members, the majority of whom shall be independent non-executive Directors. The current members of the nominee committee are Mr. Jal Nadirshaw Karbhari (Chairman), Ms. Chan Wing Sze, Mr. Tse Wa Ngok, Mr. Zou Weijun and Mr. Koo Kim Shing. During the year ended 31 December 2013, the Nomination Committee held 1 meeting to review and make recommendation to the Board on the structure, size and composition of the Board.

The attendance of the Directors at the meetings is as follows:

Directors	**Number of attendance**
Jal Nadirshaw Karbhari *(Chairman)*	0/1
Chan Wing Sze (appointed on 5 November 2013)	0/0
Tse Wa Ngok (appointed on 5 November 2013)	0/0
Koo Kim Shing (appointed on 11 November 2013)	0/0
Zou Weijun (appointed on 11 November 2013)	0/0
Ng Kai Shing (resigned on 10 May 2013)	1/1
Leung Wah (appointed on 6 May 2013 and resigned on 16 July 2013)	1/1
Chin Barry Chi Yung (appointed on 16 July 2013 and resigned on 1 November 2013)	0/0
Chan Sze Man (resigned on 1 November 2013)	0/1

Auditors' remuneration

During the year, the remuneration paid/payable to the auditors of the Company is as follows:

Auditors	**Fee paid/payable**
	HK$
Elite Partners CPA Limited	
– Audit services	750,000
– Other services	–

Chairman and chief executive officer

Details of backgrounds and qualifications of Directors are set out in the Report of the Directors. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

In accordance with code provision A.2.1 of the CG Code, the roles of the Chairman, Mr. Li Jian Chao, and those of the Chief Executive Officer, Mr. Fok Ching Fung, are segregated in order to reinforce their independence, responsibility and accountability.

The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the Chief Executive Officer takes the lead in the Group's business development. There is a clear division of responsibilities between the Chairman and Chief Executive Officer which provides a balance of power and authority.

Respective responsibilities of directors and auditors

The Directors are responsible for the financial statements, which give a true and fair view of the financial position of the Group. The Auditors are responsible to form an independent opinion based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the owners of the Company.

Internal controls

The Board has overall responsibilities for the Group's system of internal control and for reviewing its effectiveness.

The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objective.

During the year, the Board has conducted reviews on the effectiveness of the internal control system as required by the Code Provisions. The Audit Committee has also reviewed with members of the management the scope, progress and results of the internal control review plan and considered that the Group's internal control system is effective and adequate.

Continuous Professional Development

During the year, all Directors have participated in continuous professional development by attending CPD sessions or reading the relevant materials to develop and refresh their knowledge and skills.

Corporate Governance Functions

The Board as a whole 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 in compliance with legal and regulatory requirements; and

(d) to review the Company's compliance with the code and disclosure in the Corporate Governance Report

Communications with shareholders and investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have better understanding in relation to the business performance, operations and strategies of the Group.

Through our website at www.victoryhousefp.com/lchp/8150.html which allow the Company's potential and existing investors as well as the public to assess and acquire the up-to-date company and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in the annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

Procedures for Shareholders to convene an extraordinary general meeting

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: Unit D, 6/F., Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong
Fax: 852-37532883

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the year ended 31 December 2013.

The Directors submit their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 20 to the financial statements.

An analysis of the Group's segment information for the year under review is set out in note 7 to the financial statements.

Results

Details of the audited results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 39 and 40.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity on page 43 and note 32 to the financial statements respectively.

Property, plant and equipment

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

Distributable reserves

As at 31 December 2013, no reserve was available for distribution to the owners of the Company (2012: Nil).

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2013 are set out in note 20 to the financial statements.

Pre-emptive rights

No pre-emptive rights exists under the Company's articles of association or under the laws in the Bermuda.

Group financial summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 120.

Share capital

Details of the movements during the year in the share capital of the company are set out in consolidated statement of change in equity on page 43 and note 30 to the financial statements respectively.

REPORT OF THE DIRECTORS

Directors

Executive Directors

Mr. Li Jian Chao, aged 50, graduated from Guangdong University of Finance (formerly Guangdong Banking School). He has more than 30 years of working and management experience in finance industry, business operation and architecture. He has also engaged in credit related work in Industrial and Commercial Bank of China. He has been a deputy managing director of a financial guarantee limited company in Shenzhen since 2011.

Mr. Xu Xuefeng, aged 41, holds a bachelor degree of Management Engineering from the University of Science and Technology of China and a master degree of Computer Engineering from People's Liberation Army Armored Force Engineering Institute and has more than 15 years' experience in client relationship management, business development, strategic planning and operation management for various companies of a wide range of businesses, among others, investment, broadcasting, advertising, media and exhibition.

Mr. Ho Chun Kit Gregory, aged 36, holds a bachelor degree of accounting from the Monash University of Australia and is a member of the Certified Public Accountants of Australia. He has worked for several international accounting and business advisory firms for more than 10 years in providing accounting, auditing, financial, corporate advisory and corporate restructuring services to listed companies. He subsequently setup his own corporate advisory firm.

Mr. Liu Zhong Ping, aged 47, graduated from the Guangdong University of Technology with a Bachelor's degree in materials science and engineering. He has extensive working experience in management and leadership role. He has been engaged as the director of various companies since 1998.

Mr. Leung Wah, aged 49, is a practising member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants. He graduated from the University of Hong Kong with a bachelor of science degree. Mr. Leung has extensive experience in finance and accounting including working experience in international accounting firms. He is currently an independent nonexecutive director of Global Energy Resources International Group Limited, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8192).

Ms. Lee Po Chu Feona, aged 52, has extension experience in running and delivering sales and marketing campaigns for corporation clients, corporate financial management and business development. Ms. Lee holds a Bachelor in business administration with a major in finance and accounting from the University of Connecticut, USA.

Mr. Fok Ching Fung Samuel, aged 43, holds a bachelor degree of Applied Science in Mechanical Engineering from the University of British Columbia in Canada, a Master of Science degree in Marketing from the Chinese University of Hong Kong and a Master of Advanced Business Practice from the University of South Australia. He achieved director level at Osram and was the Supervisor of LED light engine and module business unit of Osram. He received special recognition in October 2012 as a key contributor in supporting the listing of Osram by means of an initial public offering. He is also the chief executive officer of the Company.

Independent Non-executive Directors

Mr. Jal Nadirshaw Karbhari, aged 67, holds a bachelor degree of laws and a master degree of laws from the University of Bombay, India and has over 30 years of experience working as a solicitor in Hong Kong. Mr. Karbhari is also a notary public and a civil celebrant of marriages. He was also admitted as a solicitor in India, England and Wales and Australia Capital Territory (Australia).

Ms. Chan Wing Sze, aged 41, holds a bachelor degree in business administration (with major in accountancy) from the Open University of Hong Kong. She has over five years of experience in financial control and revenue management and more than eight years of experience in business development. She was appointed as the business development manager with Best Interlinings (Shenzhen) Company Limited from 1999 to May 2008 and has been the finance and revenue accounts manager with Virgin Atlantic Airways Limited since May 2008.

Mr. Tse Wa Ngok, aged 49, holds a bachelor degree in laws from the University of London, a bachelor degree in laws from the Peking University, a master's degree of business in accounting from the Victoria University of Technology and a graduate diploma in marketing from the Chartered Institute of Marketing of the UK. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Practising Accountants Australia and has over three years of experience as the financial controller with Viva Macau Limited. He was also appointed as the finance manager and contract administration manager with Jardine Engineering Corporation Limited from 2004 to 2006.

Mr. Zou Weijun, aged 34, is working as a partner and supervisor of Guang Dong Teamwin Law Firm (廣東聖和勝律師事務所). Mr. Zou has extensive working experience in management and leadership role. Mr. Zou has been engaged as the director of various companies since 2003.

Mr. Koo Kim Shing, aged 42, graduated from the University of Wollongong with a Master degree in Industrial Base Information Technology and graduated from West Coast Institute of Management and Technology with a Master degree of Business Administration. Since 1995, he has worked in Shell Electric Holdings Limited and its subsidiary (Formerly known as Shell Electric Mfg (Holdings) Co Limited) (蜆殼電器控股有限公司及其子公司). Since 2011, he has also worked as a director and general manager at Guangzhou SMC Car Rental Co. Limited (廣州蜆富出租汽車有限公司), a director and general manager at Galactic Computing Corporation (蜆殼星盈科技有限公司) and group senior IT manager at Shell Electric Holdings Limited (蜆殼電器控股有限公司). Mr. Koo has extensive working experience in management and leadership role.

Directors service contracts

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

Public float

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times during the year.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company was a party and in which any of the Directors or members of its management had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

Connected transactions

During the year under review, the Group entered into certain connected transactions, which also constitute related party transactions and are set out in note 32 to the financial statements.

Share options Scheme and outstanding share options

Details of the Company's share option scheme and the movement in outstanding share options are set out in note 30 to the consolidated financial statements.

Directors' and chief executive's interests in securities

As at 31 December 2013, the interests and short positions of the Directors and Chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations are as follows:–

Name of director	Capacity	No. of shares	Underlying shares	Long/Short Position	Approximate percentage of total relevant class of shares in shares
Li Jian Chao	Beneficial owner	–	4,850,000	Long Position	1.00%
Liu Zhong Ping	Beneficial owner	–	4,850,000	Long Position	1.00%
Xu Xuefeng	Beneficial owner	–	4,850,000	Long Position	1.00%
Leung Wah	Beneficial owner	–	2,000,000	Long Position	0.41%
Lee Po Chu Feona	Beneficial owner	–	4,850,000	Long Position	1.00%
Fok Ching Fung Samuel	Beneficial owner	–	2,000,000	Long Position	0.41%

As at 31 December 2013, save as disclosed above and the paragraph headed "Share Option Scheme" above, none of the directors and chief executive of the Company has any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Directors' right to acquire shares

Save as disclosed under the paragraph headed "Directors' and chief executive's interests in securities" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholder's interests in securities

As at 31 December 2013, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Name of shareholders	Capacity	Number of shares	Underlying Shares	Long/Short position	Percentage of issued shares *(Note 1)*
Fang Rongzi	Beneficial owner	36,080,000	–	Long Position	7.44%

Notes:

1. The percentage is calculated based on 485,114,420 shares in issue as at 31 December 2013.

So far as is known to any director or supervisor, there is no person other than a Director or supervisor or chief executive who, as at 31 December 2013, have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

Management Shareholders' Interests in Securities

Other than the interests disclosed above in respect of the substantial shareholders, the directors and chief executive of the Company and their associates (as defined in the GEM Listing Rules), as at 31 December 2013, no other person is individually and/or collectively entitled to exercise or control the exercise of five per cent or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

Major customers and suppliers

The percentage of sales for the year generated from the Group's major customers is as follows:

– The largest customer	34.1%
– Five largest customers	93.0%

The percentage of purchases for the year attributable to the Group's major suppliers as follows:

– The largest supplier	50%
– Five largest suppliers	76%

None of the directors, their associates or any shareholders (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest customers and suppliers for the year ended 31 December 2013.

Purchase, Sale, Redemption or Cancellation of Shares by the Company and/or Subsidiaries

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

Competing Interests

During the year ended 31 December 2013, none of the directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business that competed with or might compete with the business of the Group.

Dividend

The directors do not recommend the payment of any dividend to the shareholders of the Company for the year ended 31 December 2013 (2012: Nil).

Auditors

The consolidated financial statements for the year ended 31 December 2013 have been audited by Elite Partners CPA Limited, who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM of the Company.

On Behalf of the Board

Liu Zhong Ping
Executive Director

Hong Kong, 28 March 2014

TO THE SHAREHOLDERS OF
SEAMLESS GREEN CHINA (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability and re-domiciled to Bermuda on 22 January 2009)

We have audited the consolidated financial statements of Seamless Green China (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 39 to 119, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal 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. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion.

