中國農業生態有限公司

China Eco-Farming Limited

(Continued into Bermuda with limited liability)

(Stock Code: 8166)

annual report 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. So David Tat Man

Independent Non-executive Directors

Mr. Ng Cheuk Fan, Keith
Mr. Yick Ting Fai, Jeffrey
Mr. Zhang Min

AUTHORISED REPRESENTATIVES

Mr. So David Tat Man
Ms. Yip Zodia Wang

AUDIT COMMITTEE

Mr. Ng Cheuk Fan, Keith *(Chairman)*
Mr. Yick Ting Fai, Jeffrey
Mr. Zhang Min

NOMINATION COMMITTEE

Mr. Zhang Min *(Chairman)*
Mr. Ng Cheuk Fan, Keith
Mr. Yick Ting Fai, Jeffrey

REMUNERATION COMMITTEE

Mr. Yick Ting Fai, Jeffrey *(Chairman)*
Mr. Ng Cheuk Fan, Keith
Mr. Zhang Min

COMPLIANCE OFFICER

Mr. So David Tat Man

COMPANY SECRETARY

Ms. Yip Zodia Wang

AUDITOR

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens,
33 Hysan Avenue,
Causeway Bay,
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25/F, Siu On Centre,
188 Lockhart Road, Wanchai,
Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F, Asia Orient Tower,
Town Place, 33 Lockhart Road,
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Industrial Bank Co., Ltd

GEM STOCK CODE

8166

WEBSITE ADDRESS

www.aplushk.com/clients/8166chinaeco-farming/index.html

Profile of the Directors

EXECUTIVE DIRECTOR

Mr. So David Tat Man ("Mr. So")（蘇達文先生）, aged 30, was appointed as an executive Director on 1 April 2014. He is also a director of several subsidiaries of the Company. Mr. So holds a bachelor degree in surveying from The Hong Kong Polytechnic University and is a professional member of The Royal Institution of Chartered Surveyors. Mr. So joined the Company as a business development director of a subsidiary of the Company in January 2014. Mr. So started his career in the investment department of Savills (Hong Kong) Limited and then worked in a company that specialized in China property investment prior to joining the Company. He has extensive experience in investment of properties. Mr. So is currently a non-executive director of Chinese Food and Beverage Group Limited, a company listed on GEM of the Stock Exchange, with effect from 1 April 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Cheuk Fan, Keith ("Mr. Ng")（吳卓凡先生）, aged 53, was appointed as an independent non-executive Director on 1 September 2014. Mr. Ng is also the chairman of the audit committee and members of the remuneration committee and nomination committee of the Company. Mr. Ng graduated from the University of Alberta, Canada, with a Bachelor's degree in Commerce, majoring in Accounting. He also obtained a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia and is a Certified Public Accountant in Australia and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Ng has over 20 years of management and accounting experience.

Mr. Ng is currently an executive director of China Fortune Financial Group Limited ("China Fortune") (stock code: 290), a company listed on the Stock Exchange. As at the date of this report, the Company is interested in 30,642,000 shares of China Fortune which has been acquired before the appointment of Mr. Ng, while Mr. Ng is not holding any shares of China Fortune. He is also an executive director of U-RIGHT International Holdings Limited ("U-RIGHT") (stock code: 627), a company listed on the Stock Exchange, which received petitions from the Hong Kong Court against the company and its wholly owned subsidiary, Uni-Capital Limited filed by Detusche Bank A.G., Hong Kong Branch on 6 October 2008, before Mr. Ng's tenure of office. The winding-up petition against U-RIGHT was subsequently dismissed pursuant to the order of the Hong Kong Court dated 16 September 2013.

Mr. Ng was an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Stock Exchange, from 15 January 2010 to 3 August 2012.

Mr. Yick Ting Fai, Jeffrey ("Mr. Yick")（易庭暉先生）, aged 30, was appointed as an independent non-executive Director on 1 September 2014. Mr. Yick is also the chairman of the remuneration committee and members of the audit committee and nomination committee of the Company. Mr. Yick graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Science in surveying. He subsequently obtained the Juris Doctor degree as well as the Postgraduate Certificate in Laws (PCLL) from The Chinese University of Hong Kong. Mr. Yick was admitted to practice law as a solicitor in Hong Kong in 2012. He has been a member of The Law Society of Hong Kong since then. Mr. Yick worked in both international and reputable local law firms and is currently working as a solicitor with emphasis on corporate finance practice at a local law firm. Mr. Yick principally engages in Hong Kong listing projects and assists in legal compliance of Hong Kong listed companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Zhang Min ("Mr. Zhang") (張民先生), aged 57, was appointed as an independent non-executive Director on 23 March 2015. He is also the chairman of the nomination committee, members of the audit committee and remuneration committee of the Company. Mr. Zhang holds a Bachelor of Philosophy Degree from the Beijing Normal College and a Master of Laws Degree from the Renmin University of China.

Mr. Zhang was appointed as a non-executive director of China Fortune Financial Group Limited ("China Fortune"), a company listed on the main board of the Stock Exchange, on 8 December 2010. He was re-designated and appointed as chairman of the board, executive director and a member of the remuneration committee of China Fortune from 12 April 2011 to 30 June 2014. In addition, Mr. Zhang was an independent non-executive director of Silver Base Group Holdings Limited, a company listed on the main board of the Stock Exchange, from 28 January 2011 to 1 April 2014. He was also the chief marketing officer of the China Cinda Asset Management Co., Ltd from 28 April 2011 to 31 August 2013 and was the chief executive of China Construction Bank Corporation, Hong Kong Branch, from September 2006 to March 2011 and a director of CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited from August 2006 to March 2011. Both CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited are wholly-owned subsidiaries of China Construction Bank Corporation (together with its subsidiaries referred to as the "CCBC Group"), a joint stock company incorporated in the People's Republic of China with limited liability, whose issued shares are listed on the main board of the Stock Exchange. He was the president of the Beijing Banking Association from 2003 to 2005 and the Beijing Investment Institution from 2001 to 2006. Mr. Zhang possesses over 20 years' experience in the banking industry through his work with the CCBC Group.

BUSINESS OVERVIEW

The Company and its subsidiaries (collectively, the "Group") is principally engaged in the business of one-stop value chain services, health care services, property investment, trading of ceramic products and agricultural products.

Amid the keen competition in the markets in Hong Kong and the PRC, the Group recorded a revenue of approximately HK$45,541,000 (2013: HK$19,194,000) for the year ended 31 December 2014, representing an increase of approximately 137% as compared to that of last year. For the year ended 31 December 2014, loss for the year attributable to owners of the Company amounted to approximately HK$27,393,000 (2013: HK$25,746,000), representing an increase of approximately 6% as compared to that of last year. The basic loss per share of the Company was approximately HK1.15 cents (2013: HK1.63 cents). The Group had adopted a positive, but prudent approach in evaluating business opportunities in Hong Kong and the PRC which, as transpired, has been important in preserving the competitiveness of the Group and in alleviating adverse impact brought by market volatility and economic uncertainty.

One-stop Value Chain Services

The one-stop value chain business of the Group reported a revenue of approximately HK$18,342,000 (2013: HK$520,000). This segment reported a loss of approximately HK$1,165,000 (2013: HK$1,128,000) for this year.

The increase in revenue was mainly attributable to the increased marketing efforts of the Company. Then more selling expenses were incurred which led to the increase in segment loss. The Group is positive about further development of this business segment and bigger contribution in revenue in the future.

Health Care Services

In respect of the management of health care services business for the year ended 31 December 2014, this business segment reported a revenue of approximately HK$22,154,000 (2013: HK$18,462,000) and a segment loss of approximately HK$3,363,000 (2013: HK$5,156,000). The decrease in loss was due to the increase in revenue resulting from effective marketing and promotion program.

Property Investment

At 31 December 2014, the Group held properties in Hong Kong and the PRC for investment purpose with a fair value of approximately HK$28,812,000 (2013: HK$7,580,000).

During the year ended 31 December 2014, this business segment reported a rental income of approximately HK$156,000 (2013: HK$13,000). A net increase in fair value of investment properties of approximately HK$451,000 (2013: HK$160,000) as a result of the property revaluation conducted by an independent professional valuer at the end of the year of 2014. A segment loss of approximately HK$120,000 (2013: profit of HK$72,000) was recorded for this year as certain investment properties were newly acquired and have not yet been leased out. Given increase in demand of the property market in Hong Kong, Taiwan and the PRC, the Group is confident that reliable tenants can be identified to enhance the source of rental income, which will continue to benefit from the growth trend.

Trading of Ceramic Products

The trading of ceramic products has not generated any revenue for the year ended 31 December 2014 (2013: Nil) and a segment loss of approximately HK$24,000 (2013: HK$520,000) for this year.

For the year ended 31 December 2014, due to the sluggish ceramic market, this segment has been hit by the decrease in the product demand. In the year of 2015, it is expected that the market condition of this industry will not significantly improve. Facing with the adverse factors, the Group is re-considering the market situation for the future of this line of business.

BUSINESS OVERVIEW (continued)

Trading of Agricultural products

The trading of agricultural products reported a revenue of approximately HK$4,889,000 (2013: HK$199,000) and a segment loss of approximately HK$2,606,000 (2013: profit of HK$74,000). The loss was mainly related to the increase in business development cost so as to further develop this new business segment for the year ended 31 December 2014.

The Group started its business in the trading of Chinese tea in the fourth quarter of the year 2013 and further expanded its business to other agricultural products, which contributed an increase in revenue for the year of 2014. In addition, the Group is making efforts in strengthening its current sales and marketing teams in order to accelerate the development of this new business segment and is looking forward to developing it into one of the core businesses of the Group.

FINANCIAL REVIEW

For the year ended 31 December 2014, the Group recorded a revenue of approximately HK$45,541,000 (2013: HK$19,194,000), representing an increase of approximately 137% as compared to that of last year. This increase was mainly attributable to the increase in revenue generated from health care services, one-stop value chain services, property investment and trading of agricultural products.

Cost of sales for the year under review was approximately HK$39,960,000 (2013: HK$15,652,000), representing an increase of approximately 155% as compared to that of last year. This increase was due to change of product mix of the Company's business portfolio during the year.

Administrative expenses for the year under review was approximately HK$36,263,000 (2013: HK$28,274,000), representing an increase of approximately 28% as compared to that of last year. This increase was mainly due to development and expansion of new business.

Finance costs for the year under review was approximately HK$2,457,000 (2013: HK$1,853,000), representing an increase of approximately 33% as compared to that of last year. The increase was mainly due to increase in effective interest expense on convertible bonds as compared with last year.

The Group recorded a loss for the year attributable to owners of the Company in the amount of approximately HK$27,393,000 (2013: HK$25,746,000), representing an increase of approximately 6% as compared with last year. Basic loss per share of the Company decreased from HK1.63 cents for the year ended 31 December 2013 to HK1.15 cents for the year ended 31 December 2014.

Liquidity and Financial Resources

The Group financed its business operations mainly with its internally generated resources and borrowings during the year under review. At 31 December 2014, the bank balances and cash of the Group was approximately HK$36,995,000 (2013: HK$14,552,000).

At 31 December 2014, the net assets of the Group was approximately HK$135,046,000 (2013: HK$10,489,000) and the net current assets was approximately HK$60,044,000 (2013: HK$7,317,000).

Gearing Ratio

At 31 December 2014, the total liabilities of the Group amounted to approximately HK$29,655,000 (2013: HK$16,787,000), which mainly comprised of trade and other payables, amount due to non-controlling interests, loan from non-controlling interests and liability component of convertible bonds. All of these borrowings are denominated in Hong Kong dollars, Renminbi and New Taiwan Dollars.

At 31 December 2014, the Group had total assets of approximately HK$164,701,000 (2013: HK$27,276,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, decreased to 0.18 as at 31 December 2014 (2013: 0.62).

FINANCIAL REVIEW (continued)

Segmental Information

An analysis of the Group's performance for the year ended 31 December 2014 by business segment is set out in Note 7 to the consolidated financial statements.

Employees and Remuneration Policies

As at 31 December 2014, the Group had 33 (2013: 24) total number of full-time employees. Staff costs, including directors' emoluments of the Company for the year ended 31 December 2014 were approximately HK$8,457,000 in total (2013: HK$7,567,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution. Other benefits include retirement schemes.

Capital Structure

As at 31 December 2014, the Company's issued ordinary share capital was HK$51,177,301.20 divided into 2,558,865,060 shares of HK$0.02 each ("Shares") (2013: HK$35,177,301.20 divided into 1,758,865,060 shares).

Fund Raising Activities

Placing of New 800,000,000 Shares under Specific Mandate

On 13 December 2013, the Company and Ping An of China Securities (Hong Kong) Company Limited and FT Securities Limited (collectively, the "Co-Placing Agents") entered into the co-placing agreement, pursuant to which the Company has conditionally agreed to place, through the Co-Placing Agents on a best effort basis a maximum of 800,000,000 placing shares to not fewer than six placees at a placing price of HK$0.188 per placing share, to be allotted and issued under specific mandate (the "Placing").