BASIS FOR DISCLAIMER OF OPINION

LIMITATION OF SCOPE – DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2013, the Group entered into a sale and purchase agreement for the disposal of entire equity interests in Arnda Seminconductor Limited and its subsidiary (the "Arnda Group") for a total cash consideration of HK$11,000,000 (the "Disposal"). The Disposal has not been completed as at 31 December 2013 and as a result, the assets and liabilities attributable to the Arnda Group have been classified as disposal group classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Further details of the Disposal has been set out in note 25 and 36 to the consolidated financial statements.

In accordance with HKFRS 5, the assets and liabilities of Arnda Group should be recorded at the lower of carrying amount and fair value less cost to sell. During our course of audit, the Group was unable to provide sufficient appropriate audit evidence regarding the financial statements of Arnda Group for the year ended 31 December 2013. Based on the representation made by the directors of the Company, the incident was due to the fact that a director of Arnda Group ("Arnda Director") who was responsible for keeping the accounting records resigned on 18 December 2013. For the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2013, the directors of the Company requested the Arnda Director, and the Arnda director has provided the management accounts of Arnda Group for the year ended 31 December 2013 without necessary supporting documents. Under this circumstance, we were unable to perform appropriate audit procedures to ensure the completeness and accuracy of the financial statements of Arnda Group for the year ended 31 December 2013. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine whether the carrying amount of assets and liabilities of Arnda Group classified as disposal group classified as held for sales as at 31 December 2013 included in the consolidated statement of financial position were measured at the lower of carrying amount and fair value less cost to sell in accordance with HKFRS 5.

Furthermore, since Arnda Group was a wholly owned subsidiaries of the Group, the financial statements of Arnda Group has been consolidated to the Group's consolidated financial statements for the year ended 31 December 2013. However, due to the incident of Arnda Group as described in previous paragraph, no supporting documents regarding the financial statements of Arnda Group for the year ended 31 December 2013 was available for our audit. Under this circumstance, we were unable to obtain sufficient appropriate audit evidence and by any alternative means to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of the financial statements of Arnda Group which included in the consolidated financial statements of the Group for the year ended 31 December 2013. Furthermore, we have been unable to satisfy ourselves that any impairment loss regarding the assets of Arnda Group should be provided and any liabilities including contingent liabilities should be provided or disclosed in the consolidated financial statements of the Group for the year ended 31 December 2013.

Any adjustments found to be necessary in respect thereof would have a significant and consequential effect on the financial position of the Group as at 31 December 2013, the results and cash flows for the year ended 31 December 2013 and related disclosure thereof in the consolidated financial statements of the Group for the year ended 31 December 2013.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

REPORTING ON MATTERS UNDER SECTION 141(4) AND 141(6) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the matters described in the Basis for Disclaimer of Opinion Paragraph:

– We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

– We were unable to determine whether proper books of account had been kept.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2014

Yip Kai Yin
Practising Certificate Number P05131

Suites 2B-4A, 20th Floor
Tower 5, China Hong Kong City, 33 Canton Road
Tsim Sha Twui, Kowloon
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	2013 HK$'000	2012 HK$'000
Turnover	6(a)	**25,070**	26,993
Cost of sales		**(24,977)**	(23,571)
Gross profit		**93**	3,422
Other income and gains	6(b)	**675**	1,284
Selling and distribution costs		**(995)**	(1,482)
Administrative and other operating expenses		**(75,297)**	(56,657)
Gain on disposal of subsidiaries		**–**	524
Change in fair value of investment property		**–**	368
Impairment loss on disposal group classified as held for sale		**(2,223)**	–
Gain on disposal of property, plant and equipment		**–**	14
Loss on early redemption on promissory note		**–**	(3,227)
Impairment loss on interest in an associate		**(61,549)**	–
Impairment loss on trade and other receivables		**(12,417)**	(1,778)
Loss from operations		**(151,713)**	(57,532)
Share of profit/(loss) of associates		**3,555**	(44)
Finance costs	8	**(5,667)**	(666)
Loss before taxation	9	**(153,825)**	(58,242)
Income tax	10	**–**	(120)
Loss for the year		**(153,825)**	(58,362)
Other comprehensive income after tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the consolidated financial statements of foreign subsidiaries		**1,741**	(87)
Other comprehensive income/(expense) for the year		**1,741**	(87)
Total comprehensive expense for the year		**(152,084)**	(58,449)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013** **HK$'000**	2012 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(153,128)**	(58,362)
Non-controlling interests		**(697)**	–
		(153,825)	(58,362)
Total comprehensive expense attributable to:			
Owners of the Company		**(151,387)**	(58,449)
Non-controlling interests		**(697)**	–
		(152,084)	(58,449)
Loss per share attributable to the owners of the Company			
Basic	15	**(36.54) cents**	(22.63) cents
Diluted	15	**(36.54) cents**	(22.23) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	**32,635**	9,277
Intangible assets	17	**–**	–
Investment property	18	**–**	16,614
Prepaid land lease payments	19	**530**	518
Interests in associates	21	**70,225**	64,750
		103,390	91,159
Current assets			
Prepaid land lease payments	19	**17**	17
Inventories	22	**1,889**	5,949
Trade and other receivables	23	**44,035**	22,364
Cash and cash equivalents	24	**782**	3,678
		46,723	32,008
Assets of disposal group classified as held for sale	25	**15,663**	–
		62,386	32,008
Current liabilities			
Bank loans and overdrafts	27	**2,829**	3,001
Trade and other payables	26	**20,693**	12,186
Income tax payable		**2,150**	2,421
Promissory notes	29	**–**	7,000
		25,672	24,608
Liabilities of disposal group classified as held for sale	25	**3,075**	–
		28,747	24,608
Net current assets		**33,639**	7,400
Total assets less current liabilities		**137,029**	98,559
Non-current liabilities			
Deferred tax liabilities	28	**134**	1,265
Promissory notes	29	**109,923**	46,449
		110,057	47,714
NET ASSETS		**26,972**	50,845
CAPITAL AND RESERVES			
Share capital	30	**24,256**	17,282
Reserves	32	**4,194**	33,563
Equity attributable to the owners of the Company		**28,450**	50,845
Non-controlling interests		**(1,478)**	–
TOTAL EQUITY		**26,972**	50,845

Approved and authorised for issue by the Board of Directors on 28 March 2014 and signed on behalf of the Board by:

Liu Zhong Ping
Director

Xu Xuefeng
Director

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**–**	42
Interests in subsidiaries	*20*	**153,704**	43,014
Interests in associates	*21*	**3,061**	64,750
		156,765	107,806
Current assets			
Trade and other receivables	*23*	**12,137**	4,872
Cash and cash equivalents	*24*	**399**	1,410
		12,536	6,282
Current liabilities			
Bank overdraft		**–**	1
Trade and other payables	*26*	**1,846**	1,951
Promissory notes	*29*	**–**	7,000
		1,846	8,952
Net current assets		**10,690**	(2,670)
Total assets less current liabilities		**167,455**	105,136
Non-current liabilities			
Promissory notes	*29*	**109,923**	46,449
NET ASSETS		**57,532**	58,687
CAPITAL AND RESERVES			
Share capital	*30*	**24,256**	17,282
Share premium and reserves	*32*	**33,276**	41,405
TOTAL EQUITY		**57,532**	58,687

Approved and authorised for issue by the Board of Directors on 28 March 2014 and signed on behalf of the Board by.

Liu Zhong Ping
Director

Xu Xuefeng
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	10,587	107,366	535	–	2,665	307	(75,195)	–	46,265
Loss for the year	–	–	–	–	–	–	(58,362)	–	(58,362)
Other comprehensive expense for the year:									
Exchange difference on translation of the financial statements of foreign subsidiaries	–	–	–	–	(87)	–	–	–	(87)
Total comprehensive expense for the year	–	–	–	–	(87)	–	(58,362)	–	(58,449)
Recognition of unlisted warrants	–	–	–	1,400	–	–	–	–	1,400
Recognition of equity-settled share-based payments	–	–	–	–	–	3,258	–	–	3,258
Issue of shares upon:									
– warrants exercised	1,150	18,630	–	(1,150)	–	–	–	–	18,630
– shares	5,193	32,759	–	–	–	–	–	–	37,952
– upon exercise of share options	352	1,884	–	–	–	(447)	–	–	1,789
Lapse of share options	–	–	–	–	–	(1,767)	1,767	–	–
At 31 December 2012 and at 1 January 2013	17,282	160,639	535	250	2,578	1,351	(131,790)	–	50,845
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(153,128)**	**(697)**	**(153,825)**
Other comprehensive income for the year:									
Exchange difference on translation of the financial statements of foreign subsidiaries	**–**	**–**	**–**	**–**	**1,741**	**–**	**–**	**–**	**1,741**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**1,741**	**–**	**(153,128)**	**(697)**	**(152,084)**
Changes in ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**781**	**(781)**	**–**
Recognition of unlisted warrants	**–**	**–**	**–**	**641**	**–**	**–**	**–**	**–**	**641**
Recognition of equity settled share-based payment	**–**	**–**	**–**	**–**	**–**	**34,225**	**–**	**–**	**34,225**
Issue of shares upon:									
– warrant exercised	**2,257**	**23,562**	**–**	**(651)**	**–**	**–**	**–**	**–**	**25,168**
– share option	**822**	**4,397**	**–**	**–**	**–**	**(1,044)**	**–**	**–**	**4,175**
– shares	**3,895**	**60,107**	**–**	**–**	**–**	**–**	**–**	**–**	**64,002**
At 31 December 2013	**24,256**	**248,705**	**535**	**240**	**4,319**	**34,532**	**(284,137)**	**(1,478)**	**26,972**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	2013 HK$'000	2012 HK$'000
Operating activities		
Loss before taxation	**(153,825)**	(58,242)
Adjustments for:		
Depreciation of property, plant and equipment	**1,566**	2,291
Waiver of other payable	**–**	(1,170)
Loss on early redemption of promissory notes	**–**	3,227
Share of (profit)/loss on associates	**(3,555)**	44
Surplus on valuation of investment property	**–**	(368)
Amortisation of prepaid land lease payments	**17**	17
Write down of inventories	**–**	4,099
Impairment loss on interest in an associate	**61,549**	–
Impairment loss on disposal group classified as held for sale	**2,223**	–
Impairment losses on trade and other receivables	**12,417**	1,778
Gain on disposal of property, plant and equipment	**–**	(14)
Finance costs	**556**	137
Imputed interest of promissory notes	**5,110**	529
Interest income	**(15)**	(42)
Gain on disposals of subsidiaries	**–**	(524)
Share-based payment expenses	**34,225**	3,258
Operating loss before changes in working capital	**(39,732)**	(44,980)
(Increase)/Decrease in inventories	**4,038**	(5,596)
Increase in trade and other receivables	**(34,411)**	(11,158)
Increase in trade and other payables	**10,110**	4,477
Cash used in operations	**(59,995)**	(57,257)
Interest paid	**(556)**	(238)
PRC Enterprise Income Tax paid	**–**	(17)
Net cash used in operating activities	**(60,551)**	(57,512)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 HK$'000	2012 HK$'000
Investing activities			
Interest received		**15**	2
Payment to acquire of property, plant and equipment		**(24,985)**	(185)
Payment of acquisition of associates		**(5,000)**	(9,000)
Proceed from disposal of property, plant and equipment		**–**	3,900
Net cash outflow arising for disposal of subsidiaries		**–**	(106)
Net cash used in investing activities		**(29,970)**	(5,389)
Financing activities			
Early redemption of promissory notes		**(7,000)**	(21,000)
Placement of shares		**64,002**	37,952
Proceeds from issue of unlisted warrants		**641**	1,400
Proceeds from exercise of warrants		**25,168**	18,630
Proceeds from exercise of share options		**4,175**	1,789
Proceeds from bank loans		**30,326**	12,369
Repayments of bank loans		**(30,498)**	(9,369)
Net cash generated from financing activities		**86,814**	41,771
Net decrease in cash and cash equivalents		**(3,707)**	(21,130)
Cash and cash equivalents at 1 January		**3,677**	24,961
Effect of foreign exchange rate changes		**812**	(154)
Cash and cash equivalents at 31 December	*24*	**782**	3,677

The accompanying notes form part of these consolidated financial statements.