The relevant resolution was passed at the Company's special general meeting on 7 March 2014. The completion of the Placing took place on 25 March 2014. The gross proceeds from the Placing were approximately HK$150.4 million and the net proceeds after deducting the placing commission and other related expenses were approximately HK$145 million. The net proceeds from the Placing was used as to (i) HK$20 million for settling the cash consideration of the acquisition of a subsidiary, Konson Global Investments Limited; (ii) approximately HK$43.6 million for general working capital of the Group (including as to approximately HK$17.6 million for cost of goods sold, approximately HK$6.4 million for salaries and allowance, approximately HK$7.3 million for rents, rates and building management fee, and approximately HK$12.3 million for other operating expenses); (iii) approximately HK$6.4 million for repayment of the outstanding liabilities of the Company as to approximately HK$4.3 million loan due to a shareholder, approximately HK$2 million loan due to a former fellow subsidiary of the Company, and approximately HK$0.1 million for the relevant loan interests; and (iv) approximately HK$47.0 million for acquisition of investment properties and other investment opportunities; and (v) the remaining balance of approximately HK$28.0 million for future general working capital and future investment opportunities of the Company. The placees included 17 individual investors and 7 corporate investors. Further details of the Placing are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 25 March 2014 and the circular of the Company dated 19 February 2014.

FINANCIAL REVIEW (continued)

Fund Raising Activities (continued)

Issue of Convertible Bonds as a consideration of an acquisition

On 13 December 2013, Skyline Top Limited ("Skyline Top"), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited; and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK$40,000,000, of which: (i) HK$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK$20,000,000 shall be satisfied by the Skyline Top's procuring of the issue of the convertible bonds at the conversion price of HK$0.188 per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the Convertible Bonds, 106,382,978 new shares shall be issued.

The completion of the acquisition involving the issue of convertible bonds as a consideration took place on 31 March 2014.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

Significant Investments and Acquisitions

Acquisition of property in Futian District, Shenzhen, PRC

On 19 August 2014, 旭堯投資諮詢(深圳)有限公司, a company of limited liability incorporated in PRC and is a wholly-owned subsidiary of the Company (the "Purchaser") and Shenzhen City Tian Qi Real Estate Development Co. Ltd 深圳市天麒房地產發展有限公司, a company of limited liability incorporated in PRC (the "Vendor") entered into a sale and purchase agreement pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the property at a consideration of RMB13,235,000 (equivalent to approximately HK$16,721,000).

The property is located at Unit 12F, 12th Floor, Block A, EPI Residences（東海國際中心二期B區）, Futian District, Shenzhen, PRC (the "Property I"). The Property I has an aggregate gross floor area of 245.87 square metre and is for residential use.

The Group intends to hold the Property I for investment purpose and will, depending on the then market circumstances, lease out the Property I after completion of the acquisition for rental income. Completion of the acquisition took place on 24 September 2014.

Further details of this acquisition are set out in the announcements of the Company dated 19 August 2014, 25 August 2014 and 24 September 2014.

Acquisition of property in Taiwan

On 8 September 2014, Top Yield Properties Limited, an indirect wholly-owned subsidiary of the Company, as the assignee, executed the assignment agreement pursuant to which Mr. Wu Chih Kang, as the assignor, assigned all his interest in the property to the assignee at the consideration of NTD92,000,000 (equivalent to approximately HK$24,196,000) (the "Assignment Agreement").

The property is located at Flat A3, 12th Floor, Block A with two car parking spaces in the building numbered 166 and 167 at Zenith City（「日升月恒」大樓）, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan (the "Property II"). The Property II has an aggregate gross floor area of 2,958 square feet and is for residential use.

FINANCIAL REVIEW (continued)

The Group intends to hold the Property II for investment purpose and will, depending on the then market circumstances, lease out the Property II for rental income. As at 31 December 2014, the acquisition of Property II has not been completed.

Further details of the Assignment Agreement are set out in the announcement of the Company dated 8 September 2014.

Acquisition of the entire equity interest in a company

On 4 November 2014, Ye Lei Investment Consulting (Shenzhen) Co., Ltd.（燁磊投資諮詢（深圳）有限公司）, a company of limited liability incorporated in PRC and is a wholly-owned subsidiary of the Company (the "Purchaser"), and Shenzhen Seton Investment Co., Ltd., a company incorporated in PRC with limited liability and Ms. Liu Shu Feng (collectively, the "Vendors") entered into share transfer agreements pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interest in Fujian Seton Investment Co., Ltd.（福建尚同投資有限公司）, a company incorporated in PRC with limited liability, at an aggregate consideration of RMB3,600,000 (equivalent to HK$4,597,200) (the "Acquisition").

Further details of the Acquisition are set out in the announcement of the Company dated 4 November 2014.

Acquisition of property in Nanshan District, Shenzhen, PRC

On 24 December 2014, Chengwang Investment Consulting (Shenzhen) Co., Ltd.（承望投資咨詢（深圳）有限公司）, a company of limited liability incorporated in PRC and is wholly-owned subsidiary of the Company (the "Purchaser"), and Mr. Tsoi Man Po（蔡民寶）(the "Vendor") entered into the sale and purchase agreement pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property (as defined below) at a consideration of RMB7,000,000 (equivalent to approximately HK$8,750,000).

The Property is located at Unit 9-11B, Block 2, Mangrove West Coast, Mangrove Bay, Binhai Avenue, Nanshan District, Shenzhen, PRC（中國深圳市南山區濱海大道紅樹灣紅樹西岸花園2棟9-11B）(the "Property"). The Property has an aggregate gross floor area of 116.33 square metres and is for residential use.

The Group intends to hold the Property for investment purpose and will, depending on the then market circumstances, lease out the Property after completion of the acquisition for rental income. The Acquisition is expected to be completed on or before 30 January 2015 (the "Long Stop Date"). As the Vendor failed to transfer all relevant ownership certificates in relation to the Property from the relevant authorities on or before the Long Stop Date, the agreement regarding the Acquisition has been lapsed.

Further details of this acquisition are set out in the announcement of the Company dated 24 December 2014.

Save as disclosed in this report, there were no other material acquisitions and significant investments during the year ended 31 December 2014.

Possible Formation of Joint Venture Companies

On 28 July 2014, China Supply and Marketing Agricultural Production Wholesale Market Holding Co., Ltd（中國供銷農產品批發市場控股有限公司）("CSMA"), a company of limited liability incorporated in PRC and the Company entered into a framework agreement under which these two companies intended to establish joint venture companies to facilitate the development in the field of agricultural product circulations and related financial services area in Qianhai, PRC.

CSMA, a leading market player in the field of agricultural product circulations, intends to establish a strategic cooperation with the Company and to leverage the professional operating team and mature financial platform of the Company to create a more influential and comprehensive platform for agricultural product circulations and related financial services.

FINANCIAL REVIEW (continued)

The possible formation of the joint venture companies is a strategic alliance between CSMA and the Company. With the variety of agricultural sector experience that CSMA processes and the established marketing channels and strong customer base of CSMA in PRC, it is expected that the proposed formation of the joint venture companies will create synergy between the businesses of CSMA and those of the Company in PRC.

Following the formation of the joint venture companies, it is expected that the Group would meet further customer demands by expanding its scope of service into agricultural products circulation and related financial services.

Further details of the possible formation of joint venture companies are set out in the announcement of the Company dated 28 July 2014.

Charges on Group's Assets

At 31 December 2014, the Group did not have any charges on its assets (2013: Nil).

Contingent Liabilities

At 31 December 2014, the Group did not have any significant contingent liabilities (2013: Nil).

Capital Commitments

At 31 December 2014, the Group had capital commitment amounting to HK$21,768,000 (2013: Nil).

Exposure to Fluctuation in Exchange Rates

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or other alternative have been implemented.

Events after the Reporting Period

Details are set out in note 41 to the consolidated financial statements.

OUTLOOK AND PROSPECTS

The Group recorded increases in revenue in all business sectors in the past few months, in particular the one-stop value chain services and trading of agricultural products business segments following the increased efforts input by the management. The Group is confident that the one-stop value chain services has ample growth potential by trading a larger variety of associated products in 2015 despite the competitive market environment. The Group will continue its marketing and promotion efforts to broaden the customer base and to accelerate the growth of this segment by taking appropriate steps to align its investment with objectives and reviewing its business portfolio where it is appropriate, so as to increase its shareholder value.

The Group aims for balanced sources of income over the long term with equal emphasis on property investment for sale and rental income. This strategy offers a balance between steady cash flow and fast asset turnover. The Group has been active in acquiring properties and identifying reliable tenants for enhancing its source of rental income in the past few months. Given the increase in demand of the property market, the Group is confident that the property investment portfolio will generate a steadily growing income stream for the Shareholders and will serve as another growth engine for the Group over the long term as well as enhance liquidity and capital utilization.

The management has always been and continues to actively look for new business opportunities for development of existing business segments and possible investment in new business segments in accordance with the Group's business strategies and planning.

The Directors present the annual report and audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 39 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 30 of this annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2014 (2013: Nil).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 105 to 106 of this annual report.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year ended 31 December 2014 are set out in Note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The largest customer accounted for approximately 33.24% (2013: 2.71%) of the Group's turnover, and the largest supplier accounted for approximately 42.16% (2013: 3.24%) of the Group's cost of sales, for the year ended 31 December 2014. To the best knowledge of the Directors, at no time during the year ended 31 December 2014, any Director or his associates or any shareholder (who owned more than 5% of the Company's issued share capital) has any interest in the above-mentioned customers or suppliers.

SHARE CAPITAL

Details of movements during the year ended 31 December 2014 in the share capital of the Company are set out in Note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group are presented in the consolidated statement of changes in equity on page 32 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company did not have any reserves available for cash/in special dividend distribution to shareholders of the Company.

SHARE OPTION SCHEME

The Company has adopted a new share option scheme on 6 May 2011 (the "Share Option Scheme"). During the year ended 31 December 2014 (the "Year"), no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme and no share option remained outstanding at the beginning and at the end of the Year under the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years from 6 May 2011 to 5 May 2021, unless terminated otherwise as in accordance with the provisions of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to eligible participants the Directors may at its absolute discretion select as incentives or rewards for their contribution to the Group. Eligible participants include any employee (whether full-time or part-time, including executive directors, non-executive directors and independent non-executive directors), shareholder, customer, supplier of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; any person or entity that provides research, development or other technological support, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the Shareholders' approval in general meeting of the Company. Where any grant of options to a substantial Shareholder or an independent non-executive director of the Company or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million; such further grant of options must be approved by the Shareholders in general meeting.

SHARE OPTION SCHEME (continued)

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The subscription price for shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

At the annual general meeting of the Company held on 6 May 2011, the Company was also authorised to issue up to 242,459,969 shares (i.e. 121,229,984 consolidated shares upon the share consolidation effective on 11 October 2013) upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group, being 10% of the shares in issue on 6 May 2011 (the "General Scheme Limit"). The Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit to participants specifically identified by the Company before such approval is sought. Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

As at the date of this report, no option has been granted under the General Mandate, as such, a maximum of 121,229,984 shares is available for issuance under the Share Option Scheme.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the year ended 31 December 2014 were:

Executive Directors

Mr. Tsang Chi Hin *(Chief Executive)* (resigned on 1 January 2015)
Mr. So David Tat Man (appointed on 1 April 2014)
Mr. Chu Yu Man, Philip (resigned on 1 April 2014)

Independent Non-executive Directors

Mr. Ng Cheuk Fan, Keith (appointed on 1 September 2014)
Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014
Mr. Cheung Tak Shum (resigned on 1 September 2014)
Mr. Lau Tin Cheung (resigned on 1 January 2015)
Mr. Tsang Hin Fun, Anthony (resigned on 1 September 2014)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

Each independent non-executive Director has signed an appointment letter with the Company for a fixed term of two years and may be terminated by not less than three months prior notice in writing served by either party to the other in accordance with the provisions set out in the respective appointment letter.

Each executive Director (including those resigned in 2014) has entered into a service agreement with the Company for an initial fixed term of two years and will continue thereafter until terminated by not less than six months' notice in writing served by either party to the other in accordance with the provisions set out in the respective service agreement. Each of the executive Directors may receive a discretionary bonus, the amount of which will be determined by the Board at its absolute discretion having regard to the operation results of the Company and performance of the Directors.

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

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors; namely, Mr. Ng Cheuk Fan, Keith, Mr. Yick Ting Fai, Jeffrey, Mr. Cheung Tak Shum, Mr. Lau Tin Cheung and Mr. Tsang Hin Fun, Anthony, an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all of the independent non-executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2014 except the acquisition of the entire equity interest in Fujian Seton Investment Co., Ltd. ("Fujian Seton") on 4 November 2014 in which Mr. So David Tat Man, the executive Director, was a director of Fujian Seton.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in Notes 11 and 12 to the consolidated financial statements, respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2014, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the sections "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" and "SHARE OPTION SCHEME" above, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement whose objects are, or whose object is, to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 31 December 2014, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

		Shares		Underlying Shares	
Name	**Capacity**	**Number of Shares**	**Approximate percentage of the issued share capital** *(Note 1)*	**Number of underlying Shares**	**Approximate percentage of the issued share capital** *(Note 1)*
So Chi Yuk *(Note 2)*	Interest of controlled corporation	–	–	1,725,000,000 (L) *(Note 4)*	67.41%
Sino Coronet Limited *(Note 2)*	Beneficial owner	–	–	1,725,000,000 (L) *(Note 4)*	67.41%
Yardley Finance Limited *(Note 3)*	Beneficial owner	–	–	1,725,000,000 (L)	67.41%
Chan Kin Sun *(Note 3)*	Interest of controlled corporation	–	–	1,725,000,000 (L)	67.41%
Chinese Strategic Holdings Limited *(Note 5)*	Interest of controlled corporation	371,953,215 (L)	14.53%	–	–
Top Status International Limited *(Note 5)*	Beneficial owner	318,953,215 (L)	12.46%	–	–

SUBSTANTIAL SHAREHOLDERS (continued)

Name	Capacity	Shares: Number of Shares	Shares: Approximate percentage of the issued share capital *(Note 1)*	Underlying Shares: Number of underlying Shares	Underlying Shares: Approximate percentage of the issued share capital *(Note 1)*
International Chaoshang Investment Group Limited *(Note 6)*	Beneficial owner	219,070,000 (L)	8.56%	–	–
Huang Zhen Da *(Note 6)*	Interest of controlled corporation	219,070,000 (L)	8.56%	–	–
VMS Investment Group Limited *(Note 7)*	Beneficial owner	133,000,000 (L)	5.19%	–	–
VMS Holdings Ltd. *(Note 7)*	Interest of controlled corporation	133,000,000 (L)	5.19%	–	–
Mak Siu Hang Viola *(Note 7)*	Interest of controlled corporation	133,000,000 (L)	5.19%	–	–

* The Letter "L" denotes a long position in the Shares or the underlying Shares.

Notes:

1. As at 31 December 2014, the Company's issued ordinary share capital was HK$51,177,301.20 divided into 2,558,865,060 Shares of HK$0.02 each.

2. Sino Coronet Limited ("Sino Coronet"), a company incorporated in the British Virgin Islands with limited liability, is wholly owned by So Chi Yuk. As such, So Chi Yuk is deemed to be interested in these Convertible Bonds.

3. Yardley Finance Limited, a company incorporated in Hong Kong with limited liability, is wholly owned by Chan Kin Sun. As such, Chan Kin Sun is deemed to be interested in these shares.

4. Pursuant to a subscription agreement entered into on 22 February 2013 with respect of the subscription of the convertible bonds in principal amount of HK$34,500,000 (the "Convertible Bonds"), the Company had issued Convertible Bonds to Top Status International Limited ("Top Status"), a company incorporated in the British Virgin Islands with limited liability, in principal amount of HK$34,500,000 on 30 April 2013. With reference to the announcement of Chinese Strategic Holdings Limited ("Chinese Strategic") (Stock code: 8089), a company incorporated in Bermuda with limited liability, dated 2 August 2013, Top Status proposed to dispose the Convertible Bonds, which can be converted into 1,725,000,000 new shares at conversion price of HK$0.02 per Share, to Sino Coronet (the "Disposal"). The disposal was completed on 8 January 2014.

5. Top Status is wholly-owned by Rich Best Asia Limited ("Rich Best"), a company incorporated in the British Virgin Islands. Rich Best is in turn wholly-owned by Chinese Strategic. The issued shares of which are listed on GEM of the Stock Exchange. As such, each of Rich Best and Chinese Strategic is deemed to be interested in these shares.

6. International Chaoshang Investment Group Limited, a company incorporated in Hong Kong with limited liability, is 40% owned by Huang Zhen Da. As such, Huang Zhen Da is deemed to be interested in these Shares.

7. VMS Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by VMS Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability and VMS Holdings Ltd. is in turn wholly owned by Mak Siu Hang Viola. As such, VMS Holdings Ltd. and Mak Siu Hang Viola are deemed to be interested in these Shares.

SUBSTANTIAL SHAREHOLDERS (continued)

Save as disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 31 December 2014 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2014, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the year ended 31 December 2014 are set out in Note 37 to the consolidated financial statements, certain of which constituted connected transactions that are exempt from the reporting, announcement and independent shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the year ended 31 December 2014.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there is no restriction against such under the laws in Bermuda.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this report.

EMOLUMENT POLICY

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

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to market competitiveness, individual performance and achievement.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out under the section headed "Share Option Scheme" above and also in Note 33 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the year ended 31 December 2014 and up to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The members of the Audit Committee are Mr. Ng Cheuk Fan, Keith (Chairman of the Audit Committee) and Mr. Yick Ting Fai, Jeffrey. Furthermore, Mr. Zhang Min has been appointed as a member of the Audit Committee to fill the casual vacancy with effect from 23 March 2015.

The audited financial results of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee.

AUDITOR

SHINEWING (HK) CPA Limited ("SHINEWING") was appointed as auditor of the Company on 18 December 2008 and subsequently re-appointed as auditor of the Company at the last three annual general meetings of the Company held on 22 June 2012, 16 May 2013 and 26 May 2014. The consolidated financial statements for the years ended 31 December 2011, 2012 and 2013 of the Company were audited by SHINEWING. A resolution for the re-appointment of SHINEWING as auditor of the Company will be proposed at the forthcoming AGM.

By Order of the Board
So David Tat Man
Executive Director

Hong Kong, 23 March 2015

INTRODUCTION

The board of Directors (the "Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company.

The Company has complied with the applicable code provisions on Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules throughout the year under review except for the following deviation:

The code provision A.2.1 of the Code provides, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Throughout the year ended 31 December 2014, the Company did not appoint a chairman. The Board will keep reviewing the structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post of chairman as appropriate.

Under code provision A.2.7 of the Code, the chairman of board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have the Chairman, no such meeting was held in this regard for the year ended 31 December 2014.

Under Rule 5.05(1) of the GEM Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Under Rule 5.28 of the GEM Listing Rules, the audit committee must comprise a minimum of three members. Subsequent to the resignation of Mr. Lau Tin Cheung with effect from 1 January 2015, the number of independent non-executive Directors and audit committee members had fallen below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. On 23 March 2015, the Company appointed Mr. Zhang Min as an independent non-executive Director and a member of the audit committee of the Company. Hence, the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules were fulfilled since then.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in such code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

The Board currently comprises four Directors, one is executive Director and three are independent non-executive Directors.

The Board members for the year ended 31 December 2014 and up to the date of this report are:

Executive Directors

Mr. Tsang Chi Hin *(Chief Executive)* (resigned on 1 January 2015)
Mr. So David Tat Man (appointed on 1 April 2014)
Mr. Chu Yu Man, Philip (resigned on 1 April 2014)

Independent Non-executive Directors

Mr. Ng Cheuk Fan, Keith (appointed on 1 September 2014)
Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014)
Mr. Zhang Min (appointed on 23 March 2015)
Mr. Cheung Tak Shum (resigned on 1 September 2014)
Mr. Lau Tin Cheung (resigned on 1 January 2015)
Mr. Tsang Hin Fun, Anthony (resigned on 1 September 2014)

The Directors' biographical information are set out on pages 3 to 4 in this report. All executive 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. There is no relationship among the members of the Board.

The Company is committed to having a diversity of the Board to complement the Company's corporate strategy. The Company considers that having a Board with diverse culture would assure Directors that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated. The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Throughout the year ended 31 December 2014, the Board consisted of three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the shareholders of the Company. One of the independent non-executive Directors has appropriate professional qualification or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. Each independent non-executive Director has signed an appointment letter with the Company for an initial fixed term of two years and may be terminated by not less than three months prior notice in writing served by either party to the other or in accordance with the provisions set out in the respective appointment letter.

The Board considers that all of the independent non-executive Directors are independent and have received from each of them the annual confirmation of independence required by Rule 5.09 of the GEM Listing Rules.

The Board is responsible for approving and monitoring of the Group's overall strategies and policies; approving of business plans; evaluating the performance of the Group and overseeing the management. The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

BOARD OF DIRECTORS (continued)

The Board delegates day-to-day operations of the Group to the executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive Directors who have attended Board meetings.

The Company has arranged insurance coverage on Directors' and officers' liabilities in respect of any legal actions which may be taken against its Directors and officers in the execution and discharge of their duties or in relation thereto.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly for at least four times a year to review the financial and operating performance of the Group.

Details of the attendance record of each Director at the meetings of the Board and general meetings of the Company are as follows:

	Attendance of	
	Board Meetings	**General Meetings**
Executive Directors		
Mr. Tsang Chi Hin *(Chief Executive)* (resigned on 1 January 2015)	17/17	2/2
Mr. So David Tat Man (appointed on 1 April 2014)	14/14	1/1
Mr. Chu Yu Man, Philip (resigned on 1 April 2014)	3/3	1/1
Independent Non-executive Directors		
Mr. Ng Cheuk Fan, Keith (appointed on 1 September 2014)	9/9	N/A
Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014)	9/9	N/A
Mr. Zhang Min (appointed on 23 March, 2015)	N/A	N/A
Mr. Cheung Tak Shum (resigned on 1 September 2014)	7/8	2/2
Mr. Lau Tin Cheung (resigned on 1 January 2015)	15/17	2/2
Mr. Tsang Hin Fun, Anthony (resigned on 1 September 2014)	6/8	2/2

BOARD PRACTICES

Apart from the four regular Board meetings of the year ended 31 December 2014, the Board met on other occasions when a board-level decision on a particular matter was required. The Directors received detailed agenda and documents prior to the meetings of the Board to ensure that the Directors were able to make informed decisions regarding the matters discussed in the meetings. All Directors may access the advice, regulatory updates on governance and regulatory matters from professional parties if necessary.

The Company Secretary and the company secretarial team are responsible to take and keep minutes of all Board meetings and committee meetings and ensure compliance with the procedures of the Board meetings and general meetings of the Company. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

TRAINING FOR DIRECTORS

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

TRAINING FOR DIRECTORS (continued)

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at the Board meetings. Trainings conducted by professional service provider regarding Listing Rules' updates on corporate governance have been provided to the Directors to ensure a high standard of corporate governance is upheld and that the Directors possess up-to-date information to discharge their duties.

The Directors are committed to complying with Code Provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2014 to the Company.

All of the directors of the Company, namely, Mr. Tsang Chi Hin, Mr. Ng Cheuk Keith (appointed on 1 September 2014), Mr. So David Tat Man (appointed on 1 April 2014) and Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014), have attended training sessions or seminars organized by external professionals relevant to the business or directors' duties for the year ended 31 December 2014.

CHAIRMAN AND CHIEF EXECUTIVE

The positions and roles of chairman of the Board and chief executive of the Company should be held and performed separately by two individuals to ensure their respective independence, accountability and responsibility. The chief executive for the year ended 31 December 2014, being Mr. Tsang Chi Hin, was responsible for the day-to-day management of the Group's business. During the year ended 31 December 2014, the Company did not appoint a chairman.

The Board will keep reviewing the current structure from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post as appropriate.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company (the "Remuneration Committee") had been formed in 2005 pursuant to a resolution passed by the Board. Following the re-domicile of the Company from the Cayman Islands into Bermuda in October 2007, it was re-established pursuant to a resolution passed by the Board on 15 February 2008 and specific terms of reference were adopted. As at the date of this report, the Remuneration Committee comprises three members, all are independent non-executive Directors, namely Mr. Yick Ting Fai, Jeffrey, Mr. Ng Cheuk Fan, Keith and Mr. Zhang Min. Mr. Yick Ting Fai, Jeffrey is the chairman of the Remuneration Committee and Mr. Zhang Min has been appointed as a member of the Remuneration Committee with effect from 23 March 2015.

The role and function written in the terms of reference of the Remuneration Committee are no less exacting terms than the Code. The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also reviews and recommends the Board on its proposals relating to the remuneration of the executive Directors with reference to the Board's corporate goal and objectives. No Directors or any of his/her associates can be involved in deciding his/her own remuneration. Factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration are considered by the Remuneration Committee to determine the remuneration package of individual executive Directors including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment; or relating to dismissal or removal for misconduct to ensure that it is consistent with contractual terms and is otherwise fair, not excessive, reasonable and appropriate.

REMUNERATION OF DIRECTORS (continued)

Frequency of Meetings and Attendance

For the year ended 31 December 2014, the remuneration committee of the Company held three meetings to review the remuneration packages of all Directors and senior management and to advise on remuneration packages of newly appointed Directors. Details of the attendance of the meeting are as follows:

Name of members	Attendance
Mr. Yick Ting Fai, Jeffrey *(Chairman)* (appointed on 1 September 2014)	N/A
Mr. Ng Cheuk Fan, Keith (appointed on 1 September 2014)	N/A
Mr. Zhang Min (appointed on 23 March 2015)	N/A
Mr. Cheuk Tak Sum *(Chairman)* (resigned on 1 September 2014)	3/3
Mr. Lau Tin Cheung (resigned on 1 January 2015)	3/3
Mr. Tsang Hin Fun, Anthony (resigned on 1 September 2014)	3/3

NOMINATION OF DIRECTORS

The nomination committee of the Company (the "Nomination Committee") had been formed in 2005 pursuant to a resolution passed by the Board. Following the re-domicile of the Company from the Cayman Islands into Bermuda in October 2007, the Nomination Committee was re-established pursuant to a resolution passed by the Board on 15 February 2008 and specific terms of reference were adopted. As at the date of this report, the Nomination Committee comprises three members, of which all of them are independent non-executive Directors, namely, Mr. Ng Cheuk Fan, Keith, Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min. Mr. Ng Cheuk Fan, Keith was the chairman of the Nomination Committee. On 23 March 2015, Mr. Ng Cheuk Fan, Keith ceased to be the chairman of the Nomination Committee but remains as a member of the Nomination Committee and Mr. Zhang Min was appointed as the chairman of the Nomination Committee, both with effect from 23 March 2015.

The functions of the Nomination Committee are reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and senior management.

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

The Board has also adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

NOMINATION OF DIRECTORS (continued)

Frequency of Meetings and Attendance

For the year ended 31 December 2014, the Nomination Committee held three meetings to review the composition, size and structure of the Board, to assess the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment of Directors. Details of the attendance of the meetings are as follows:

Name of members	Attendance
Mr. Zhang Min *(Chairman)* (appointed on 23 March 2015)	N/A
Mr. Ng Cheuk Fan, Keith *(Chairman)* (appointed on 1 September 2014, act as Chairman from 1 January 2015 to 23 March 2015)	N/A
Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014)	N/A
Mr. Lau Tin Cheung *(Chairman)* (resigned on 1 January 2015)	3/3
Mr. Tsang Chi Hin (resigned on 1 January 2015)	3/3
Mr. Cheung Tak Shum (resigned on 1 September 2014)	3/3
Mr. Tsang Hin Fun, Anthony (resigned on 1 September 2014)	3/3

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The members of the Audit Committee are Mr. Ng Cheuk Fan, Keith (Chairman of the Audit Committee) and Mr. Yick Ting Fai, Jeffrey. Furthermore, Mr. Zhang Min has been appointed as a member of the Audit Committee to fill the casual vacancy with effect from 23 March 2015.

The responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the quarterly, interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of internal control system of the Group. The Audit Committee had during the year performed such functions and reviewed the unaudited quarterly and interim results and audited annual results during the year ended 31 December 2014.

Frequency of Meetings and Attendance

For the year ended 31 December 2014, the audit committee of the Company held five meetings to review and supervise the financial reporting process, and corporate governance and internal control review and make recommendation to the Board on reappointment of the external auditor. They had, in conjunction with the external auditor of the Company, reviewed the annual results of the Group and recommended to the Board for their consideration and approval. The audit committee of the Company was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

Details of the attendance of the Company's audit committee meetings are as follows:

Name of members	Attendance
Mr. Ng Cheuk Fan, Keith *(Chairman)* (appointed on 1 September 2014)	2/2
Mr. Yick Ting Fai, Jeffrey (appointed on 1 September 2014)	1/2
Mr. Zhang Min (appointed on 23 March 2015)	N/A
Mr. Tsang Hin Fun, Anthony *(Chairman)* (resigned on 1 September 2014)	3/3
Mr. Cheung Tak Shum (resigned on 1 September 2014)	3/3
Mr. Lau Tin Cheung (resigned on 1 January 2015)	5/5

CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for performing the corporate governance duties with its written terms of reference as set out below:

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

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

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

d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

e) to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

AUDITORS' REMUNERATION

An amount of approximately HK$435,000 (2013: approximately HK$460,000) was charged to the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014. There was no significant non-audit service assignment undertaken by the auditors during the year ended 31 December 2014.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's account for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the audited consolidated financial statements for the year ended 31 December 2014, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditors of the Company acknowledge their responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2014.

COMPANY SECRETARY

Ms. Yip Zodia Wang ("Ms. Yip") was appointed as the Company Secretary on 9 August 2013. Pursuant to Rule 5.15 of the GEM Listing Rules, Ms. Yip has taken no less than 15 hours of relevant professional training during the year ended 31 December 2014.

Ms. Yip is delegated by an external service provider and the primary corporate contact point is Mr. So David Tat Man, the executive Director.

Ms. Yip is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. She has extensive professional experience in company secretarial practice.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the 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 rights, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company in Bermuda and its principal place of business in Hong Kong for the attention of the Company Secretary.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of two months from the said date.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the head office of the Company in Hong Kong or the registered office in Bermuda, or by e-mail to info@chinaeco-farming.com for the attention of the Company Secretary.

Right to put forward proposals at general meetings

On the requisition in writing of either (i) any number of shareholder(s) of the Company representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders, the Company shall, at the expense of the requisitionists: (a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; (b) to circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be signed by the requisitionists and deposited at the head office and principal place of business in Hong Kong of the Company for the attention of the Company Secretary.

INVESTORS AND SHAREHOLDERS RELATIONS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders of the Company and investors. The Company has disclosed all necessary information to its shareholders and investors in compliance with the GEM Listing Rules. Moreover, the Board maintains close communications with the shareholders and investors of the Company through a number of formal communication channels which include (i) the publication of the Company's latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars; (ii) the general meetings providing an opportunity for the shareholders of the Company to raise comments and exchanging views with the Board; and (iii) the Company's website provides an effective communication platform between the Company and its investors.

During the year of 2014, there has been no significant changes in the Company's constitutional documents.

INTERNAL CONTROL

The Board and the Audit Committee have conducted a review of the effectiveness of the Group's internal control system. The internal control system is designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Company has engaged an independent professional firm to conduct a review of the effectiveness of the Company's internal controls over business processes of certain subsidiaries of the Group for the period from 1 January 2014 to 30 June 2014. The Board has reviewed its progress during the year ended 31 December 2014 and received its report in March 2015.

The Board considered that the internal control system of the Group is effective and no material deficiencies on the internal control system.

On behalf of the Board
So David Tat Man
Executive Director

Hong Kong, 23 March 2015

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINA ECO-FARMING LIMITED

(Incorporated in the Cayman Islands and continued into Bermuda with limited liability)

We have audited the consolidated financial statements of China Eco-Farming Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 104, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
23 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	5	**45,541**	19,194
Cost of sales		**(39,960)**	(15,652)
Gross profit		**5,581**	3,542
Other gain or loss, net	6	**971**	158
Increase in fair value of investment properties, net	16	**451**	160
(Decrease) increase in fair value of financial assets at fair value through profit or loss		**(1,129)**	436
Administrative expenses		**(36,263)**	(28,274)
Share of result of associates	17	**4,047**	–
Finance costs	8	**(2,457)**	(1,853)
Gain on disposal of interest in a subsidiary	35	**–**	86
Loss before taxation		**(28,799)**	(25,745)
Taxation	9	**(48)**	(15)
Loss for the year	10	**(28,847)**	(25,760)
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of foreign operation and other comprehensive expense for the year		**(165)**	–
Total comprehensive expense for the year		**(29,012)**	(25,760)
Loss for the year attributable to:			
Owners of the Company		**(27,393)**	(25,746)
Non-controlling interests		**(1,454)**	(14)
		(28,847)	(25,760)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(27,578)**	(25,746)
Non-controlling interests		**(1,434)**	(14)
		(29,012)	(25,760)
Loss per share	14		
Basic and diluted (HK cents)		**(1.15)**	(1.63)

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Plant and equipment	15	**4,408**	394
Investment properties	16	**28,812**	7,580
Interests in associates	17	**43,731**	–
Available-for-sale investments	18	**–**	4
Loan to non-controlling interests	25	**735**	–
Goodwill	19	**908**	–
Deposit paid for acquisition of investment properties		**14,113**	–
		92,707	7,978
Current assets			
Inventories, finished goods		**934**	–
Trade and other receivables	20	**10,896**	2,322
Deposit paid for operating right		**1,200**	1,200
Financial assets at fair value through profit or loss	21	**21,969**	1,224
Bank balances and cash	22	**36,995**	14,552
		71,994	19,298
Current liabilities			
Trade and other payables	23	**10,814**	4,647
Amount due to a former fellow subsidiary	24	**–**	60
Amount due to a shareholder	24	**–**	129
Amount due to non-controlling interests	24	**1,053**	808
Income tax payable		**83**	37
Loan from a former fellow subsidiary	25	**–**	2,000
Loan from a shareholder	25	**–**	4,300
		11,950	11,981
Net current assets		**60,044**	7,317
Total assets less current liabilities		**152,751**	15,295
Non-current liabilities			
Convertible bonds	26	**16,970**	4,806
Loan from non-controlling interests	25	**735**	–
		17,705	4,806
Net assets		**135,046**	10,489
Capital and reserves			
Share capital	28	**51,177**	35,177
Reserves		**85,317**	(24,674)
Equity attributable to owners of the Company		**136,494**	10,503
Non-controlling interests		**(1,448)**	(14)
Total equity		**135,046**	10,489

The consolidated financial statements on pages 30 to 104 were approved and authorised for issue by the board of directors on 23 March 2015 and are signed on its behalf by:

So David Tat Man
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company							
	Share capital HK$'000 (Note 28)	Share premium HK$'000	Equity component of convertible bonds HK$'000 (Note 26)	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	29,317	27,593	–	6,026	(80,334)	(17,398)	–	(17,398)
Loss and total comprehensive expense for the year	–	–	–	–	(25,746)	(25,746)	(14)	(25,760)
Total comprehensive expense for the year	–	–	–	–	(25,746)	(25,746)	(14)	(25,760)
Placing of new shares *(Note 28)*	5,860	18,752	–	–	–	24,612	–	24,612
Transaction costs attributable to placing of new shares	–	(616)	–	–	–	(616)	–	(616)
Recognition of equity component of convertible bonds *(Note 26)*	–	–	29,651	–	–	29,651	–	29,651
At 31 December 2013	35,177	45,729	29,651	6,026	(106,080)	10,503	(14)	10,489

	Attributable to owners of the Company								
	Share capital HK$'000 (Note 28)	Share premium HK$'000	Equity component of convertible bonds HK$'000 (Note 26)	Translation reserve HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	35,177	45,729	29,651	–	6,026	(106,080)	10,503	(14)	10,489
Loss for the year	–	–	–	–	–	(27,393)	(27,393)	(1,454)	(28,847)
Other comprehensive (expense) income for the year:									
Exchange (loss) gain on translation of foreign operation	–	–	–	(185)	–	–	(185)	20	(165)
Total comprehensive expense for the year	–	–	–	(185)	–	(27,393)	(27,578)	(1,434)	(29,012)
Placing of new shares *(Note 28)*	16,000	134,400	–	–	–	–	150,400	–	150,400
Transaction costs attributable to placing of new shares	–	(4,502)	–	–	–	–	(4,502)	–	(4,502)
Recognition of equity component of convertible bonds *(Note 26)*	–	–	7,671	–	–	–	7,671	–	7,671
At 31 December 2014	51,177	175,627	37,322	(185)	6,026	(133,473)	136,494	(1,448)	135,046

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(28,799)**	(25,745)
Adjustments for:		
Finance costs	**2,457**	1,853
Depreciation for plant and equipment	**639**	215
Increase in fair value of investment properties, net	**(451)**	(160)
Decrease (increase) in fair value of financial assets at fair value through profit or loss	**1,129**	(436)
Loss on disposal of available-for-sale investments	**3**	–
Gain on disposal of plant and equipment	**(140)**	–
Gain on disposal of interest in a subsidiary	**–**	(86)
Share of result of associates	**(4,047)**	–
Interest income	**(355)**	–
Impairment loss on trade and other receivables	**–**	800
Operating cash flows before movements in working capital	**(29,564)**	(23,559)
Increase in inventories	**(934)**	–
(Increase) decrease in trade and other receivables	**(8,438)**	905
Increase in financial assets at fair value through profit or loss	**(21,874)**	(788)
Increase in trade and other payables	**5,417**	383
NET CASH USED IN OPERATING ACTIVITIES	**(55,393)**	(23,059)
INVESTING ACTIVITIES		
Interest received	**355**	–
Purchase of plant and equipment	**(4,239)**	(139)
Purchase of investment properties	**(17,020)**	–
Deposit paid for acquisition of investment properties	**(14,113)**	–
Loan to non-controlling interests	**(735)**	–
Proceeds on disposal of available-for-sale investments	**1**	–
Proceeds on disposal of plant and equipment	**140**	–
Net cash inflow from disposal of interest in a subsidiary *(Note 35)*	**–**	30
Net cash outflow from acquisition of subsidiaries *(Note 36)*	**(24,213)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(59,824)**	(109)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	–	23,500
Transaction costs from issue of convertible bonds	(352)	(585)
Interest paid	(2,270)	(1,028)
Advance from non-controlling interests	245	808
Repayment of borrowings	–	(13,850)
New borrowings raised	–	4,800
Proceeds from issue of new shares	150,400	24,612
Transaction costs from issue of new shares	(4,502)	(616)
Loan from non-controlling interests	735	–
Repayment of loan to a former fellow subsidiary	(2,060)	–
Repayment of loan to a shareholder	(4,429)	–
NET CASH FROM FINANCING ACTIVITIES	137,767	37,641
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,550	14,473
CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,552	79
Effect of foreign exchange rate changes	(107)	–
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	36,995	14,552

1. GENERAL AND BASIS OF PREPARATION

General

China Eco-Farming Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Company Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company (the "Shareholders") on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is 25/F., Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company and parent company of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of one-stop value chain services, health care services, property investment and trading of ceramic products and agricultural products.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China ("PRC") and Taiwan whose functional currencies are Renminbi ("RMB") and New Taiwan Dollar ("NTD") respectively. The functional currency of the Company and its subsidiaries is HK$.

Basis of preparation

The Group has been continuously incurring losses in these years. Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its operating cash flows as and when they fall due for the next twelve months from the end of the reporting period given that:

(i) the directors of the Company will continuously review the cost structure of the Group and formulate appropriate cost saving measures to improve the performance and the cash flows of the Group's operations.

(ii) the directors of the Company anticipate that the Group will generate positive cash flows from its operations.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2014 on a going concern basis.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is catergorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets (continued)

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

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

1 *Effective for annual periods beginning on or after 1 July 2014.*
2 *Effective for annual periods beginning on or after 1 January 2016.*
3 *Effective for annual periods beginning on or after 1 January 2017.*
4 *Effective for annual periods beginning on or after 1 January 2018.*

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 (2014) Financial Instruments (continued)

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 (2014) Financial Instruments (continued)

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 (2014) Financial Instruments (continued)

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Annual Improvements to HKFRSs 2010-2012 Cycle (continued)

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Annual Improvement to HKFRSs 2012 – 2014 Cycle (continued)

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have interests in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKAS 1 Disclosure Initiative (continued)

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principle accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income of subsidiaries 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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transaction between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Businesses combinations are accounted for by applying 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 by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

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

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group'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 aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree 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 gain on bargain purchase.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

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.

The Group's policy for goodwill relating to an associate that included in the carrying amount of the investment is set out in "interests in associates" below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates

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 Group's interests in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, an investment in an associate is 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 associate. When the Group's share of losses of an associate exceeds the Group's 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 the associate.

The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognized as goodwill and is included in the carrying amount of the investment.