1. Corporate information

Seamless Green China (Holdings) Limited was a limited liability company incorporated in the Cayman Islands on 18 January 2001 as an exempted company. The shares of the Company have been listed on the Growth Enterprises Market on the Stock Exchange of Hong Kong Limited (the "GEM") since 10 August 2001. Pursuant to the special resolution passed on 7 January 2008, the shareholders of the Company resolved to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The re-domicile was completed on 22 January 2008. The change of domicile has no impact on the continuity and the listing status of the Company. The addresses of its registered office and principal place of business are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (rounded to the nearest thousand except for per share data), which is the same as the functional and presentation currency of the Company.

The Company is an investment holding company. The Group's principal activities were involved in manufacture and sale of synthetic sapphire watch crystals and optoelectronic products, and in the trading of liquor, fashion and integrated circuits and software trading and development.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Standards and Interpretations adopted in the current period

In the current year, the Group has adopted the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to and effective for the Group's financial period beginning on 1 January 2013:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual Improvements to HKFRSs (2009-2011)	Amendments to HKFRS 1, HKAS 1, HKAS 16, HKAS 32 and HKAS 34
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

(Expressed in Hong Kong dollars)

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

(a) Standards and Interpretations adopted in the current period *(continued)*

(i) HKFRS 10 "Consolidated Financial Statements" modifies the concept of "control" substantially. The Company's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities;

(ii) HKFRS 11 "Joint Arrangements" introduces the concepts of "joint venture" and 'joint operations". The Company's adoption of these new concepts does not result in a change in the classification and measurement of investments in joint ventures and other entities; and

(iii) HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates and introduces new disclosure requirements for unconsolidated structured entities.

(iv) HKFRS 13 "Fair Value Measurement" introduces a number of new concepts and principles regarding fair value measurement. The Company's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

(b) Standards and Interpretations issued but not yet adopted

The Group has not early applied any of the following new and revised standards, amendments and interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2013:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) – Int 21	Levies[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRS 10 HKFRS 12 and HKAS 27	Investment Entities[1]
Annual Improvement to HKFRSs (2010-2012)	Amendments to HKFRS 2, HKFRS 3, HKFRS 8, HKFRS 13, HKAS 16, HKAS 24 and HKAS 38[2]
Annual Improvements to HKFRSs (2011-2013)	Amendments to HKFRS 1, HKFRS 3, HKFRS 13, and HKAS 40[2].

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

Standards and Interpretations issued but not yet adopted *(continued)*

[1] *Effective for annual periods beginning on or after 1 January 2014*

[2] *Effective for annual periods beginning on or after 1 July 2014*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

[4] *Effective for annual periods beginning on or after 1 January 2016*

3. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain buildings and investment properties, which have been measured at revalued amount or fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

4. Significant accounting policies

(a) Basis of consolidation

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

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

4. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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

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

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

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. Significant accounting policies *(continued)*

(b) Business combinations *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits";

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

4. Significant accounting policies *(continued)*

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less 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 Group's 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 when 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 its carrying amount, 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 on a pro rata basis based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss. 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.

(d) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

4. Significant accounting policies *(continued)*

(d) Associate *(continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(e) Property, plant and equipment

The buildings held for own use are classified as held under operating leases are stated in the consolidated statement of financial position at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reserves a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retaining earnings.

As disclosed in note 16 to the consolidated financial statements, the Group's buildings were carried at revalued amounts. In the opinion of the directors, there was no material change in the revalued amounts of the Group's buildings as at 31 December 2013 and 2012. Accordingly, no independent professional valuer has been appointed to perform valuation of the Group's buildings.

For other property, plant and equipment, they are stated at cost less accumulated depreciation and any impairment losses.

4. Significant accounting policies *(continued)*

(e) Property, plant and equipment *(continued)*

The cost of an item of property, plant and equipment comprises its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is recognised as an additional cost of that asset or as a replacement.

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

The principal annual depreciation rates used in the calculation of depreciation are as follows:

Building	Over the shorter of lease terms or 20 years
Leasehold improvements	Over the shorter of lease terms or 25%
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

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.

(f) Prepaid land lease payments

All land in the People's Republic of China is stated-owned or collectively-owned and no individual land ownership rights exist. The Group acquired the rights to use certain land and the premiums paid for such rights are treated as prepaid land lease payments under operating leases and are stated at cost and subsequently amortised on the straight line basis over the lease period.

4. Significant accounting policies *(continued)*

(g) Intangible assets

Intangible assets are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(h) Impairment of tangible and intangible assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the assets (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Significant accounting policies *(continued)*

(i) Investment property

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the companies of the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use a investment property, or for which market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of land classified as investment property; other, including contingent rent payments, are not recognised in the financial statements. Changes in fair value are recognised in the profit or loss.

Subsequent expenditure is changed to the asset's carrying amount 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. All other repairs and maintenance cost are expensed in the profit or loss during the reporting period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for classified as property, plant and equipment and stated at cost less impairment loss until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverse a previous impairment loss, the gain is recognised in the profit or loss.

4. Significant accounting policies *(continued)*

(j) Assets held for sale

Non-current assets and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sales when their carrying amounts will be recovered principally through sale, they are available for sale in their present condition and their sale is highly probable. Non-current assets held for sale and disposal group are measured at the lower of their carrying amount and fair value less cost to sell, except for those assets and liabilities that are not within in the scope of the measurement requirements of HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" such as deferred taxes, investment properties and assets and liabilities arising from employee benefit. These are measured in accordance with accounting policies described above. Immediately before the initial classification as held for sale, the carrying amount of the assets (or assets and liabilities in the disposal group) are measured in accordance with applicable HKFRSs. On subsequent re-measurement of a disposal group, the carrying amount of the assets and liabilities noted above that are not within the scope of the measurement requirements of HKFRS 5 are remeasured in accordance with applicable HKFRSs before the fair value less costs to sell of the disposal group is determined.

Income earned and expenses incurred on assets held for sale and liabilities of disposal group held for sale continue to be recognised in the appropriate line items in the consolidated statement of profit of loss and other comprehensive income until the transaction is complete.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted-average basis, and in the case of work in progress and finished goods, which comprise direct materials, direct labour and production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4. Significant accounting policies *(continued)*

(m) Financial instruments

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

a) Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading. A financial asset is classified as held for trading if:

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

4. Significant accounting policies *(continued)*

(m) Financial instruments *(continued)*

a) *Financial assets* *(continued)*

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profits or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired 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 investment have been affected.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- the disappearance of an active market for that financial asset because of financial difficulties. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could included the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

4. Significant accounting policies *(continued)*

(m) Financial instruments *(continued)*

a) *Financial assets* *(continued)*

Impairment of financial assets (continued)

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 trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

b) *Financial liabilities and equity instruments*

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

4. Significant accounting policies *(continued)*

(m) Financial instruments *(continued)*

b) Financial liabilities and equity instruments *(continued)*

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

4. Significant accounting policies *(continued)*

(m) Financial instruments *(continued)*

b) Financial liabilities and equity instruments *(continued)*

Financial liabilities at FVTPL (continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities (including bank loans and overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liabilities 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 on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

(n) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Sales of goods

Sale of goods are recognised when goods are the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(ii) Interest income

Interest income from bank deposits and loans receivables are accrued on a time-apportioned basis by reference to the principal to the principal outstanding and the rate applicable.

4. Significant accounting policies *(continued)*

(o) Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are translated in functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains or losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the dates of the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using foreign exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve within equity.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from exchange reserve within equity to profit or loss when the profit or loss on disposal is recognised.

(p) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over then term of their relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expenses on a straight-line basis over the lease term.

4. Significant accounting policies *(continued)*

(p) Leasing *(continued)*

The Group as lessee

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services to the Group as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in share-based payment reserve within equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

4. Significant accounting policies *(continued)*

(q) Employee benefits *(continued)*

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(s) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4. Significant accounting policies *(continued)*

(s) Taxation *(continued)*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised of they arise from the initial recognition of goodwill deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Segment reporting

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

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

4. Significant accounting policies *(continued)*

(u) Related parties

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

(a) has control or joint control over the Group;
(b) has significant influence over the Group; or
(c) is a member of the key management personnel of the Group or the Group's parent.

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

(a) 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).
(b) 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).
(c) Both entities are joint ventures of the same third party.
(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
(f) The entity is controlled or jointly controlled by a person identified in (a).
(g) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgments, 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 historical 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.

5. Critical accounting judgments and key sources of estimation uncertainty *(continued)*

(a) Critical judgments in applying accounting policies

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

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling and distribution costs. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the end of each reporting period.

ii) Impairment of receivables

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

iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, of the assets, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year when the estimate is changed and the future period.

5. Critical accounting judgments and key sources of estimation uncertainty *(continued)*

(b) Key sources of estimation uncertainty *(continued)*

iv) *Income taxes*

The Group is subject to various taxes in PRC where the Group's entities operate. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

The Group also reviews the carrying amount of deferred tax assets at the end of each reporting period and reduces the amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. This requires an estimation of the future taxable profits. Estimating the future taxable profits requires the Group to make an estimate of the expected future earnings from the Group and also to choose a suitable discount rate in order to calculate the present value of the earnings.

6. Turnover and other income and gains

(a) Turnover

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

	2013	2012
	HK$'000	HK$'000
Sale of goods	**25,070**	26,993

The Group's turnover represents the sale value of goods supplied to customers, net of discounts and sales related tax during the year.

6. Turnover and other income and gains *(continued)*

(b) Other income and gains

An analysis of the Group's other income and gains for the year is as follows:

	2013	2012
	HK$'000	HK$'000
Other income		
Bank interest income	**15**	1
Other interest income	**154**	41
Total interest income on financial assets not at fair value through profit or loss	**169**	42
Operating lease rental income	**–**	17
Others	**506**	1,225
	675	1,284

7. Segment information

Segment information reported by the Group's operating division to the chief operating decision maker ("CODM"), i.e. the directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) The synthetic sapphire watch crystals segment ("Sapphire") is a supplier of watch crystals mainly for use in the manufacture of watch products;

(b) The optoelectronic products segment ("Optoelectronic") is a supplier of optoelectronic products for use in internet cable;

(c) The liquor products segment ("Liquor") is in trading of wine;

(d) The integrated circuits and software segment ("Integrated Circuits and Software") is in integrated circuits and software development and reselling business; and

(e) The fashion products segment ("Fashion") is in wholeselling and retailing of fashions.

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

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the year (2012: HK$Nil).

7. Segment information *(continued)*

Segment result represents the profit earned/loss resulted by each segment without allocation of central administration costs, including directors' remuneration, interest income, net gain/loss on financial assets at fair value through profit or loss, gain on disposal of subsidiaries, impairment losses on trade and other receivables, impairment losses of property, plant and equipment, impairment loss on interest in an associate, purchase cost recognised as expense and finance costs.

Segment assets include all non-current assets and current assets. Segment liabilities include all current liabilities other than tax payable.