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 of disposal) 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 an associate of the Group, 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.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

An item of 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 plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

(i) Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments (other than those financial assets classified as at FVTPL) and recognised in other revenue in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at FVTPL

Financial assets at FVTPL are either held for trading or designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

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

A financial asset 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 asset 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 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group designated its investment in convertible bonds as financial assets at FVTPL, since the conversion right attached with the bond is closely related, no separation between the conversion option and bond component is made.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gain or loss, net" in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 30 (c).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) *Financial assets (continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposit paid for operating right, loan to non-controlling interests, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

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

Impairment loss on 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 financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Impairment loss on financial assets (continued)

For certain categories of financial assets, such as trade and other 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 include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Financial liabilities and equity instruments

Financial liabilities 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.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to a former fellow subsidiary, a shareholder and non-controlling interests, loans from a former fellow subsidiary and a shareholder, loan from non-controlling interests and debt component of convertible bonds, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Equity instruments

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

Convertible bonds contain liability and equity components

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (equity component of convertible bonds).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity component of convertible bonds until the embedded option is exercised (in which case the balance stated in equity component of convertible bonds will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in equity component of convertible bonds will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

Revenue recognition

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

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

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

The consideration received from the sale of coupons is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when such coupon is presented by the customers and the Group's obligations have been fulfilled.

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

Service income is recognised when services are provided.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Retirement benefits scheme contributions

Payments to the defined contribution-retirement benefits scheme in Hong Kong, the PRC and Taiwan are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Borrowing costs

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

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

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, 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 a CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

Acquisition of subsidiaries

The Group determines whether an acquisition of subsidiaries qualifies as acquisition of business in accordance with HKFRS 3 (Revised) Business Combination or acquisition of assets that requires judgement. The directors of the Company consider the substance of the acquisition of subsidiaries that constitutes a business will be accounted for in accordance with HKFRS 3 (Revised) Business Combination, in case the acquisition of subsidiaries does not constitute a business, it is classified as acquisition of assets. Details of acquisition of subsidiaries by the Group during the year ended 31 December 2014 are set out in note 36.

Key sources of estimation uncertainty

The followings 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.

Estimated impairment loss on interests in associates

The directors of the Company determined whether interest in associates are impaired by reference to an estimation of recoverable amount of investment. The recoverable amount of interests in associates requires the Group to estimate the future cash flow expected to arise from the associates and a suitable discounted rate including the risk adjustment in order to calculate the present value. The assumption includes management best estimate of the set of economic condition in the future.

As at 31 December 2014, the carrying amount of interests in associates is approximately HK$43,731,000 (2013: nil). No impairment loss is recognised in both years.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance for doubtful debts

Allowance for doubtful debts is made based on the assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires the directors of the Company to make judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debt expenses/written back in the period in which the estimate has been changed. As at 31 December 2014, the carrying amounts of trade receivables and other receivables were approximately HK$888,000 (net of allowance for doubtful debts of nil) and HK$9,538,000 (net of allowance for doubtful debts of approximately HK$800,000) respectively (2013: carrying amount of trade receivables of approximately HK$119,000 (net of allowance for doubtful debts of nil) and carrying amount of other receivables of approximately HK$1,651,000 (net of allowance for doubtful debts of approximately HK$800,000)). Impairment loss on trade and other receivables recognised for the year ended 31 December 2014 amounting to nil (2013: HK$800,000).

Fair value of investment properties

Investment properties are carried in the consolidated statement of the financial position at 31 December 2014 at their fair value of approximately HK$28,812,000 (2013: HK$7,580,000). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Fair value of financial instruments

As described in note 30(c), the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted convertible bonds includes some assumptions not supported by observable market prices or rates. The carrying amount of the convertible bonds designated at financial assets at fair value through profit or loss as at 31 December 2014 is approximately HK$5,189,000 (31 December 2013: nil). Details of the assumptions used are disclosed in note 30(c). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments

Fair value of profit guarantee

The directors of the Company use their judgement in selecting an appropriate valuation technique for measuring the fair value of profit guarantee. Details of the assumptions used are disclosed in Note 36. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the profit guarantee.

5. REVENUE

Revenue represents service income arising on one-stop value chain services and health care services, rental income and trading of agricultural products.

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

	2014 **HK$'000**	2013 HK$'000
Revenue:		
One-stop value chain services	**18,342**	520
Health care services	**22,154**	18,462
Rental income *(Note)*	**156**	13
Trading of agricultural products	**4,889**	199
	45,541	19,194

Note:

	2014 **HK$'000**	2013 HK$'000
Gross rental income	**156**	13
Less: outgoings (included in cost of sales)	**(28)**	(16)
Net rental income (expense)	**128**	(3)

6. OTHER GAIN OR LOSS, NET

	2014 HK$'000	2013 HK$'000
Other rental income	**10**	10
Insurance claim	**–**	65
Exchange gain	**–**	50
Gain on disposal of plant and equipment	**140**	–
Gain on disposal of financial assets at fair value through profit or loss	**419**	–
Loss on disposal of available-for-sale investments	**(3)**	–
Interest income	**355**	–
Dividend income from financial assets at fair value through profit or loss	**17**	–
Sundry income	**33**	33
	971	158

7. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

1. One-stop value chain services – provision of total solution services including trading, packaging and logistics solutions

2. Health care services – provision of health care services

3. Property investment – generated rental income from operating leases of Group's investment properties

4. Trading of ceramic products – trading of ceramic sanitary ware products

5. Trading of agricultural products – trading of chinese tea and agricultural products

7. SEGMENT INFORMATION (continued)

Segment revenues and results

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

For the year ended 31 December

	One-stop value chain services		Health care services		Property investment		Trading of ceramic products		Trading of agricultural products		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
REVENUE												
External sales	**18,342**	520	**22,154**	18,462	**156**	13	**–**	–	**4,889**	199	**45,541**	19,194
Segment (loss) profit	**(1,165)**	(1,128)	**(3,363)**	(5,156)	**(120)**	72	**(24)**	(520)	**(2,606)**	74	**(7,278)**	(6,658)
Unallocated corporate other (loss) gain											**971**	158
Unallocated corporate expenses											**(22,953)**	(17,914)
(Decrease) increase in fair value of financial assets at fair value through profit or loss											**(1,129)**	436
Gain on disposal of interest in a subsidiary											**–**	86
Share of result of associates											**4,047**	–
Finance costs											**(2,457)**	(1,853)
Loss before taxation											**(28,799)**	(25,745)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment (loss) profit represents the loss from/profit earned by each segment without allocation of central administration costs, directors' emoluments, other gain or loss, net except for fair value change of investment properties, gain on disposal of interest in a subsidiary, impairment loss on other receivables, certain depreciation for plant and equipment and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2014	2013
	HK$'000	HK$'000
Segment assets		
One-stop value chain services	**2,929**	6
Health care services	**2,841**	2,650
Property investment	**49,667**	7,714
Trading of ceramic products	**–**	–
Trading of agricultural products	**2,904**	–
Total segment assets	**58,341**	10,370
Unallocated corporate assets	**62,629**	16,906
Interests in associates	**43,731**	–
Consolidated assets	**164,701**	27,276

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

	2014	2013
	HK$'000	HK$'000
Segment liabilities		
One-stop value chain services	**732**	146
Health care services	**2,870**	2,618
Property investment	**3,917**	39
Trading of ceramic products	**–**	23
Trading of agricultural products	**432**	15
Total segment liabilities	**7,951**	2,841
Unallocated corporate liabilities	**21,704**	13,946
Consolidated liabilities	**29,655**	16,787

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

- all assets are allocated to operating segments other than certain plant and equipment, available-for-sale investments, loan to non-controlling interests, certain other receivables, financial assets at fair value through profit or loss and bank balances and cash; and

- all liabilities are allocated to operating segments other than certain other payables, amounts due to a former fellow subsidiary and a shareholder, amount due to non-controlling interests, income tax payable, loans from a former fellow subsidiary and a shareholder, loan from non-controlling interests and liability component of convertible bonds.

Other segment information

	One-stop value chain services		Health care services		Property investment		Trading of ceramic products		Trading of agricultural products		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:														
Additions to non-current assets *(Note)*	**260**	–	**103**	19	**36,216**	120	**–**	–	**1,812**	–	**2,799**	–	**41,190**	139
Increase in fair value of investment properties, net	**–**	–	**–**	–	**451**	160	**–**	–	**–**	–	**–**	–	**451**	160
Depreciation for plant and equipment	**(22)**	–	**(129)**	(113)	**(117)**	(5)	**–**	–	**(142)**	–	**(229)**	(97)	**(639)**	(215)
Impairment loss on trade and other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(800)	**–**	(800)

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

	One-stop value chain services		Health care services		Property investment		Trading of ceramic products		Trading of agricultural products		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:														
Interest income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**355**	–	**355**	–
Dividend income from financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17**	–	**17**	–
(Decrease) increase in fair value of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,129)**	436	**(1,129)**	436
Loss on disposal of available-for-sale investments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(3)**	–	**(3)**	–
Gain on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**419**	–	**419**	–
Gain on disposal of interest in a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	86	**–**	86
Gain on disposal of plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**140**	–	**140**	–
Share of result of associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,047**	–	**4,047**	–
Interests in associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**43,731**	–	**43,731**	–
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2,457)**	(1,853)	**(2,457)**	(1,853)
Taxation	**–**	–	**–**	–	**–**	–	**–**	–	**(48)**	–	**–**	(15)	**(48)**	(15)

Note: Non-current assets excluded available-for-sale investments.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than available-for-sale investments is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	For the year ended 31 December			
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**40,688**	18,995	**12,364**	7,974
Macau	**199**	199	**–**	–
China	**–**	–	**68,655**	–
Taiwan	**4,654**	–	**11,688**	–
	45,541	19,194	**92,707**	7,974

7. SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	For the year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Customer A[1]	**15,136**	N/A[2]

[1] *Revenue from one-stop value chain services*
[2] *The corresponding revenue did not contribute over 10% of the total revenue of the Group*

8. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on bank loans, wholly repayable within five years	**–**	555
Interest on other loans	**–**	180
Effective interest expense on convertible bonds *(Note 26)*	**2,364**	542
Interest on loan from a former fellow subsidiary *(Note 25)*	**29**	318
Interest on loan from a shareholder *(Note 25)*	**64**	258
	2,457	1,853

9. TAXATION

	2014	2013
	HK$'000	HK$'000
Hong Kong Profits Tax – current	**–**	15
Overseas Taxation – current	**48**	–
	48	15

9. TAXATION (continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No Hong Kong Profits Tax is provided for the year ended 31 December 2014 as the Company did not have any assessable profit subject to Hong Kong Profits Tax.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The EIT has not been provided for in the consolidated financial statements as the Group did not derive any assessable profit subject to EIT for the years ended 31 December 2014 and 2013.

The Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% of the estimated assessable profits for the year ended 31 December 2014 and no provision for taxation was made since there was no assessable profit for the year ended 31 December 2013.

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

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

	2014 **HK$'000**	2013 HK$'000
Loss before taxation	**(28,799)**	(25,745)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(4,752)**	(4,248)
Tax effect of expenses not deductible for tax purpose	**2,172**	1,449
Tax effect of income not taxable for tax purpose	**(257)**	(43)
Tax effect of share of result of associates	**(668)**	–
Tax effect of temporary differences not recognised	**(118)**	362
Tax effect of tax losses not recognised	**3,687**	2,495
Utilization of tax losses previously not recognised	**(19)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3**	–
Tax charge for the year	**48**	15

Details of deferred taxation are set out in Note 27.

10. LOSS FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Loss for the year has been arrived at after charging:		
Directors' and chief executive's emoluments *(Note 11)*	**2,603**	2,626
Other staff costs (excluding directors' and chief executive's emoluments)	**5,544**	4,797
Retirement benefits scheme contributions (excluding directors and chief executive)	**310**	144
	8,457	7,567
Auditors' remuneration	**435**	460
Cost of inventories recognised as an expense	**22,804**	506
Depreciation for plant and equipment	**639**	215
Impairment loss on trade and other receivables	**–**	800
Minimum lease payments paid under operating leases in respect of office premises	**9,044**	7,417

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2013: six) directors and the chief executive ("Chief Executive") of the Company were as follows:

	2014			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Tsang Chi Hin (resigned on 1 January 2015)	–	1,066	17	1,083
Chu Yu Man, Philip (resigned on 1 April 2014)	–	244	3	247
So David Tat Man (appointed on 1 April 2014)	–	680	13	693
Independent non-executive directors:				
Cheung Tak Shum (resigned on 1 September 2014)	160	–	–	160
Lau Tin Cheung (resigned on 1 January 2015)	180	–	–	180
Tsang Hin Fun Anthony (resigned on 1 September 2014)	120	–	–	120
Ng Cheuk Fan, Keith (appointed on 1 September 2014)	60	–	–	60
Yick Ting Fai, Jeffrey (appointed on 1 September 2014)	60	–	–	60
Total	580	1,990	33	2,603

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	2013			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Tsang Chi Hin	–	1,066	15	1,081
Chu Yu Man, Philip	–	929	15	944
Independent non-executive directors:				
Cheung Tak Shum	240	–	–	240
Lau Tin Cheung	180	–	–	180
Chau Chi Ming (resigned on 22 September 2013)	131	–	–	131
Tsang Hin Fun Anthony (appointed on 22 September 2013)	50	–	–	50
Total	601	1,995	30	2,626

Mr. Tsang Chi Hin is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No director and Chief Executive waived or agreed to waive any emoluments paid by the Group during the two years ended 31 December 2014 and 2013. During the two years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2013: two) were directors and Chief Executive of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining three (2013: three) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries and allowances	**1,424**	1,547
Retirement benefits scheme contributions	**40**	29
	1,464	1,576

12. EMPLOYEES' EMOLUMENTS (continued)

The emoluments of each of the above employees were within the band from nil to HK$1,000,000 during the two years ended 31 December 2014 and 2013. One (2013: nil) member of senior management is included in the highest paid individuals during the year ended 31 December 2014.

During the two years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the highest paid individuals (including directors of the Company and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2014 **HK$'000**	2013 HK$'000
Loss		
Loss for the year attributable to owners of the Company	**(27,393)**	(25,746)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,376,947,252**	1,576,643,142

Diluted loss per share is same as the basic loss per share since the conversion of the Company's outstanding convertible bonds would result in a decrease in loss per share for both years ended 31 December 2014 and 2013.

15. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Computer, network and related equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2013	2,593	598	664	135	352	4,342
Additions	120	–	19	–	–	139
At 31 December 2013	2,713	598	683	135	352	4,481
Additions	1,094	–	349	111	2,685	4,239
Arising from acquisition of subsidiaries *(note 36(b))*	–	–	–	–	414	414
Disposals	–	–	–	–	(352)	(352)
At 31 December 2014	**3,807**	**598**	**1,032**	**246**	**3,099**	**8,782**
DEPRECIATION AND IMPAIRMENT LOSS						
At 1 January 2013	2,593	598	291	96	294	3,872
Provided for the year	5	–	126	26	58	215
At 31 December 2013	2,598	598	417	122	352	4,087
Provided for the year	217	–	163	18	241	639
Eliminated on disposals	–	–	–	–	(352)	(352)
At 31 December 2014	**2,815**	**598**	**580**	**140**	**241**	**4,374**
CARRYING VALUES						
At 31 December 2014	**992**	**–**	**452**	**106**	**2,858**	**4,408**
At 31 December 2013	115	–	266	13	–	394

The above items of plant and equipment are depreciated over their estimated useful lives using the straight-line basis at the following rates per annum:

Leasehold improvement	Over the term of leases
Plant and machinery	20%
Furniture, fixtures and equipment	20%
Computer, network and related equipment	20%
Motor vehicles	20%

16. INVESTMENT PROPERTIES

	2014 HK$'000	2013 HK$'000
FAIR VALUE		
At 1 January	**7,580**	7,420
Additions	**17,020**	–
Acquired on an acquisition of a subsidiary *(note 36(b))*	**3,821**	–
Net increase in fair value recognised in consolidated statement of profit or loss and other comprehensive income	**451**	160
Exchange adjustment	**(60)**	–
At 31 December	**28,812**	7,580
Unrealised gain on property revaluation included in consolidated statement of profit or loss and other comprehensive income	**451**	160

(a) The fair value of the Group's investment properties at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on the respective dates by Asset Appraisal Limited ("Asset Appraisal") (2013: Avista Valuation Advisory Limited), independent qualified professional valuer not connected with the Group.

(b) All of the Group's properties interests are held under operating leases to earn rentals or for capital appreciation purposes and are measured using the fair value model and are classified and accounted for as investment properties.

(c) The above investment properties are located in Hong Kong and the PRC and held under long-term leases.

(d) The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Hong Kong and the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the prior year.

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

(f) One of the key inputs used in valuing the investment properties was the discount rates used, which ranged from 2.70% to 3.50%. An increase in the discount rate used would result in a decrease in fair value measurement of the investment properties, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2014 and 31 December 2013 are as follows:

	Fair value as at 31/12/2014 HK$'000	Fair value as at 31/12/2013 HK$'000
Investment properties located in Hong Kong (categorised as Level 2)	**8,350**	7,580
Investment properties located outside Hong Kong (categorised as Level 2)	**20,462**	–
	28,812	7,580

17. INTERESTS IN ASSOCIATES

	2014 HK$'000	2013 HK$'000
Cost of unlisted investments in associates	**39,684**	1
Less: Provision for impairment loss	**–**	(1)
	39,684	–
Share of post-acquisition result	**4,047**	–
	43,731	–

17. INTERESTS IN ASSOCIATES (continued)

As at 31 December 2014 and 2013, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation/ registration and operation	Class of shares held	Proportion of nominal value of issued capital indirectly held by the Company		Proportion of voting powerheld		Principal activities
				2014	2013	**2014**	2013	
FDC Limited	Limited Liability	Samoa	Ordinary shares	**49%**	49%	**49%**	49%	Inactive
中合華夏（北京）投資諮詢有限公司 Zhonghe Huaxia (Beijing) Investment Consulting Co., Ltd. ("Beijing HX") *(Note 1)*	Limited Liability	PRC	Paid up capital	**40%**	N/A	**40%**	N/A	Investment holding
中合新農（北京）投資有限公司 Zhonghe Xinnong (Beijing) Investment Co., Ltd. ("Beijing XN") *(Note 1)*	Limited Liability	PRC	Paid up capital	**22%** *(Note 2)*	N/A	**22%**	N/A	Investment holdings
扶余中合新農市場置業有限公司 Fuyu Zhonghe Xinnong Market Real Estate Co., Ltd. ("Fuyu") *(Note 1)*	Limited Liability	PRC	Paid up capital	**22%** *(Note 2)*	N/A	**22%**	N/A	Property development

FDC Limited remained inactive during the years 2014 and 2013. Both FDC Limited and Bejing HX are the direct associates of the Group.

17. INTERESTS IN ASSOCIATES (continued)

Notes:

1. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

2. Fuyu is 100% owned by Beijing XN and Beijing XN is 55% owned by Beijing HX, accordingly the Group effectively holds 22% interest in Beijing XN and Fuyu.

The summarised financial information of material associate of the Group is set out below:

Beijing HX	**31 December 2014 HK$'000**
Current assets	**273,950**
Non-current assets	**8,217**
Current liabilities	**(93,426)**
Non-current liabilities	**(12,775)**
Non-controlling interests	**(68,776)**
Net assets	**107,190**

	From 1 April 2014 to 31 December 2014 HK$'000
Revenue	**101,552**
Profit for the period	**10,118**
Other comprehensive income for the period	**–**
Total comprehensive income for the period	**10,118**

17. INTERESTS IN ASSOCIATES (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the interests in associates is set out below:

	As at 31 December 2014 HK$'000
Net assets of the associate attributable to the Group	**107,190**
Proportion of the Group's 40% ownership interest in Beijing HX	**42,876**
Goodwill	**855**
Carrying amount of the Group's interest in Beijing HX	**43,731**

18. AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK$'000	2013 HK$'000
Unlisted equity investments – cost *(Note a)*	**500**	500
Less: Accumulated impairment loss	**(500)**	(500)
	–	–
Unlisted equity investments – cost *(Note b)*	**–**	4
	–	4

Notes:

(a) The unlisted equity investments represent investment in unlisted equity securities issued by a private entity incorporated in Hong Kong. They are measured at cost less accumulated impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

(b) On 19 December 2012, Grand Protection Holdings Limited, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with an independent third party to dispose of the 99.9% equity interest in Watson China Limited at a cash consideration of HK$2,680,000. The remaining 0.1% equity interest in Watson China Limited is classified as an available-for-sale investment of the Group since then. During the year ended 31 December 2014, the Group disposed of this remaining interest to an independent third party at approximate HK$1,000 and loss on disposal of approximate HK$3,000 was recognised in profit or loss.

19. GOODWILL

	2014 HK$'000	2013 HK$'000
Cost		
At 31 December	**908**	–

The goodwill arose from the acquisition of a subsidiary on 4 November 2014 is disclosed in note 36(b). No impairment loss is recognised after the assessment made by the directors of the Company.

20. TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**888**	119
Deposit and other receivables *(Note 1)*	**5,306**	2,451
Less: allowance for doubtful debts	**(800)**	(800)
	4,506	1,651
Secured loan receivable *(Note 2)*	**5,032**	–
Prepayments	**470**	552
	10,896	2,322

Notes:

1. As at 31 December 2014, included in the deposit and other receivables is a refundable deposit of HK$1,980,000 (2013: nil) paid for the acquisition of 51% equity interest in an entity incorporated in Taiwan from an independent third party. The transaction will be completed upon fulfillment of certain conditions.

   The above deposit is refundable and classified as current assets in the consolidated financial statements as at 31 December 2014. As at reporting date, the transaction has not yet been completed.

2. As at 31 December 2014, the loan receivable granted to an independent party is secured by second legal charge, bears interest at a fixed interest rate at 8% per annum and is repayable on 3 December 2015.

Apart from the secured loan receivable as mentioned in note 2 above, the Group does not hold any collateral over the trade and other receivables.

The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days. The ageing analysis of trade receivables presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the reporting period, which is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**888**	107
31 to 90 days	**–**	12
	888	119

As at 31 December 2013, included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$12,000 (2014: nil) which were past due as at the end of the reporting period for which the Group had not provided for impairment loss.

20. TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	2014	2013
	HK$'000	HK$'000
0 to 30 days	–	7
31 to 90 days	–	5
	–	12

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience and the financial standings of these customers, the directors of the Company believe that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group's neither past due nor impaired trade receivables mainly represent sales made to creditworthy customers for whom there was no recent history of default.

The movements in allowance for doubtful debts of trade and other receivables were as follows:

	2014	2013
	HK$'000	HK$'000
At 1 January	**800**	328
Recognised during the year	–	800
Written off during the year	–	(328)
At 31 December	**800**	800

Included in the allowance for doubtful debts of other receivables are individually impaired other receivables with an aggregate balance of approximately HK$800,000 (2013: HK$800,000). The individually impaired other receivables are recognised based on the credit history of its customers or counterparties, such as financial difficulties or default in payments, and current market conditions. Consequently, individual impairment loss was recognised during the year ended 31 December 2013.

Included in the deposit and other receivables and prepayment, amount with approximately HK$3,232,000 and HK$11,065,000 (2013: Nil and Nil) are denominated in RMB and NTD respectively.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK$'000	2013 HK$'000
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	**16,780**	1,224
Debt securities:		
– Unlisted convertible bond	**5,189**	–
	21,969	1,224

On 8 October 2014, the Group invested in an unlisted convertible bond issued by a private company incorporated in Taiwan, with principal of NTD20,000,000 (equivalent to HK$5,189,000) carrying interest at 16% per annum and with maturity in year 2017. The unlisted convertible bond enables the Group to convert the bond into the shares of a wholly-owned subsidiary of the issuer.

The convertible bond is unsecured, transferable and the Group can request the redemption from the issuer at anytime starting from the sixth months after the date of issue, subject to the approval from the issuer. Upon the exercise of conversion rights, the Group could hold 16.67% equity interest in that wholly-owned subsidiary of the issuer.

For the valuation method of the financial asset at FVTPL, please refer to note 30(c).

22. BANK BALANCES AND CASH

Bank balances carry interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Included in the bank balances, amount with HK$870,998 and HK$1,822,057 (2013: HK$344,023 and HK$2,000,000) are denominated in RMB and NTD respectively.

23. TRADE AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Trade payables	**729**	–
Other payables	**9,722**	4,024
Deferred revenue	**363**	623
	10,814	4,647

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

	2014 HK$'000	2013 HK$'000
0 to 30 days	**729**	–

23. TRADE AND OTHER PAYABLES (continued)

The average credit period on purchases of goods is 14 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the trade and other payable, amount with approximately HK$1,543,000 and HK$3,262,000 (2013: approximately HK$61,000 and Nil) are denominated in RMB and NTD respectively.

24. AMOUNTS DUE TO A FORMER FELLOW SUBSIDIARY/A SHAREHOLDER/ NON-CONTROLLING INTERESTS

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts due to a former fellow subsidiary and a shareholder had been fully settled in the year of 2014.

25. LOANS FROM/TO A FORMER FELLOW SUBSIDIARY/A SHAREHOLDER/NON-CONTROLLING INTERESTS

As at 31 December 2013, the loan from a former fellow subsidiary represents loan with principal amount of HK$2,000,000 (2014: nil) from Luck Bloom International Limited ("Luck Bloom"). The loan carries fixed interest at 6% (2013: 6%) per annum, unsecured and repayable on 30 September 2014. The amount was fully settled on 31 March 2014.

As at 31 December 2013, the loan from a shareholder represents loan with principal amount of HK$4,300,000 (2014: nil) from Top Status International Limited ("Top Status"). The loan carries fixed interest at 6% (2013: 6%) per annum, unsecured and repayable on 30 September 2014. The amount was fully settled on 31 March 2014.

During the year ended 31 December 2014, the non-wholly-owned subsidiary of the Company, Global Brands Management Limited ("GBM") entered into a shareholder's agreement of HK$1,500,000 with its shareholders, in which the loan amount of HK$735,000 was borne by the non-controlling shareholder of GBM. Such loan is unsecured, interest-free and repayable on 22 December 2016. As a part of the agreement, the Group granted a loan to the non-controlling shareholder of GBM for the purpose of such transaction, with the same term as the loan advance to GBM by the non-controlling shareholder of GBM. Accordingly, such borrowing and lending amount is classified as non-current asset and liabilities on the consolidated statement of financial position.

26. CONVERTIBLE BONDS ("CBs")

(a) Convertible bonds I

On 30 April 2013, the Company issued convertible bonds (the "CB-I") in a principal amount of HK$34,500,000 with interest bearing at 5% per annum to Top Status. The CB-I will mature on 31 December 2016 (the "Maturity Date"). The CB-I entitled the holder to convert the CB-I in full or in part (in multiples of HK$500,000) into the ordinary shares of the Company at any time on or after the date of issue of the CB-I up to fifth business day prior to the Maturity Date at an initial conversion price of HK$0.01 per share, subject to adjustment provisions which are standard terms for convertible securities of similar type. If the CB-I had not been converted by bondholder, it would be converted on Maturity Date by the Company.