(a) Segment revenue and results:

For the year ended 31 December 2013:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Total for reportable segments HK$'000
Segment revenue	**20,423**	**2,081**	**1,673**	**893**	**–**	**25,070**
Segment results	**(7,433)**	**(2,477)**	**(4,070)**	**(1,489)**	**–**	**(15,469)**
Reconciliation:						
Total loss for reportable segments						**(15,469)**
Unallocated corporate income						**239**
Bank interest income						**15**
Share of profit of associates						**3,555**
Impairment loss on disposal group classified as held for sale						**(2,223)**
Impairment loss on interest in an associate						**(61,549)**
Impairment loss on trade and other receivables						**(12,417)**
Finance costs						**(5,492)**
Unallocated corporate expenses						
– staff costs						**(43,217)**
– others						**(17,267)**
Consolidated loss before taxation						**(153,825)**

7. Segment information *(continued)*

(a) Segment revenue and results: *(continued)*

For the year ended 31 December 2012:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Total for reportable segments HK$'000
Segment revenue	22,468	3,502	200	351	472	26,993
Segment results	(7,315)	(542)	(369)	(3,111)	(998)	(12,335)
Reconciliation:						
Total loss for reportable segments						(12,335)
Unallocated corporate income						2,213
Bank interest income						40
Share of loss of an associate						(44)
Loss on early redemption on promissory notes						(3,227)
Finance costs						(529)
Unallocated corporate expenses						
– staff costs						(17,647)
– others						(26,713)
Consolidated loss before taxation						(58,242)

7. Segment information *(continued)*

(b) Segment assets and liabilities:

For the year ended 31 December 2013:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Total for reportable segments HK$'000
Segment assets	**11,415**	**3,207**	**1,745**	**23,857**	**–**	**40,224**
Unallocated assets						
– Cash and bank balances						**508**
– Others						**125,044**
Consolidated assets						**165,776**
Segment liabilities	**(8,180)**	**(658)**	**(4)**	**(1,944)**	**–**	**(10,786)**
Unallocated liabilities						
– Promissory note						**(109,923)**
– Deferred tax liabilities						**(134)**
– Others						**(17,961)**
Consolidated liabilities						**(138,804)**

7. Segment information *(continued)*

(b) Segment assets and liabilities: *(continued)*

For the year ended 31 December 2012:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Total for reportable segments HK$'000
Segment assets	13,326	5,257	2,669	2,178	–	23,430
Unallocated assets						
– Cash and bank balances						1,958
– Interest in an associate						64,750
– Others						33,009
Consolidated assets						123,147
Segment liabilities	(10,816)	(697)	(4)	(1,881)	–	(13,398)
Unallocated liabilities						
– Promissory notes						(53,449)
– Current income tax payables						(1,691)
– Deferred tax liabilities						(1,132)
– Others						(2,652)
Consolidated liabilities						(72,322)

7. Segment information *(continued)*

(c) Other segment information:

For the year ended 31 December 2013:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Unallocated HK$'000	Total HK$'000
Capital expenditure	–	–	–	23,751	–	1,234	24,985
Interest income	1	1	–	–	–	14	16
Interest expenses	156	–	–	–	–	18	174
Depreciation and amortisation	1,181	342	–	18	–	42	1,583

For the year ended 31 December 2012:

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Integrated circuits and software HK$'000	Fashion HK$'000	Unallocated HK$'000	Total HK$'000
Capital expenditure	164	–	–	–	–	21	185
Interest income	1	1	–	–	–	40	42
Interest expenses	132	–	–	–	5	529	666
Income tax expenses	18	28	–	–	–	74	120
Write down of inventories	2,135	1,950	14	–	–	–	4,099
Depreciation and amortisation	1,636	532	–	3	59	78	2,308

7. Segment information *(continued)*

(d) Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenues from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,118**	8,295	**10,623**	682
PRC	**10,887**	3,853	**92,767**	90,477
Taiwan	**–**	34	**–**	–
Europe	**13,065**	14,811	**–**	–
	25,070	26,993	**103,390**	91,159

(e) Information about major customers

The following table set out the information for the Group's five largest customers:

	2013	2012
	HK$'000	HK$'000
Customer A	**8,540**	7,562
Customer B	**7,116**	6,279
Customer C	**3,542**	5,481
Customer D	**2,329**	2,084
Customer E	**1,792**	1,458
	23,319	22,864

Save as disclosed above, there was no other single customer contributing over 10% total revenue of the Group for the years ended 31 December 2013 and 2012.

7. Segment information *(continued)*

(f) Information about products and services:

	2013	2012
	HK$'000	HK$'000
Synthetic sapphire watch crystals	**20,423**	22,468
Optoelectronic products	**2,081**	3,502
Liquor	**1,673**	200
Integrated circuits and software	**893**	351
Fashion	**–**	472
	25,070	26,993

8. Finance costs

	2013	2012
	HK$'000	HK$'000
Interest on promissory notes	**5,492**	529
Interest on bank loans and overdrafts	**175**	137
	5,667	666

9. Loss before taxation

The Group's loss before taxation is arrived at after charging:

	2013 **HK$'000**	2012 HK$'000
Amortisation of prepaid land lease payments	**17**	17
Depreciation of property, plant and equipment	**1,566**	2,291
Impairment losses on		
– Trade and other receivables	**3,168**	1,778
Cost of inventories*	**24,978**	19,472
Write down inventories	**–**	4,099
Minimum lease payment under operating leases		
– Buildings	**1,369**	1,579
Auditors' remuneration		
– Audit services	**750**	750
Staff costs (including directors' remuneration *(note 11)*)		
Wages and salaries	**8,992**	17,386
Discretionary bonuses	**158**	4,469
Retirement scheme contributions	**103**	159
Equity-settled share-based payment expenses	**34,225**	3,258

* Cost of inventories includes HK$1,161,000 (2012: HK$3,612,000) relating to the staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

10. Income tax

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

	2013 **HK$'000**	2012 HK$'000
Current Tax – PRC Enterprise Income Tax	**–**	46
Tax rebate	**–**	74
Tax charge	**–**	120

Hong Kong profits tax has been provided for in the consolidated financial statements at the rate of 16.5% (2012:16.5%) on the estimated assessable profits arising in Hong Kong for the year. PRC Enterprise Income Tax has been provided for in the consolidated financial statements on the taxable profits at the rate as described above for the relevant years.

10. Income tax expenses *(continued)*

(a) Taxation in the consolidated statement of profit or loss and comprehensive income represents: *(continued)*

No provision for both Hong Kong profit tax and PRC Enterprise Income Tax has been provided in the consolidated financial statements as these was no estimated assessable profit for the year ended 31 December 2013 (2012: HK$120,000).

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

	2013	2012
	HK$'000	HK$'000
Loss before taxation	**(153,825)**	(58,242)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(24,297)**	(9,997)
Tax effect of non-taxable income	**(592)**	(245)
Tax effect of non-deductible expenses	**17,591**	1,501
Tax loss not recognised	**7,298**	1,393
Tax benefit not recognised	**–**	7,394
Tax rebate	**–**	74
Income tax expense recognised in profit or loss	**–**	120

11. Directors' remuneration

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

	2013	2012
	HK$'000	HK$'000
Fees	**1,876**	2,538
Other emoluments		
Salaries, allowances and benefits in kind	**–**	–
Discretionary bonuses	**158**	2,437
Share based payments	**22,740**	–
	22,898	2,437
Total remuneration	**24,774**	4,975

11. Directors' remuneration *(continued)*

For the year ended 31 December 2013

	Salaries, Allowance and benefit in kind HK$'000	Discretionary bonus and fees HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Nee Pei Ching, Herny *(Note 1)*	–	50	–	–	50
Mr. Lau Tao Hung Herry *(Note 2)*	–	–	–	–	–
Mr. Ho Chun Kit Gregory *(Note 3)*	–	40	–	–	40
Mr. Lee Tat Wing *(Note 4)*	–	–	–	–	–
Mr. Xu Xuefeng *(Note 5)*	–	426	4,713	–	5,139
Mr. Li Jian Chao *(Note 6)*	–	1,142	4,713	–	5,855
Mr. Liu Zhong Ping *(Note 7)*	–	–	4,713	–	4,713
Mr. Lee Po Chu Feona *(Note 8)*	–	–	4,713	–	4,713
Mr. Fok Ching Fung *(Note 9)*	–	–	1,944	–	1,944
Mr. Kwan Pak Ming *(Note 10)*	–	–	–	–	–
Mr. Leung Wah *(Note 14)*	–	361	1,944	–	2,305
	–	2,019	22,740	–	24,759
Independent non-executive Directors					
Mr. Ng Kai Shing *(Note 11)*	–	5	–	–	5
Mr. Jal Nadirshaw Karbhari	–	–	–	–	–
Ms. Chan Sze Man *(Note 12)*	–	–	–	–	–
Mr. Chin Barry Chi Yeung *(Note 13)*	–	10	–	–	10
Mr. Tse Wa Lok *(Note 15)*	–	–	–	–	–
Mr. Zou Weijun *(Note 16)*	–	–	–	–	–
Mr. Koo Kim Shing *(Note 17)*	–	–	–	–	–
Ms. Chan Wing Sze *(Note 24)*	–	–	–	–	–
	–	15	–	–	15
	–	2,034	22,740	–	24,774

11. Directors' remuneration *(continued)*

For the year ended 31 December 2012

	Salaries, Allowance and benefit in kind HK$'000	Discretionary bonus and fees HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Chan Chung Keung Jackson *(Note 18)*	–	989	–	–	989
Mr. Nee Pei Ching, Herny *(Note 1)*	–	850	–	–	850
Ms. Chan Yim Kum *(Note 19)*	–	842	–	–	842
Mr. Chan Ka Ming *(Note 20)*	–	400	–	–	400
Mr. Lau Tao Hung Herry *(Note 2)*	–	80	–	–	80
Mr. Ho Chun Kit Gregory *(Note 3)*	–	461	–	–	461
Mr. Tam Chak Chi *(Note 21)*	–	390	–	–	390
Mr. Lee Tat Wing *(Note 4)*	–	–	–	–	–
Mr. Xu Xuefeng *(Note 5)*	–	–	–	–	–
	–	4,012	–	–	4,012
Independent non-executive Directors					
Mr. Tsui Siu Hung *(Note 22)*	–	280	–	–	280
Mr. Lee Tao Wai *(Note 23)*	–	204	–	–	204
Mr. Ng Kai Shing *(Note 11)*	–	255	–	–	255
Mr. Jal Nadirshaw Karbhari	–	120	–	–	120
Ms. Chan Sze Man *(Note 12)*	–	104	–	–	104
	–	963	–	–	958
	–	4,975	–	–	4,975

(Expressed in Hong Kong dollars)

11. Directors' remuneration *(continued)*

Notes:

1. Mr. Nee Pei Ching, Herny is retired as executive director on 10 May 2013.
2. Mr. Lau Tao Hung Herry is resigned as executive director on 15 April 2013.
3. Mr. Ho Chun Kit Gregory is appointed as executive director on 16 January 2012.
4. Mr. Lee Tat Wing is appointed as executive director on 21 November 2012 and retired on 10 May 2013.
5. Mr. Xu Xuefeng is appointed as executive director on 3 October 2013.
6. Mr. Li Jian Chao is appointed as executive director and Chairmen on 8 April 2013.
7. Mr. Liu Zhong Ping is appointed as executive director on 7 June 2013.
8. Mr. Lee Po Chu Feona is appointed as executive director on 1 November 2013.
9. Mr. Fok Ching Fung is appointed as executive director on 11 November 2013.
10. Mr. Kwan Pak Ming is appointed as executive director on 14 March 2013 and retired on 10 May 2013.
11. Mr. Ng Kai Shing is resigned as independent non-executive director on 10 May 2013.
12. Ms. Chan Sze Man is appointed as independent non-executive director on 16 February 2012 and resigned on 1 November 2013.
13. Mr. Chin Barry Chi Yeung is appointed as independent non-executive director on 16 July 2013 and resigned on 1 November 2013.
14. Mr. Leung Wah is appointed as independent non-executive director on 6 May 2013 and re-designeted as executive director on 16 July 2013.
15. Mr. Tse Wa Lok is appointed as independent non-executive director on 5 November 2013.
16. Mr. Zou Weijun is appointed as independent non-executive director on 11 November 2013.
17. Mr. Koo Kim Shing is appointed as independent non-executive director on 11 November 2013.
18. Mr. Chan Chung Keung Jackson is resigned as executive director on 12 January 2012.
19. Ms. Chan Yim Kum is resigned as executive director on 11 January 2012.

20 Mr. Chan Ka Ming is resigned as executive director on 1 November 2012.

21. Mr. Tam Chak Chi is resigned as executive director on 31 October 2012.
22. Mr. Tsui Siu Hung is resigned as independent non-executive director on 10 February 2012.
23. Mr. Lee Tao Wai is resigned as as independent non-executive director on 20 February 2012.
24. Ms. Chan Wing Sze is appointed as independent non-executive director on 5 November 2013.

The remunerations of directors of the Company fall into the following bands:

	No. of directors 2013	No. of directors 2012
HK$Nil – HK$1,000,000	**13**	14
HK$1,000,001 – HK$1,500,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	–
HK$4,500,001 – HK$5,000,000	**2**	–
HK$5,000,001 – HK$5,500,000	**2**	–
	19	14

There was no arrangement under which directors waived any remuneration during the year ended 31 December 2013 (2012: HK$Nil).

11. Directors' remuneration *(continued)*

During the year ended 31 December 2013, there was no emoluments have been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2012: HK$nil).

12. Individuals with highest emoluments

For the year ended 31 December 2013, the five individuals with highest emoluments in the Group are all directors of the Group and the information of which had been set out in note 11 to the consolidated financial statements.

For the year ended 31 December 2012, of the five individuals with the highest emoluments in the Group, two were directors of the Company whose emoluments are included in the disclosures in note 11 above. The aggregate of the emoluments in respect of the other three individual is as follows:

	2012 HK$'000
Salaries and other emoluments	2,565
Equity-settled share-based payment expenses	–
Contributions to retirement benefits schemes	42
	2,607

The emolument of the other three with the highest emoluments is within the following band:

	2012 Number of individuals
Nil to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	1

13. Loss attributable to owners of the Company

The consolidated loss attributable to owners of the Company for the year ended 31 December 2013 includes a loss of HK$129,366,000 (2012: loss of HK$48,050,000) which has been dealt with in the financial statements of the Company.

14. Dividends

The directors do not recommend the payment of any dividends to the owners of the Company for the year ended 31 December 2013 (2012: HK$Nil).

15. Loss per share attributable to the owners of the Company

(a) Basic loss per share

The basic loss per share is calculated based on the loss attributable to the owners of the Company of HK$ 153,128,000 (2012:HK$58,362,000) and the weighted average number of 419,584,000 shares (2012: 257,865,000) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2013 was the same as the basic loss per share as the potential shares arising from the exercise the Company's warrants and share options would decrease the loss per share of the Group for year and is regarded as anti-dilutive.

The calculation of diluted loss per share for the year ended 31 December 2012 is based on the loss for the year attributable to the owners of the Company adjusted to reflect the interest on the warrants. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 257,865,000 in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares of approximately 4,643,000 assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares at the earliest exercisable date or the beginning of the year ended.

16. Property, plant and equipment

The Group:

	Buildings held for own use carried at revalued amount	Lands and buildings held for own use carried at cost	Leasehold improve-ments	Plant and machinery	Furniture fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At cost or valuation:							
At 1 January 2012	3,819	3,550	2,642	112,026	4,777	791	127,605
Additions	–	–	–	164	21	–	185
Disposal	–	(3,550)	(201)	–	(212)	–	(3,963)
Disposal of a subsidiary	–	–	(386)	–	(267)	–	(653)
Asset written off	–	–	(1,680)	–	–	–	(1,680)
Exchange realignment	(15)	–	–	(409)	(5)	(3)	(432)
At 31 December 2012 and at 1 January 2013	**3,804**	**–**	**375**	**111,781**	**4,314**	**788**	**121,062**
Additions	**–**	**–**	**–**	**24,734**	**251**	**–**	**24,985**
Transfer to disposal group classified as held for sale	**–**	**–**	**–**	**–**	**(266)**	**–**	**(266)**
Exchange realignment	**116**	**–**	**9**	**3,722**	**49**	**27**	**3,923**
At 31 December 2013	**3,920**	**–**	**384**	**140,237**	**4,348**	**815**	**149,704**
Accumulated depreciation and impairment:							
At 1 January 2012	–	25	2,118	104,666	4,244	791	111,844
Charge for the year	119	–	81	1,977	114	–	2,291
Disposal	–	(25)	(25)	–	(27)	–	(77)
Disposal of a subsidiary	–	–	(127)	–	(61)	–	(188)
Asset written off	–	–	(1,680)	–	–	–	(1,680)
Exchange realignment	–	–	–	(397)	(5)	(3)	(405)
At 31 December 2012 and at 1 January 2013	**119**	**–**	**367**	**106,246**	**4,265**	**788**	**111,785**
Charge for the year	**121**	**–**	**9**	**1,371**	**65**	**–**	**1,566**

16. Property, plant and equipment *(continued)*

The Group: *(continued)*

	Buildings held for own use carried at revalued amount HK$'000	Lands and buildings held for own use carried at cost HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Transfer to disposal group classified as held for sale	**–**	**–**	**–**	**–**	**(28)**	**–**	**(28)**
Exchange realignment	**17**	**–**	**8**	**3,648**	**46**	**27**	**3,746**
At 31 December 2013	**257**	**–**	**384**	**111,265**	**4,348**	**815**	**117,069**
Net carrying amount:							
At 31 December 2013	**3,663**	**–**	**–**	**28,972**	**–**	**–**	**32,635**
At 31 December 2012	3,685	–	8	5,535	49	–	9,277
Analysis of cost or valuation:							
At 31 December 2013:							
– At cost	–	–	384	140,237	4,348	815	145,784
– At valuation	3,920	–	–	–	–	–	3,920
	3,920	–	384	140,237	4,348	815	149,704
At 31 December 2012:							
– At cost	–	–	375	111,781	4,314	788	117,258
– At valuation	3,804	–	–	–	–	–	3,804
	3,804	–	375	111,781	4,314	788	121,062

16. Property, plant and equipment *(continued)*

The Group: *(continued)*

Notes:

(a) **Revaluation of properties held for own use**

As at 31 December 2013, the directors considered that the fair value of the Group's buildings held for own use was approximate to the valuation amounts as at 31 December 2012.

Had the buildings held for own use been measured on a historical cost basis, their carrying amount would have been HK$3,863,000 and HK$3,685,000 for the years ended 31 December 2012 and 2013 respectively.

(b) **The analysis of net carrying amount of properties as follows:**

	2013	2012
	HK$'000	HK$'000
Medium-term leases		
– outside Hong Kong	**3,663**	3,685

The Company:

	Leasehold improvements	**Furniture, fixture and equipment**	**Total**
	HK$'000	HK$'000	HK$'000
At cost:			
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	19	293	312
Accumulated depreciation:			
At 1 January 2012	15	176	191
Charge for the year	4	75	79
At 31 December 2012 and 1 January 2013	19	251	270
Charge for the year	–	42	42
At 31 December 2013	19	293	312
Net carrying amount:			
At 31 December 2013	–	–	–
At 31 December 2012	–	42	42

17. Intangible assets

The intangible assets represented the right to collaborate with Hong Kong Applied Science and Technology Research Institute Company Limited ("ASTRI") on the development of LED lighting driver integrated circuits for solid state lighting ("Intangible asset") through a memorandum of understanding ("MOU") entered between Arnda Semiconductor Limited ("Arnda") and ASTRI for an effective period from March 2011 to June 2011. In the opinion of the directors of the Company, the intangible asset was acquired by the Group through the acquisition of 100% equity interest of Arnda on 28 May 2011. The MOU was then lapsed in June 2011 and a loss of HK$8,700,000 was recognised in the profit or loss for the year ended 31 December 2011.

18. Investment property

	2013	2012
	HK$'000	HK$'000
At 1 January	**16,614**	–
Acquisition of a subsidiary	**–**	16,274
Fair value gain on investment property	**–**	368
Exchange realignment	**535**	(28)
Transfer to non-current assets held for sale	**(17,149)**	–
At 31 December	**–**	16,614

On 6 March 2012, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company, entered into an acquisition agreement with Tam Wing Yuen for the acquisition of the entire equity interests in Fullway (China) Limited for an aggregate consideration of HK$15 million. The acquisition was completed on 28 March 2012.

As at 31 December 2012, the title of the investment property has yet to be transferred to the Group. In the opinion of the directors, the transfer of the title of the investment properties was still in progress.

As at 31 December 2012, the fair value of the Group's investment property has been arrived at on the basis of a valuation carried out at that day by Roma Appraisal Limited, an independent valuer not related to the Group and a member of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

During the year ended 31 December 2013, the Group entered into a sale and purchase agreement for the disposal of Fullway (China) Limited for a cash consideration of HK$13,800,000. The transaction has yet been completed as at 31 December 2013, accordingly, the fair value of the investment property has been transferred to disposal group classified as held for sale as disclosed in note 25 to the consolidated financial statements.

19. Prepaid land leases payments

The Group's prepaid land leases payments represent interest in land use rights and their net carrying amount is analysed as followings.

	2013	2012
	HK$'000	HK$'000
Carrying amount:		
At 1 January	**535**	554
Amortisation for the year	**(17)**	(17)
Exchange realignment	**29**	(2)
At 31 December	**547**	535

	2013	2012
	HK$'000	HK$'000
Analysed for reporting purposes as:		
– Current portion	**17**	17
– Non-current portion	**530**	518
	547	535

The Group's land use rights are related to a piece of land situated in the PRC and are held under medium-term leases that are to be expired on 14 October 2043.

20. Interests in subsidiaries

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**25,086**	25,086
Amounts due from subsidiaries	**222,182**	111,492
	247,268	136,578
Less: Impairment losses	**(93,564)**	(93,564)
	153,704	43,014

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of principal subsidiaries are set out in note 40 to the consolidated financial statements.

21. Interests in associates

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost of investment in associates, unlisted				
At 1 January	**64,750**	–	**64,750**	–
Acquisition of associates	**63,469**	64,794	**–**	64,784
Shares of post-acquisition profit/(loss) and other comprehensive income, net of dividend received	**3,555**	(44)	**(140)**	(34)
Impairment losses	**(61,549)**	–	**(61,549)**	–
At 31 December	**70,225**	64,750	**3,061**	64,750

During the year ended 31 December 2013:

On 23 January 2013, the Group acquired 28% equity interests in Neo Partner Investments Limited ("Neo Partner") and its subsidiaries ("Neo Partner Group") for aggregate consideration of HK$23,800,000, which was satisfied by issuance of promissory note with principal amount of HK$18,800,000 and cash of HK$5,000,000.

On 20 March 2013, the Group acquired 45% equity interests in Full Pace Holdings Limited ("Full Pace") and its subsidiaries ("Full Pace Group") for consideration of HK$50,000,000, which was satisfied by issuance of promissory note with principal amount of HK$50,000,000.

During the year ended 31 December 2012:

On 23 November 2012, the Group acquired 20% equity interests of Great Steer Limited ("Great Steer") and its subsidiaries ("Great Steer Group") for consideration of HK$80,000,000, which was satisfied by cash of HK$9,000,000 and issuance of promissory note with principal amount of HK$71,000,000.

21. Interests in associates *(continued)*

The following table illustrates the summarised financial information of associates adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2013				2012
	Great Steer Group	**Neo Partner Group**	**Full Pace Group**	**Total**	**Great Steer Group**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	59	5,868	10,097	16,024	67
Non-current assets	1	–	4,724	4,725	1
Current liabilities	(3)	(5,954)	(5,326)	(11,283)	(1)
Net assets/(liabilities)	57	(86)	9,495	9,466	67
Net assets, excluding goodwill					
Reconciliation to the Group's interest in associates:					
Proportion of the Group's ownership	20%	28%	45%	N/A	20%
Group's share of net assets of the associate, excluding goodwill	(177)	(24)	916	715	5
Goodwill on acquisition (less cumulative impairment)	3,240	20,882	41,671	65,793	64,789
Revenue	–	–	13,812	13,812	–
(Loss)/Profit for the year	(697)	(38)	8,234	7,499	(273)
Other comprehensive income	–	–	–	–	–
Total comprehensive (expenses)/income for the year	(697)	(38)	8,234	7,499	(273)

At 31 December 2013, the Group have three associates, namely (i) 28% equity interests in Neo Partner Group; (ii) 45% equity interests in Full Pace Group; and (iii) 20% equity interests in Great Steer Group.