On January 2014, Top Status transferred the 2013 CBs to Sino Coronet Limited, which is a connected party of Top Status.

26. CONVERTIBLE BONDS ("CBs") (continued)

(a) Convertible bonds I (continued)

Transaction costs directly attributable to issue of the CB-I amounted to approximately HK$585,000 are allocated to liability and equity components on initial recognition.

The CB-I contained the following components that are required to be separately accounted for:

(i) Liability component for the CB-I represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-I without conversion option, plus allocated transaction costs. The effective interest rate of the liability component is 19.49%.

(ii) Equity component represents the difference between the gross proceeds of the issue of the CB-I and the fair values assigned to the liability components less allocated transaction costs.

On 11 October 2013, as a result of the Company's share consolidation (see Note 27(b)), the conversion price of the 2013 CBs was adjusted to HK$0.02 per share.

(b) Convertible bonds II

On 13 December 2013, Skyline Top Limited ("Skyline Top"), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited ("Konson"); and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK$40,000,000, of which: (i) HK$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK$20,000,000 shall be satisfied by the Skyline Top's procuring of the issue of the convertible bonds ("CB-II") at the conversion price of HK$0.188 per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the CB-II, 106,382,978 new shares shall be issued.

The completion of the acquisition involving the issue of CB-II as a consideration took place on 31 March 2014. Details of acquisition were disclosed in note 36(a).

Transaction costs directly attributable to issue of the CB-II amounted to approximately HK$352,000 are allocated to liability and equity components on initial recognition.

26. CONVERTIBLE BONDS ("CBs") (continued)

(b) Convertible bonds II (continued)

As disclosed in the Company's circular dated 19 February 2014 (the "Circular"), the principal terms of the CB-II are as follows:

Principal amount of the CB-II:	HK$20 million
Authorised denomination:	HK$100,000 each and integral multiples thereof
Conversion price:	HK$0.188
Interest:	3% per annum
Maturity date:	31 December 2017
Conversion and transferability:	Without prejudice to any condition under the bond instrument, there shall not be any transfer, conversion or redemption of any principal amount of the CB-II during the Restricted Period (as defined in the Circular), and further, the bondholder shall not, and shall not seek to, transfer, convert or redeem any principal amount of the CB-II during the Restricted Period.

Conversion

No conversion of the CB-II or of the Valid Principal Amount (as defined in the Circular), whichever shall be appropriate, shall take place prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as defined in the Circular) (as the Company may determine in its sole and absolute discretion).

Prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as the Company may determine in its sole and absolute discretion), the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any principal amount of the CB-II. In any event, the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any Cancelled Principal Amount (as defined in the Circular), and the bondholder shall not have any recourse whatsoever against the Company. The Company shall, and shall only have to, recognise, accept, agree or register any conversion of any Valid Principal Amount, and the Company shall have sole and absolute discretion in determining any or all issues on, over or concerning conversion of the CB-II.

Subject to conditions under the bond instrument, during the conversion period, bondholder shall have the right to convert the whole or any part (in multiples of HK$100,000.00) of the Valid Principal amount, whichever shall be appropriate, into such number of conversion shares as will be determined by dividing the principal amount of the CB-II to be converted by the conversion price (subject to adjustment) in effect on the date of conversion.

26. CONVERTIBLE BONDS ("CBs") (continued)

(b) Convertible bonds II (continued)

Redemption

Redemption at maturity shall only be limited and applicable to the Valid Principal Amount. The Cancelled Principal Amount cannot, and shall not, be redeemed whatsoever. Subject to this as well as other conditions in the bond instrument, the Valid Principal Amount which has not been redeemed or converted in accordance with the conditions under the bond instrument by the maturity date, shall, at the sole and absolute discretion of the Company (and regardless of whether or not the bondholder concerned have requested for conversion of any principal amount of the CB-II into conversion shares) but subject to shareholders' approval (if required) as well as compliance with the GEM Listing Rules and/or requirements of regulatory authorities, either be redeemed by the Company on the maturity date at a redemption amount equal to 100% of Valid Principal Amount or such part thereof which is outstanding at that juncture, or be converted into conversion shares. For any avoidance of doubt, the Company shall not, and shall not be required to, redeem the Cancelled Principal Amount (as defined above) or any part thereof, and the bondholder shall not have any recourse or right of action whatsoever against the Company.

Further details of the issue of CB-II as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

The CB-II contains the following components that are required to be separately accounted for:

(i) Liability component for the CB-II represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-II without conversion option, plus allocated transaction costs. The effective interest rate of the liability component is 17.37%.

(ii) Equity component represents the difference between the gross proceeds of the issue of the CB-II and the fair values assigned to the liability components less allocated transaction costs.

26. CONVERTIBLE BONDS ("CBs") (continued)

(c) The movements of the CBs are set out below:

	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 January 2013	–	–	–
Issue of CB-I	4,264	29,651	33,915
Effective interest expense *(Note 8)*	542	–	542
At 31 December 2013	4,806	29,651	34,457
Interest paid	(2,177)	–	(2,177)
Issue of CB-II	11,977	7,671	19,648
Effective interest expense *(Note 8)*	2,364	–	2,364
At 31 December 2014	16,970	37,322	54,292

27. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2013	6	(6)	–
(Credited) charged to consolidated statement of profit or loss and other comprehensive income for the year	(6)	6	–
At 31 December 2013	–	–	–
(Credited) charged to consolidated statement of profit or loss and other comprehensive income for the year	–	–	–
At 31 December 2014	–	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK$81,892,000 (2013: HK$59,662,000) available for offsetting against future profits. No deferred tax has been recognised in respect of such losses (2013: nil). No deferred tax asset has been recognised in respect of the tax losses of approximately HK$81,892,000 (2013: HK$59,662,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

27. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$2,312,000 (2013: HK$3,027,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. SHARE CAPITAL

	Nominal value per share	**Number of shares**	**Amount**
	HK$		HK$'000
Authorised ordinary shares:			
At 1 January 2013	0.01	3,260,869,570	32,609
Increase in authorised shares	0.01	5,000,000,000	50,000
Share consolidation *(Note c)*		(4,130,434,785)	–
At 31 December 2013 and 1 January 2014	0.02	4,130,434,785	82,609
Increase in authorised shares *(Note a)*	0.02	5,000,000,000	100,000
At 31 December 2014	0.02	9,130,434,785	182,609
Issued and fully paid ordinary shares:			
At 1 January 2013	0.01	2,931,730,120	29,317
Placing of new shares *(Note b)*	0.01	586,000,000	5,860
Share consolidation *(Note c)*		(1,758,865,060)	–
At 31 December 2013 and 1 January 2014	0.02	1,758,865,060	35,177
Placing of new shares *(Note d)*	0.02	800,000,000	16,000
At 31 December 2014	0.02	2,558,865,060	51,177
Authorised convertible preference shares:			
At 1 January 2013, 31 December 2013 and 31 December 2014 *(Note a)*	0.01	173,913,043	17,391
Issued and fully paid convertible preference shares:			
At 1 January 2013, 31 December 2013 and 31 December 2014	0.01	–	–

Note:

(a) At the extraordinary general meeting of the Company held on 7 March 2014, special resolution was passed to increase the authorised share capital of the Company from HK$100,000,000 consisting of (i) HK$82,608,695.70 divided into 4,130,434,785 shares, of which 1,758,865,060 shares have been issued and allotted as fully paid or credited as fully paid; and (ii) HK$17,391,304.30 being the nominal amount of the convertible preference shares of the Company to HK$200,000,000 (divided into 9,130,434,785 shares and 173,913,043 convertible preference shares of the Company at par values of HK$0.02 and HK$0.10 respectively) by the creation of an additional 5,000,000,000 new shares.

28. SHARE CAPITAL (continued)

Note: (continued)

(b) On 16 August 2013, the Company entered into a placing agreement with Kingston Securities Limited (the "Placing Agent"). Pursuant to which, the Placing Agent have agreed to place a maximum of 586,000,000 shares of HK$0.010 each in the Company to not fewer than six placees, at a price of HK$0.042 per share. 586,000,000 shares of HK$0.010 each in the Company were allotted to the Placees on 5 September 2013. Details are disclosed in the Company's announcement dated 5 September 2013.

The placement was completed on 5 September 2013. The gross proceeds and net proceeds, after deducting all related expenses, were approximately HK$24,612,000 and HK$23,996,000 respectively. The net proceeds were used to provide additional general working capital for the Company. These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 16 May 2013 and rank pari passu with other shares in issue in all respects.

(c) Pursuant to an ordinary resolution passed on 10 October 2013, a share consolidation was approved with effect from 11 October 2013 in which every 2 of the existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company were consolidated into one consolidated share having a par value of HK$0.02 per share (the "Share Consolidation"). Immediately after the Share Consolidation, the authorised and issued and fully paid ordinary share capital of the Company comprised 4,130,434,785 and 1,758,865,060 consolidated shares of HK$0.02 each respectively.

(d) On 13 December 2013, the Company and Ping An of China Securities (Hong Kong) Company Limited and FT Securities Limited (collectively, the "Co-Placing Agents") entered into the co-placing agreement, pursuant to which the Company has conditionally agreed to place, through the Co-Placing Agents on a best effort basis a maximum of 800,000,000 placing shares at a placing price of HK$0.188 per placing share (the "Placing").

The gross proceeds from the Placing are HK$150,400,000. The net proceeds after deducting the placing commission and other related expenses was approximately HK$145,000,000. The relevant resolution was passed at the Company's special general meeting on 7 March 2014. The completion of the Placing took place on 25 March 2014. Further details of the Placing are set out in the Company's announcements dated 13 December 2013, 7 March 2014 and 25 March 2014 and the circular of the Company dated 19 February 2014. These new shares rank pari passu with other shares in issue in all respects.

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes loan from a former fellow subsidiary, loan from a shareholder, the liability component of convertible bonds as disclosed in Notes 24, 25 and 26 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**49,356**	17,522
Financial asset at FVTPL		
– held-for-trading	**16,780**	1,224
– designated at FVTPL	**5,189**	–
	21,969	1,224
Available-for-sale investments	**–**	4
Financial liabilities at amortised cost		
Other financial liabilities	**29,572**	16,750

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, deposit paid for operating right, trade and other receivables, FVTPL, bank balances and cash, loan to non-controlling interests, other payables, amounts due to a former fellow subsidiary, non-controlling interests and a shareholder, loans from a former fellow subsidiary and a shareholder, loan from a non-controlling interests and liability component of convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of certain subsidiaries established in the PRC and Taiwan are RMB and NTD respectively. The RMB is not freely convertible into other currencies however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

The Company has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in HK$, which is the functional currency of the relevant group entities. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

30. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

(i) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets, including bank balances and other receivables and monetary liabilities including trade and other payables of the Group at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**4,103**	2,000	**1,543**	61
NTD	**12,888**	344	**3,262**	–

The following table details the Group's sensitivity to a 5% (2013: 5%) change in Hong Kong dollars against the respective foreign currencies. The 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates a decrease in loss where Hong Kong dollars weaken against the respective currency.

	Foreign currency impact	
	2014	2013
	HK$'000	HK$'000
Decrease in loss	**509**	95

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings arising from, loans from a former fellow subsidiary and a shareholder and the liability component of convertible bonds as set out in Notes 25 and 26, respectively. The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances as detailed in Notes 22. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In view of the current market interest rate for bank balance is low, in the opinion of the directors, the Group's exposures to interest rates risk are minimal.

30. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

As at 31 December 2014, 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, mainly deposit paid for operating right, trade and other receivables and bank balances, as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the directors of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group 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.

As at 31 December 2014, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2013: 100%) of the total trade receivables.

As at 31 December 2014, the Group has concentration of credit risk as 80% (2013: 49%) and 100% (2013: 100%) of the total trade receivables were due from the Group's largest customer and five largest customers respectively, all within the health care services segment and one-stop value chain services (2013: all within the health care services).

However, the directors of the Company consider the credit risk is under control since the directors of the Company exercise due care in granting credit and check the financial background of these debtors on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For the credit risk on the deposit paid for operating right, the directors of the Company considered that the credit risk is minimal.

30. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk as the Group had continuously incurring operating losses. The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in Note 2.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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

	Within 1 year or on demand HK$'000	More than one year less than two years HK$'000	More than two years less than five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2014					
Non-derivative financial liabilities					
Trade and other payables	10,814	–	–	10,814	10,814
Amount due to non-controlling interests	1,053	–	–	1,053	1,053
Loan from a shareholder	–	735	–	735	735
Convertible bonds	2,325	3,487	20,600	26,412	16,970
	14,192	4,222	20,600	39,014	29,572

30. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

	Within 1 year or on demand HK$'000	More than one year less than two years HK$'000	More than two years less than five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2013					
Non-derivative financial liabilities					
Trade and other payables	4,647	–	–	4,647	4,647
Amount due to a former fellow subsidiary	60	–	–	60	60
Amount due to a shareholder	129	–	–	129	129
Amount due to non-controlling interests	808	–	–	808	808
Loan from a former fellow subsidiary	2,070	–	–	2,070	2,000
Loan from a shareholder	4,451	–	–	4,451	4,300
Convertible bonds	1,725	1,725	2,888	6,338	4,806
	13,890	1,725	2,888	18,503	16,750

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of its financial assets.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key inputs
Held-for-trading non-derivative financial assets classified as FVTPL in the consolidated statement of financial position	Listed equity securities in Hong Kong HK$16,780,000 (2013: HK$1,224,000)	Level 1	Quoted bid prices in an active market

30. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key inputs
Designated as financial assets at fair value through profit or loss – Convertible bonds	HK$5,189,000(2013: nil)	Level 3	Using Binomial Option Pricing model: by reference to the face value of the bond and its coupon rate and the quoted price of listed equity within the same industry and the market interest rate for determination of option value. The discount rate adopted is ranged from 12.49% to 16.16%. The relationship of key inputs and fair value: the higher the discount rate, the lower the fair value.