At 31 December 2013, the directors of the Company reviewed the carrying values for each of the associate, based on the associates' profit or loss, net liabilities position and long-term loss. Based on the review, the directors are in the opinion that an impairment loss of HK$61,549,000 in respect of Great Steer Group should be provided in the profit or loss, whereas no impairment loss is considered necessary to provide for Neo Partner Group and Full Pace Group for the year ended 31 December 2013 as the recoverable amounts for both Neo Partner Group and Full Pace Group were no material difference from its carrying value.

21. Interests in associates *(continued)*

The impairment loss on Great Steer Group was based on the consideration that (i) Great Steer Group did not generate any profits since acquisition; (ii) the actual result and operations of Great Steer Group significantly difference from its profit forecast formulated as at the acquisition; and (iii) its net liabilities position and long-term losses incurred of Great Steer Group. After the provision of such impairment loss, the Group interests in Great Steer Group was approximately HK$3.2 million, being approximately 4% of the carrying value of Great Steer Group.

Interests in Great Steer Group was acquired by the Group for a total consideration of HK$80,000,000, which was satisfied by cash consideration of HK$9,000,000 and issuance of promissory note with principal amount of HK$71,000,000. As at 31 December 2013, the Group's aggregate cash outflow for the acquisition of Great Steer Group amounted to approximately HK$22,000,000, being the cash consideration of HK$9,000,000 and settlement of promissory note of approximately HK$13,000,000 which had been early redeemed during the year ended 31 December 2012.

21. Interests in associates *(continued)*

Particulars of principal associates are set out following:

Name of company	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Great Steer Group					
Great Steer Limited	BVI	US$10,000	20%	–	Investment holding
Double All Limited	Hong Kong	HK$1	–	20%	Investment holding
上海景媒媒體技術有限公司	PRC	RMB500,000	–	20%	Selling air time on installed big LED information broadcasting system
Neo Partner Group					
Neo Partner Investments Limited	BVI	US$100	–	28%	Investment holding
Harvest View (China) Limited	Hong Kong	HK$100	–	28%	Distribution of care watch smart series products
Full Pace Group					
Full Pace Holdings Limited	BVI	US$100	–	45%	Investment holding
TDI Transportation Displays International Limited	Hong Kong	HK$250,000	–	45%	Licence and concessionary advertising business in the mass public transportation systems in the Hong Kong and the distribution of Stratospheres

22. Inventories

	2013	2012
	HK$'000	HK$'000
Raw materials	**71**	113
Work in progress	**1,013**	1,100
Finished goods	**805**	4,736
	1,889	5,949

23. Trade and other receivables

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**4,889**	4,332	**–**	–
Loan receivables *(note (a))*	**7,006**	3,840	**11,000**	3,840
Other receivables	**3,008**	808	**1,061**	–
Less: Allowance for doubtful debts	**(990)**	(990)	**–**	–
	13,913	7,990	**12,061**	3,840
Investment deposit *(note (b))*	**30,000**	11,500	**–**	–
Deposits and prepayments	**122**	2,874	**76**	1,032
	44,035	22,364	**12,137**	4,872

Notes:

(a) As at 31 December 2013, loan receivables comprise of:

(i) the Group granted a loan to Mr. Lee Kai Ming (李啟明), an independent third party, of approximately HK$3,800,000, which is unsecured, carry at interest of 4% per annual and matured on 14 December 2012. Due to the situation that the maturity of the loan had been passed and the outstanding balance of approximately HK$3,994,000 (including cumulative interest) were still outstanding as at 31 December 2013, in the opinion of the directors, the recoverability of the loan were in doubt and accordingly, impairment has been fully provided. The Company will take further legal action to recover the debts as soon as appropriate;

(ii) the Group granted a loan to Neo Partner Investments Limited, an associate of the Group, of approximately HK$5,000,000 which is unsecured, 2% interest per annum and receivable on demand; and

(iii) the Group granted loan to Full Pace Holdings Limited, an associate of the Group, of approximately HK$2,006,000, which is unsecured, interest free and receivable on demand.

23. Trade and other receivables *(continued)*

(b) As at 31 December 2013, the balance represent a refundable investment deposit for two proposed investments which comprised of:

(i) the Group paid a refundable deposit of HK$7,000,000 to Chu Chun Kit (朱俊傑) for the proposed acquisition of 49% equity interests in EQM (Int'l) Co. Limited, which was lapsed in 2013. Due to the situation that the proposed investment has been lapsed and the outstanding balances were still outstanding as at 31 December 2013, in the opinion of the directors, the recoverability of the deposit were in doubt and, accordingly, impairment has been fully provided. The Company will take further legal action to recover the deposit as soon as appropriate; and

(ii) the Group paid a refundable deposit of HK$30,000,000 for the proposed joint venture investments in Power Asia Global Investments Limited, which was guaranteed by a substantial shareholder of the Company.

The Group's terms on credit sales primarily from 30 to 120 days. An aged analysis of the trade receivables (net of allowance for doubtful debts) at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	HK$'000
Current	**1,536**	994
31 – 60 Days	**1,689**	1,076
61 – 90 Days	**159**	428
Over 90 Days	**515**	844
	3,899	3,342

Movement in allowance for doubtful debts:

	2013	2012
	HK$'000	HK$'000
At 1 January	**990**	6,277
Uncollectible amount written off	**–**	(5,287)
At 31 December	**990**	990

23. Trade and other receivables *(continued)*

The ageing analysis of the trade receivables that are not (or neither individually nor collectively) considered to be impaired is as follows:

	2013	2012
	HK$'000	HK$'000
Neither past due not impaired	**3,899**	3,342
Past due but not impaired:		
– Less than 1 month	**–**	–
– 1 to 3 months	**–**	–
– Over 3 months	**–**	–
	3,899	3,342

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

Save as disclosed above, none of the prepayments, deposits and other receivables is either past due or impaired. The financial assets included in the above balances relate to receivables for which there were no recent history of default.

24. Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**782**	3,678	**399**	1,410
Unsecured bank overdrafts	**–**	(1)	**–**	(1)
Cash and cash equivalents in the consolidated statements of cash flows	**782**	3,677	**399**	1,410

At the end of the reporting period, net cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$233,000 (2012: HK$475,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulation and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. Disposal group classified as held for sale

On 16 August 2013, the Group entered into a sale and purchase agreement (the "Arnda Disposal Agreement") with an independent third party (the "Purchaser of Arnda") whereby the Purchaser of Arnda agreed to purchase the entire equity interest in Arnda Seminconductor Limited and its subsidiary ("Arnda Group") for a total cash consideration of HK$11,000,000.

On 3 December 2013, the Group entered into a sale and purchase agreement (the "Fullway Disposal Agreement") with independent third party (the "Purchaser of Fullway") whereby the Purchaser of Fullway agreed to purchase the entire equity interest in Fullway (China) Limited and its subsidiary ("Fullway Group") for a total cash consideration of HK$13,800,000.

The assets and liabilities attributable to Arnda Group and Fullway Group which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2013.

25. Disposal group classified as held for sale *(continued)*

The major classes of assets and liabilities of Arnda Group and Fullway Group classified as held for sale as at 31 December 2013 as follows:

	Fullway Group HK$'000	Arnda Group HK$'000	Total HK$'000
Investment property	17,149	–	17,149
Property, plant and equipmet	–	238	238
Trade and other receivables	–	323	323
Inventories	–	22	22
Cash and bank balances	5	149	154
	17,154	732	17,886
Impairment loss on disposal group classified as held for sale	(2,223)	–	(2,223)
Total assets classified as held for sale	14,931	723	15,663
Trade and other payable	–	1,708	1,708
Deferred tax liabilities	1,131	–	1,131
Tax payables	–	236	236
Total liabilities classified as held for sale	1,131	1,944	3,075
	13,800	(1,212)	12,588

Pursuant to the sales and purchase agreement for the acquisition of Arnda Group, Wickham Ventures Limited ("Wickham"), as the vendor and Ms. Lee Hei Wun ("Ms. Lee"), as the guarantor, guaranteed to Good Return (BVI) Limited, a wholly owned subsidiary of the Company, inter alia, that:

(i) The net profit after tax of Arnda Group for the year ended 31 December 2012 shall be not less than HK$3,000,000;

(ii) The net profit after tax of Arnda Group for the year ended 31 December 2013 shall be not less than HK$4,000,000;

(iii) The net profit after tax of Arnda Group for the year ending 31 December 2014 shall be not less than HK$6,000,000.

Each of Wickham and Ms. Lee undertook to pay the profit guarantee shortfall, that is, the difference between the guaranteed amounts of net profit after tax and the actual amounts of the net profit after tax of the Arnda Group.

25. Disposal group classified as held for sale *(continued)*

According to the audited accounts of Arnda Group, for the year ended 31 December 2012, Arnda Group recorded a loss of approximately HK$1.3 million and the Group has the right to receive the profit guarantee shortfall for the year ended 31 December 2012 of HK$3,000,000. However, such profit guarantee shortfall has not been received by the Group during the year ended 31 December 2013. Accordingly, the Company has instructed its legal advisor to issue a writ of summons against Wickham and Ms. Lee for demanding the payment of the profit guarantee shortfall of HK$3,000,000. Detail of which has been set out in note 35 to the consolidated financial statements. Since Wickham and Ms. Lee have failed or refused to honour the profit guarantee of HK$3,000,000, no recognition of such profit guarantee has been made in the consolidated financial statements as the economic benefits associated with the profit guarantee will flow to the entity were remote.

26. Trade and other payables

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**4,681**	4,810	**–**	–
Other payables and accrued charges *(note)*	**16,012**	7,376	**1,846**	1,951
	20,693	12,186	**1,846**	1,951

Note:

As at 31 December 2013, the balance includes an initial deposit of HK$7,900,000 received for the disposal of entire equity interests in Fullway (China) Limited and its subsidiaries. Detail of which has been set out in Note 25 to the consolidated financial statements.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	HK$'000
Current	**2,334**	278
31 – 60 Days	**980**	913
61 – 90 Days	**752**	1,201
Over 90 Days	**615**	2,418
	4,681	4,810

The trade payables are non-interest bearing and are normally settled on 60 days terms.

27. Bank loans and overdrafts

At 31 December 2013, details of the bank loans carried at amortised cost were as follows:

	2013	2012
	HK$'000	HK$'000
Secured bank loans repayable on demand or within one year	**2,829**	3,000
Bank overdrafts	**–**	1
	2,829	3,001

Note:

(a) At 31 December 2013, bank loans of the Group amounting to HK$2,829,000 (2012: HK$3,000,000) were secured by the land and buildings held by the Director.

(b) At 31 December 2013, the interest rates of the bank loans is prime or HIBOR+1.5% (2012: 1.5%) per annum.

28. Deferred tax liabilities

	Revaluation of building	**Revaluation of investment property**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2012	134	–	134
Revaluation of investment property	–	1,131	1,131
At 31 December 2012, and at 1 January 2013	134	1,131	1,265
Transfer to disposal group classified as held for sale	–	(1,131)	(1,131)
At 31 December 2013	134	–	134

At 31 December 2013, the Group has unused tax losses of approximately HK$63,665,000 (2012: HK$61,742,000) available for offset against future profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

At 31 December 2013, no deferred tax asset has been recognised in relation to the deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. (2012: Nil)

29. Promissory notes

	The Group and the Company	
	2013	2012
	HK$'000	HK$'000
At 1 January	**53,449**	–
Issued during the year	**58,469**	70,794
Early redemption of promissory notes	**–**	(17,772)
Repayment	**(7,382)**	–
Interest charge	**5,387**	427
At 31 December	**109,923**	53,449
Analysed for reporting purpose:		
Current portion	**–**	7,000
Non-current portion	**109,923**	46,449
	109,923	53,449

Promissory note for acquisition of Fullway (China) Limited (the "Promissory Note 1")

On 28 March 2012, the Company issued Promissory Note 1 for an aggregate principal amounts of HK$15,000,000 for the acquisition of 100% equity interests on Fullway (China) Limited. Promissory Note 1 are due on 28 March 2013. In the opinion of the directors, as the Promissory Note 1 will be due within 12 months from the issue date, the nominal value of Promissory Note 1 approximates to its fair value.

During the year ended 31 December 2012, Promissory Note 1 at amortised cost of approximately HK$8,000,000 were early repaid by cash settlement at its nominal value. During the year ended 31 December 2013, the remaining balance of Promissory Note 1 were fully settled.

Promissory note for acquisition of Great Steer Limited (the "Promissory Note 2")

On 23 November 2012, the Company issued Promissory Note 2 for aggregate principal amounts of HK$71,000,000 for acquisition of 20% equity interests on Great Steer Limited. The Promissory Note 2 is due on three years after the date of issue. The fair value of the Promissory Note 2 is approximately HK$55,794,000 as at the issue date, calculated at the effective interest rate of 8.366% per annum.

During the year ended 31 December 2012, Promissory Note 2 at amortised cost of approximately HK$9,733,000 were early repaid by cash settlement at nominal value of approximately HK$13,000,000. There was no settlement has been made during the year ended 31 December 2013.

29. Promissory notes *(continued)*

Promissory note for acquisition of Neo Partner Investments Limited (the "Promissory Note 3")

On 23 January 2013, the Company issued Promissory Note 3 for aggregate principal amounts of HK$18,800,000 for acquisition of 28% equity interests in Neo Partner Investments Limited. The Promissory Note 3 is due on 2 years after the date of issue.

The fair value of Promissory Note 3 was approximately HK$15,882,000 as at the date of issuance, calculated at the effective interest rate of 2% per annum.

Promissory note for acquisition of Full Pace Holdings Limited (the "Promissory Note 4")

On 20 March 2013, the Company issued Promissory Note 4 for aggregate principal amounts of HK$50,000,000 for acquisition of 45% equity interests in Full Pace Holdings Limited. The Promissory Note 4 was due on 2 years after the date of issuance.

The fair value of the Promissory Note 4 is approximately HK$42,587,000 as at the date of issuance, calculated at the effective interest rate of 2% per annum.

30. Share capital

	Number of share		**Share capital**	
	2013	2012	**2013**	2012
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.05 (2012: HK$0.05) each	**20,000,000**	20,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At the beginning of year	**345,652**	211,749	**17,282**	10,587
Issues of shares through exercise of warrants *(note a)*	**45,130**	23,000	**2,257**	1,150
Exercise of share options *(note b)*	**16,432**	7,043	**822**	352
Placing of shares *(note c)*	**70,000**	103,860	**3,500**	5,193
Issuance of new shares *(note d)*	**7,900**	–	**395**	–
At the end of the year	**485,114**	345,652	**24,256**	17,282

Notes:

(a) During the year ended 31 December 2013, approximately 45,130,000 ordinary shares were issued through the exercise of warrants. Details of which were summarised as follows:

(i) 40,130,000 warrants were exercised at a subscription price of HK$0.53 per ordinary share, resulting in issue of approximately 26,130,329 ordinary shares of HK$0.05 each.

(ii) 5,000,000 warrants were exercised in April and August 2013 at a subscription price of HK$0.81 per ordinary share, resulting in issue of approximately 5,000,000 ordinary shares of HK$0.05 each.

For the year ended 31 December 2012, approximately 23,000,000 warrants were exercised in March 2012 at a subscription price of HK$0.81 per ordinary share, resulting in the issue of approximately 23,000,000 ordinary shares of HK$0.05 each.

(Expressed in Hong Kong dollars)

30. Share capital *(continued)*

Notes: (continued)

(b) During the year ended 31 December 2013, approximately 16,432,000 ordinary shares of HK$0.05 were issued in respect the exercise of share options by employees under the share options scheme. Detail of the exercise of share options were summarised as follows:

Date of exercise of share options	Number of ordinary shares issued	Exercise price	Aggregate Consideration received
		HK$	HK$
March 2013	11,737,459	0.254	2,981,315
May 2013	4,694,984	0.254	1,192,526

(c) On 31 May 2013, the Company entered into a placing agreement with the placing agent, pursuant to which the Company has appointed the placing agent to procure altogether not less than six places, on a best effort basis, for subscribing up to an aggregate of 70,000,000 placing shares at HK$0.8 per placing share. The placing were fully subscribed and completed on 28 June 2013.

(d) During the year ended 31 December 2013, aggregate of 7,900,000 ordinary shares of HK$0.05 were issued in respect the issue of share under subscription agreement. Detail of the subscription agreements were summarised as follows:

(i) Pursuant to the announcement issued on 22 March 2013, the Subscription Agreement was entered into between the Company and the subscriber, on a best effort basis, for subscribing up to an aggregate of 5,000,000 subscription shares at HK$0.7 per subscription share. All money for subscription were received by the Company on 17 April 2013.

(ii) Pursuant to the announcement issued on 22 July 2013, the Subscription Agreement was entered into between the Company and the subscriber, on a best effort basis, for subscribing up to an aggregate of 2,900,000 subscription shares at HK$2.23 per subscription share. All money for subscription were received by the Company on 26 August 2013.

31. Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's Directors, including independent non-executive Directors, employees, whether full-time or part-time, of the Group or any Invested Entity (as defined in the Scheme), suppliers of goods or services to the Group or any Invested Entity, customers of the Group or any Invested Entity, person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or holder of securities issued by any member of the Group or any Invested Entity.

(Expressed in Hong Kong dollars)

31. Share option scheme *(continued)*

Under the Scheme, the board of directors of the Company may grant options to eligible employees (including any executive, non-executive and independent non-executive directors), supplier, customer, shareholder and adviser or consultant of any members of the Group and any person or entity that provides research, development or other technological support to any members of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the Scheme. The maximum number of shares of the Company in respect of which share options may be granted under the Scheme and any other schemes of the Company must not, in aggregate, exceed 30 per cent of the total number of shares in issue from time to time. The total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise price (subscription price) shall be such price as determined by the board of directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

For the year ended 31 December 2013

On 19 November 2013, a total of 37,100,000 share options were granted under the Scheme. The estimated fair value of the share options granted of the Scheme was approximately HK$34,225,000. The closing price of the Company's shares immediately preceding the date of the grant was HK$1.53. The share options granted shall be valid and effective for a period of ten years commencing on 19 November 2013.

The fair value of the granted share options was calculated by Roma Appraisal Limited, an independent professional qualified valuer. The fair value of the granted share options was calculated using the Black- Scholes model. The inputs in the model were as follows:

Share prices as at the grant date:	HK$1.53
Exercise price:	HK$1.594
Expected volatility:	98.167%
Risk-free rate:	1.903%

(Expressed in Hong Kong dollars)

31. Share option scheme *(continued)*

For the year ended 31 December 2012

(a) On 7 March 2012, a total of 12,300,000 share options were granted under the Scheme. The estimated fair value of the share options granted was approximately HK$1,761,000. The closing price of the Company's shares immediately preceding the date of the grant was HK$0.83. The share options granted shall be valid and effective for a period of ten years commencing on 7 March 2012.

The fair value of the granted share options was calculated by Roma Appraisal Limited, an independent professional qualified valuer. The fair value of the granted share options was calculated using the Black-Scholes model. The inputs in the model were as follows:

Share prices as at the grant date:	HK$0.83
Exercise price:	HK$0.94
Expected volatility:	86.61%
Risk-free rate:	0.152%

(b) On 24 August 2012, a total of 23,474,917 share options were granted under the Scheme. The estimated fair value of the share options granted was approximately HK$1,491,000. The closing price of the Company's shares immediately preceding the date of the grant was HK$0.215. The share option granted shall be valid and effective for a period of ten years commencing on 24 August 2012.

The fair value of the granted share options was calculated by Ascent Partners Valuation Service Limited, an independent professional qualified valuer. The fair value of the granted share options was calculated using the 250-step binomial model. The inputs in the model were as follows:

Share prices as at the grant date:	HK$0.215
Exercise price:	HK$0.254
Expected volatility:	62.68%
Risk-free rate:	0.757%

31. Share option scheme *(continued)*

The following table discloses movements of the Company's share options held by employees and directors of the Company during the years:

2013:

Participant	Date of grant	Exercise price HK$	Exercise period	At 1/1/2013	Number of options ('000) Grant during the year	Exercised during the year	Lapsed during the year	At 31/12/2013
Employees/others	24/3/2011	1.45	24/3/2011–23/3/2021	400	–	–	–	400
	24/8/2012	0.254	24/8/2012–23/8/2022	16,432	–	(16,432)	–	–
	19/11/2013	1.594	19/11/2013–18/11/2023	–	13,700	–	–	13,700
Directors	19/11/2013	1.594	19/11/2013–18/11/2023	–	23,400	–	–	23,400
				16,832	37,100	(16,432)	–	37,500
Weighted average exercise price (in HK$)				0.283	1.594	0.254	–	1.592

2012:

Participant	Date of grant	Exercise price HK$	Exercise period	At 1/1/2012	Number of options ('000) Grant during the year	Exercised during the year	Lapsed during the year	At 31/12/2012
Employees	24/3/2011	1.45	24/3/2011-23/3/2021	400	–	–	–	400
	7/3/2012	0.94	7/3/2012-6/3/2022	–	12,300	–	(12,300)	–
	24/8/2012	0.254	24/8/2012-23/8/2022	–	23,474	(7,042)	–	16,432
				400	35,774	(7,042)	(12,300)	16,832
Weighted average exercise price (in HK$)				1.45	0.254	0.254	–	0.283

32. Reserves

Details of movement in the Group's equity is set out in the consolidated statement of changes in equity on page 43. Details of the changes in the Company's equity are set out below:

The Company

	Share premium	Share-based payment reserve	Warrant reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2012	107,366	307	–	(74,552)	33,121
Loss and total comprehensive expenses for the year	–	–	–	(48,050)	(48,050)
Issue of unlisted warrants	–	–	1,400	–	1,400
Share issued under placement net issuing cost of HK$1,365,000	32,759	–	–	–	32,759
Recognition of equity-settled share based payment	–	3,258	–	–	3,258
Shares issued exercise of warrants	18,630	–	(1,150)	–	17,480
Shares issued exercise of share options	1,884	(447)	–	–	1,437
Lapse of share options	–	(1,767)	–	1,767	–
At 31 December 2012 and at 1 January 2013	160,639	1,351	250	(120,835)	41,405
Loss and total comprehensive expenses for the year	–	–	–	(129,366)	(129,366)
Issued of unlisted warrants	–	–	641	–	641
Share issued placement net issued cost of HK$1,965,000	50,535	–	–	–	50,535
Recognition of equity-settled share based payment	–	34,225	–	–	34,225
Share issued exercise of share options	4,397	(1,044)	–	–	3,353
Share issued exercise of warrant	23,562	–	(651)	–	22,911
Issue of new shares	9,572	–	–	–	9,572
At 31 December 2013	248,705	34,532	240	(250,201)	33,276

32. Reserves *(continued)*

Nature and purpose of reserves

(a) Share premium

The application of the share premium account is governed by the Company Act 1981 of Bermuda.

(b) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(s).

(c) Share-based payment reserve

The share-based payment reserve related to share options granted by the Company to its directors and employees under its share option scheme. Further information about the equity-settled share-based payments under the Company's share option scheme is set out in note 30.

(d) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use in note 4.

(e) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to Share capital and Share premium accounts upon the exercise of the warrants.

(f) Distributable reserve

At 31 December 2013, the Company has no distributable reserve calculated in accordance with the provisions of section 790B of the Hong Kong Companies Ordinance.

33. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

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

	2013	2012
	HK$'000	HK$'000
Short term benefits	**24,709**	4,874
Post-employment benefits	**65**	144
	24,774	5,018

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

34. Commitments

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are as follows:–

	Group		**Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Premises:				
Within 1 year	**216**	24	**1,968**	24
After 1 year but within 5 years	**18**	896	**3,026**	–
	234	920	**4,994**	24

35. Litigation

i) On 6 March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the Special General Meeting dated 19 March 2012. Amount of claims and damages had not been stated in the writ. The Company had appointed a legal advisor to deal with this allegation, in views of directors, the allegation would not have any financial impact to the consolidated financial statements.

ii) On 14 March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the issuance of warrants and share options in March 2012. Amounts of claims and damages had not been mentioned in the writ. The Company had appointed a legal adviser to deal with this allegation. In view of the directors, the allegation would not have any financial impact to the consolidated financial statements.

iii) On 28 February 2014, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company and the Company named as the 1st defendant and 2nd defendant ("Defendants") in respect of the allegations that the Defendants failed and/or refused to honour their respective obligations under agreement dated 3 December 2013 for the disposal of the entire equity interests in Fullway (China) Limited and its subsidiary at a consideration of HK$13,800,000, for which the plaintiff paid HK$7,900,000 as an initial deposits to the Defendant as disclosed to note 26 to the consolidated financial statements. The Company had appointed a legal adviser to deal with this allegation. In view of the directors, the maximum exposure of the allegation would be the repayment of the initial deposits of HK$7,900,000 and the related interests thereon under the High Court Ordinance.

iv) On 27 March 2014, Good Return (BVI) Limited, a wholly owned subsidiary of the Company, being the plaintiff, lodged a Writ of Summons against Wickham Ventures Limited and Lee Hei Wun, being the 1st and 2nd Defendant ("Defendants") respectively, for the allegations that the Defendants failed and/or refused to honour the profit guarantee of HK$3,000,000, being the profit guarantee provided by the Defendants to the Plaintiff as set out in the Sale and Purchase Agreement, 1st Supplemental Agreement, 2nd Supplemental Agreement, in respect of the acquisition of 100% equity interests in Arnda Semiconductor Limited dated 1 April 2011, 31 May 2011 and 17 March 2012, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation at the end of the reporting period.

36. Events after the reporting period

i) On 10 January 2014, the Company has completed the acquisition of 18% issued share capital of World Sheen International Group Limited, which directly holds a subsidiary engaged in providing solar power and lighting solutions and sale of PV panels. The consideration of the acquisition was approximately HK$52,000,000 and will be satisfied by issurance of 70,000,000 consideration share at HK$1.3 each.

ii) On 30 January 2014, the Company entered into the sale and purchase agreement for the acquisition of 16,595,000 ordinary shares of ￡0.01 each in the issued share capital of Gowin New Energy Group Limited, which is listed on AIM of the London Stock Exchange, and is engaged in the research and development, manufacturing and sales of LED lighting product in PRC. The consideration of the acquisition was amounted to HK$15,725,280, which will be satisfied by cash.

iii) With reference to the disposal of the entire equity interests in Arnda Semiconductor Limited and its subsidiary ("Disposal") as disclosed in note 25 to the consolidated financial statements, due to certain condition precedent to the Disposal had not been fulfilled on 16 February 2014, being the Long Stop Date for the Disposal, on 24 March 2014, the Company announced the disposal agreement relating to the Disposal has been lapsed and terminated. The termination for the Disposal does not constitute any change in intention of Company and the Arnda Group will continue to be classified as disposal group classified as held for sales in the consolidated financial statements of the Group.

37. Financial instruments

(a) Categories of financial instruments

	2013	2012
	HK$'000	HK$'000
Financial assets		
Loan and receivables		
Trade and other receivables	**44,035**	22,364
Cash and bank balances	**782**	3,678
	44,817	26,042
Financial liabilities at amortised cost		
Bank loans and overdrafts	**2,829**	3,001
Trade and other payables	**20,693**	12,186
	23,522	15,187

37. Financial instruments *(continued)*

(b) Financial risk management and policies

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

Market risk

Foreign currency risk

Certain subsidiaries of the Group have foreign currency sales and purchases, certain trade and other receivables and trade and other payable and bank deposits are denominated in foreign currencies other than the respective functional currencies of the relevant group entities and thus expose the Group to foreign currency risk. The management continuously monitors the foreign exchange exposure and will consider hedging foreign currency risk should the need arise.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**31,645**	2,462	**10,415**	622
JYP	**–**	6	**–**	–
CHF	**2,581**	1,751	**–**	–
EUR	**–**	223	**–**	–
USD	**–**	100	**–**	–

37. Financial instruments *(continued)*

(b) Financial risk management and policies *(continued)*

Market risk *(continued)*

Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in Renminbi, Japanese Yen, Swiss Franc and Euro. The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency exchange rates of the relevant group entities against the relevant foreign currencies. 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 foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency exchange rates. A negative number below indicates a decrease in post-tax loss for the year where the functional currency of the relevant group entities strengthen 5% against relevant foreign currency. For a 5% weakening of the functional currency of the relevant group entities against the relevant foreign currency, there would be an equal and opposite impact on the loss, and the balances below would be positive.

	2013	2012
	HK$'000	HK$'000
RMB	**1,582**	1
CHF	**129**	12
EUR	**–**	(2)

37. Financial instruments *(continued)*

(b) Financial risk management and policies *(continued)*

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate. The Group's results and operating cash flows are substantially independent of changes in market interest rates.

Credit risk management

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

The credit risk on liquid funds is limited because the majority of the counterparties are reputable banks or banks with high credit-ratings.

Credit risk is concentrated as 17% (2012: 24%) and 46.47% (2012: 81%) of the total trade receivables are due from the Group's largest customer and the five largest customers within the Sapphire and Optoelectronic business segment. However, the management considers, based on the strong financial background and good creditability of those debtors, there are no significant credit risks.

Liquidity risk management

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on funds generated from operations and fund raising activities and borrowings from certain shareholders as a significant source of liquidity.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment terms. The tables have 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 tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

37. Financial instruments *(continued)*

(b) Financial risk management and policies *(continued)*

Liquidity tables *(continued)*

	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 December 2013 HK$'000
2013					
Non-derivative financial assets					
Trade and other receivables	**42,530**	**1,505**	**–**	**44,035**	**44,035**
Cash and bank balances	**782**	**–**	**–**	**782**	**782**
	43,312	**1,505**	**–**	**44,817**	**44,817**
Non-derivative financial liabilities					
Bank loans and overdrafts	**2,829**	**–**	**–**	**2,829**	**2,829**
Trade and other payables	**20,078**	**615**	**–**	**20,693**	**20,693**
	22,907	**615**	**–**	**23,522**	**23,522**

	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 December 2012 HK$'000
2012					
Non-derivative financial assets					
Trade and other receivables	20,016	2,348	–	22,364	22,364
Cash and bank balances	3,678	–	–	3,678	3,678
	23,694	2,348	–	26,042	26,042
Non-derivative financial liabilities					
Bank loans and overdrafts	1	3,000	–	3,001	3,001
Trade and other payables	7,654	4,532	–	12,186	12,186
	7,655	7,532	–	15,187	15,187

37. Financial instruments *(continued)*

(c) Fair value

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

As at 31 December 2013 and 2012, no financial assets and financial liabilities are carried at fair value.

38. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the directors of the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue of new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade and other payables, loan from third party and shareholders, less cash and cash equivalents, and excludes discontinued operations. Capital includes equity attributable to the owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2013	2012
	HK$'000	HK$'000
Trade and other payables	**20,693**	12,186
Bank loans and overdrafts	**2,829**	3,001
Promissory notes	**109,923**	53,449
Less: Cash and bank balances	**(782)**	(3,678)
Net debt	**132,663**	64,958
Total capital	**26,972**	50,845
Capital and net debt	**159,635**	115,803
Gearing ratio	**84.1%**	56.1%

39. Disposal of subsidiaries

During the year ended 31 December 2013, Billion Sky Investment Limited ("Billion Sky"), a wholly owned subsidiary of the Company, increased its issued share capital by allotting shares to the Company and an independent third party at fair value of HK$390 and HK$382, respectively. After the allotment of shares, the Company and the independent third party held 51% and 49% of the total issued share capital of Billion Sky respectively. In the opinion of the directors, the Group remains control over Billion Sky. Upon the disposal, the Group recognised the non-controlling interests of HK$781,000, being the 49% of the net liabilities of Billion Sky as at the date of disposal and an increase in equity attributable to owners of the Company of HK$782,000. The effect of changes in ownership interests of Billion Sky on the equity attributable to owners of the Company during the year is summarised as follows:

	2013	2012
	HK$'000	HK$'000
Carrying amount of non-controlling interests disposed of	**781**	–
Consideration received from non-controlling interests	**–**	–
Gain on disposal within equity	**781**	–

During the year ended 31 December 2012, the Group a wholly owned subsidiary entered into a sale and purchase agreement for the disposal of the entire equity interests in Chances (B.V.I) Holdings Limited and Splendor Day Limited and its subsidiaries at a cash consideration of US$2.

Consideration received	HK$'000
Consideration received in cash and cash equivalent	1

39. Disposal of subsidiaries *(continued)*

The cash flow and the carrying amount of net liabilities of the subsidiaries sold or deregistered at the date of disposal were as follows:

	Amounts Derecognised HK$'000
Property, plant and equipment	465
Inventories	472
Trade and other receivables	568
Cash and bank balances	107
Trade and other payables	(2,137)
Net liabilities disposed of	(525)
Consideration of disposals	1
Gain on disposal of subsidiaries, net	524
Cash consideration received	1
Cash and cash equivalents disposed of	(107)
Net cash outflow arising on disposals	(106)

(Expressed in Hong Kong dollars)

40. Particulars of principal subsidiaries

The following list contains only the particulars of subsidiaries which principally affect the results, assets and liabilities of the Group.

Name of company	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Oriental Light (Holdings) Limited	The British Virgin Islands (the "BVI")	HK$25,000,000	100%	–	Investment holding
Superjet Technologies Limited	Hong Kong	HK$2	–	100%	Investment holding and trading of optoelectronic products
Fujian Superjet Technologies Company Limited	PRC	US$7,100,000	–	100%	Manufacturing and trading of ferrules
Oriental Light Industries Limited	Hong Kong	HK$1,000,000	–	100%	Investment holding and trading of synthetic sapphire watch crystals
Oriental Light (Fuqing) Company Limited	PRC	HK$27,970,000	–	100%	Manufacturing of synthetic sapphire watch crystals
Fuqing Link Technologies Company Limited	PRC	HK$7,530,000	–	100%	Properties holding
Rich Point International Limited	Hong Kong	HK$1	–	100%	Trading of liquor
Ardna Semiconductor Limited	Hong Kong	HK$100,000	–	100%	Integrated circuits and software development an reselling business
象山弘通投資管理有限公司	PRC	US$1,324,000	–	100%	Property investment

40. Particulars of principal subsidiaries *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

In addition, the directors of the Company made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that have non-controlling interest individually that are material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

41. Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2013.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the past five financial years is set out below:

	For the year ended 31 December				
	2013	2012	2011	2010	2009
Results	**HK'000**	HK'000	HK'000	HK'000	HK'000
Loss attributable to owners	**(153,128)**	(58,362)	(50,546)	(11,720)	(3,081)

	As at 31 December				
	2013	2012	2011	2010	2009
Assets and liabilities	**HK'000**	HK'000	HK'000	HK'000	HK'000
Total assets	**165,775**	123,167	64,881	42,515	19,249
Total liabilities	**(138,804)**	(72,322)	(18,616)	(23,400)	(18,788)
	26,972	50,845	46,265	19,115	461
Equity attributable to					
Owners of the Company	**28,950**	50,845	46,265	19,115	461
Non-controlling interest	**1,478**	–	–	–	–
	26,972	50,845	46,265	19,115	461