Note: There were no transfers between levels of fair value hierarchy in the current reporting period.

(ii) The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values due to the short-term maturity or the impact of discounting not significant.

31. OPERATING LEASES

Commitments under operating lease

The Group as lessee

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

	2014	2013
	HK$'000	HK$'000
Within one year	**26,243**	7,983
In the second to fifth year inclusive	**2,298**	3,702
	28,541	11,685

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms of one to two years (2013: one to two years) and rentals are fixed over the terms of the leases.

The Group as lessor

Property rental income earned during the year ended 31 December 2014 was approximately HK$156,000 (2013: HK$13,000). The properties generated annualised rental yields of 1.9% (2013: 2.0%) on on-going basis. The properties leased out have committed tenants for the next year.

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

	2014	2013
	HK$'000	HK$'000
Within one year	**146**	166
In the second to fifth year inclusive	**–**	146
	146	312

32. CAPITAL COMMITMENTS

	2014	2013
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of investment properties contracted for but not provided in the consolidated financial statements	**21,768**	–

33. SHARE OPTIONS

The Company has adopted a share option scheme on 24 January 2002 (the "Scheme 2002"). Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 May 2011, the Scheme 2002 was terminated and a new share option scheme (the "Scheme 2011") was adopted.

Under the Scheme 2002, the Company may only grant share options to the directors of the Company or any person who is an employee of members of the Group or any entity in which the Group holds any equity interests. However, the Scheme 2011 provides a broadened basis of and scope of eligible participation and enables the Group to reward the employees, the directors of the Company and other selected participants for their contributions to the Group. The Scheme 2002 was expired on 23 January 2012 and the directors of the Company consider that it is appropriate to adopt the new scheme.

The purpose of the Scheme 2002 and Scheme 2011 is to enable the Company to grant options to selected employees to subscribe for shares of the Company as incentives or rewards for their contributions to the Group. The board of directors of the Company may, at its discretion, invite any full-time or part-time employees of the Company or any member of the Group, including any executive and non-executive directors of the Company, advisors, consultants of the Company or any subsidiary of the Company to take up options to subscribe for shares of the Company. The total number of shares of the Company available for issue under the Scheme 2002 and Scheme 2011 was initially 10% of the issued share capital as at the date of adoption of the Share Option Scheme.

The total number of shares of the Company available for issue under the Scheme 2002 and Scheme 2011 (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue from time to time. An option may be exercised at any time during a period to be determined and notified by the Board to each participant. Upon acceptance of the option, the employee should pay HK$1.00 to the Company by way of consideration for the grant. The subscription price for the shares of the Company will be a price to be determined by the Board and will be the highest of (i) the closing price of the shares on the GEM as stated on the Stock Exchange's daily quotations sheet on the date of granting of the options; (ii) the average closing price of the shares on the GEM as stated on the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of granting of the options; and (iii) the nominal value of a share.

No share option has been granted or outstanding under the Scheme 2002 or Scheme 2011 by the Company during the years ended 31 December 2013 and 2014.

34. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (capped at HK$1,500 per month) (HK$1,250 prior to June 2014) to MPF, in which the contribution is matched by employees.

Pursuant to the regulation of the relevant authorities in the PRC, the subsidiaries of the Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of the eligible employee. Contribution made to the Schemes is calculated base on the certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contribution under the Schemes.

Under the Labor Pension Act of Taiwan, Employees may choose a scheme where the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

The total expense recognised in consolidated profit or loss and other comprehensive income of approximately HK$343,000 (2013: HK$174,000) represents contribution payable to MPF by the Group in respect of the current financial year.

35. DISPOSAL OF INTEREST IN A SUBSIDIARY

For the year ended 31 December 2013

On 1 February 2013, the Group disposed of its entire equity interests in Joyful Grace Trading Limited, a wholly-owned subsidiary of the Group to Good Capital Investment Limited, an independent third party for a total consideration of HK$30,000 received in cash. The net liabilities of the Company at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash consideration	30

Analysis of assets and liabilities over which control was lost:

	As at 1 February 2013 HK$'000
Trade and other receivables	500
Other payables and accruals	(556)
Amount due to immediate holding company	(681)
Net liabilities disposed of	(737)

35. DISPOSAL OF INTEREST IN A SUBSIDIARY (continued)

For the year ended 31 December 2013 (continued)

	As at 1 February 2013 HK$'000
Gain on disposal of entire equity interests in a subsidiary:	
Cash received	30
Net liabilities disposed of	737
Amount due from Joyful Grace Trading Limited	(681)
Gain on disposal	86
Net cash inflow arising from disposal:	
Cash consideration	30

During the period from 1 January to 31 January 2013, Joyful Grace Trading Limited contributed to the Group's revenue and loss of nil and approximately HK$167,000 respectively.

36. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of an asset in a subsidiary

Konson

On 31 March 2014, Skyline Top acquired 100% equity interest in Konson and accepted the assignment of the amount due to a former shareholder. Konson is the sole legal and beneficial owner of the entire issued share capital in Union World International Group Holdings Limited ("Union World"), Union World holds 40% of the equity interest in Beijing HX; Beijing HX holds 55% of the equity interest in Beijing XN, and Beijing XN is the sole legal and beneficial owner of the entire equity interest in the Fuyu (collectively known as the "Konson Group"). The principal activities of Konson and the Konson Group and the details of this transaction are disclosed in the Circular of the Company dated 19 February 2014.

Since the principal asset of the Konson Group comprises only interests in associates, which principal activities of the associate is property development in the PRC, cash and bank balances, accruals and amount due to a former shareholder. In the opinion of the directors of the Company, the acquisition of the Konson Group is not considered as an acquisition of business under HKFRS 3 (Revised) Business Combination through acquisition of subsidiaries.

36. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of an asset in a subsidiary (continued)

Konson (continued)

	HK$'000
Consideration transferred:	
Cash	20,000
Issue of CB-II, at fair value *(Note 1 and 2)*	20,000
Total	40,000

The identifiable assets and liabilities of the Konson Group recognised as at the date of acquisition were as follows:

	HK$'000
Net assets acquired:	
Interests in associate	39,684
Bank balances and cash	331
Accruals	(15)
Amount due to a former shareholder	(9,641)
	30,359
Add: Amount due to a former shareholder assigned to by the Group	9,641
	40,000

Note 1: The fair value of CB-II at completion date was valued by using Binominal Option Pricing model which the Company's share price and share price's volatility are the key input to the valuation.

Note 2: As part of the acquisition condition, the vendor, Mr. So Pan granted a profit guarantee ("Profit Guarantee") to the Group in respect of the financial performance of Fuyu. As stipulated in the agreement with Mr. So, if Fuyu fails to meet the accumulated profit before tax amount of HK$80,000,000 from 31 March 2014 to 31 December 2016, the principal amount of convertible bonds issued by the Company would be reduced proportionately in accordance with the agreement. As at 31 December 2014, the management of the Group anticipated that, based on the expected business operation level of Fuyu, the probability of the triggering event to happen for the year ending 31 December 2016 would be low, besides, the fair value of the Profit Guarantee as at 31 December 2014 had been performed by the valuer not connected with the Group, the fair value of the Profit Guarantee as at 31 December 2014 is nil.

	HK$'000
Net cash outflow in acquisition of the Konson Group:	
Cash consideration paid	(20,000)
Less: Bank balances and cash acquired	331
	(19,669)

36. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of an asset in a subsidiary (continued)

Konson (continued)

Transaction cost directly attributable to the acquisition of Konson Group amounted to approximately HK$704,000, in which HK$352,000 had been recognised as transaction cost directly attributable to the issuance of CB-II as disclosed in note 26(b), and the remaining HK$352,000 have been recognised as an expense in the current year, within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(b) Acquisition of business

Fujian Seton Investment Co., Ltd ("Fujian Seton")

On 4 November 2014, Ye Lei Investment Consulting (Shenzhen) Co., Ltd.（燁磊投資諮詢（深圳）有限公司）, a company of limited liability incorporated in PRC and is a wholly-owned subsidiary of the Company (the "Purchaser"), and Shenzhen Seton Investment Co., Ltd., a company incorporated in PRC with limited liability and Ms. Liu Shu Feng (collectively, the "Vendors") entered into share transfer agreements pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interest in Fujian Seton Investment Co., Ltd.（福建尚同投資有限公司）, a company incorporated in PRC with limited liability, at an aggregate consideration of RMB3,600,000 (equivalent to HK$4,597,200) (the "Acquisition").

Details of the Acquisition are set out in the announcement of the Company dated 4 November 2014.

	HK$'000
Consideration transferred:	
Cash	4,597

The fair values of the identifiable assets and liabilities of the Fujian Seton recognised as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$'000
Motor vehicle	414
Investment property	3,821
Bank balances and cash	53
Other receivables and prepayment	136
Accruals and other payables	(735)
Net assets	3,689
Goodwill arising on acquisition	908

None of the goodwill arising on the acquisitions is expected to be deductible for tax purpose.

Goodwill arose in the acquisition of Fujian Seton because the cost of the combination included the future market development and the assembled workforce of Fujian Seton. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

36. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

Fujian Seton Investment Co., Ltd ("Fujian Seton") (continued)

	Fair value recognised on acquisition HK$'000
Net cash outflow in acquisition of Fujian Seton:	
Cash consideration	(4,597)
Less: Bank balances and cash acquired	53
	(4,544)

Included in the loss for the year ended 31 December 2014 is approximately $212,000 attributable to the additional business generated by Fujian Seton. Revenue for the year ended 31 December 2014 includes approximately HK$40,000 generated from Fujian Seton.

Had the acquisition been completed on 1 January 2014, total revenue of the Group for the year ended 31 December 2014 would have been approximately HK$45,542,000, and loss for the year ended 31 December 2014 would have been approximately HK$29,519,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

37. RELATED PARTY TRANSACTIONS

(a) In addition to related party balances detailed in the consolidated financial statements and Notes 24 and 25, respectively, the Group entered into the following significant transactions with related parties during the year ended 31 December 2014:

Name of company	**Nature of transaction**	**2014 HK$'000**	2013 HK$'000
Top Status *(Note 1)*	Loan interest expense	**64**	258
	2013 CB-I interest expense	**–**	542
Sino Coronet Limited *(Note 2)*	2014 CB-I interest expense	**719**	–
Luck Bloom *(Note 3)*	Loan interest expense	**29**	318
Bright Kingdom International Limited *(Note 4)*	Consultancy fee paid	**527**	–
Wonderful Future Investments Limited *(Note 5)*	Purchase of plant and equipment	**260**	–
East Grand Limited *(Note 6)*	Purchase of plant and equipment	**980**	–

Note 1: Top Status is the shareholder of the Company.

Note 2: Sino Coronet Limited is the wholly-owned subsidiary of the shareholder of the Company.

Note 3: Luck Bloom is the former fellow subsidiary of the Company.

Note 4: Bright Kingdom International Limited is connected with the director of the Company.

Note 5: Wonderful Future Investments Limited is connected with the director of the Company.

Note 6: East Grand Limited is connected with the director of the Company.

37. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year ended 31 December 2014 was as follows:

	2014 HK$'000	2013 HK$'000
Short-term benefits	**4,827**	4,143
Post-employment benefits	**100**	59
	4,927	4,202

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

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
Non-current asset			
Investments in subsidiaries		**135**	135
Current assets			
Other receivables		**317**	318
Amounts due from subsidiaries	*(a)*	**15,120**	200
Bank balances and cash		**25,010**	896
		40,447	1,414
Current liabilities			
Other payables		**1,518**	1,118
Amounts due to subsidiaries	*(a)*	**15,268**	12,757
Amount due to a former fellow subsidiary	*(b)*	–	60
Amount due to a shareholder	*(b)*	–	129
Loan from a former fellow subsidiary	*(b)*	–	2,000
Loan from a shareholder	*(b)*	–	4,300
		16,786	20,364
Net current assets/(liabilities)		**23,661**	(18,950)
Total assets less current liabilities		**23,796**	(18,815)
Non-current liability			
Convertible bonds		**16,970**	4,806
		6,826	(23,621)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital		**51,177**	35,177
Reserves	*(c)*	**(44,351)**	(58,798)
		6,826	(23,621)

Notes:

(a) The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) Amounts due to a former fellow subsidiary/a shareholder and loans from a former fellow subsidiary/a shareholder are included in the consolidated statement of financial position. The terms are set out in Notes 24 and 25 respectively.

(c) Reserves

	Share premium HK$'000	Equity component of convertible bonds HK$'000 *(Note 26)*	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	27,593	–	28,769	(120,905)	(64,543)
Loss for the year, representing total comprehensive expense for the year	–	–	–	(42,042)	(42,042)
Placing of new shares *(Note 28)*	18,752	–	–	–	18,752
Transaction costs attributable to placing of new shares	(616)	–	–	–	(616)
Recognition of equity component of convertible bonds *(Note 26)*	–	29,651	–	–	29,651
At 31 December 2013	45,729	29,651	28,769	(162,947)	(58,798)
Loss for the year, representing total comprehensive expense for the year	–	–	–	(123,122)	(123,122)
Placing of new shares *(Note 28)*	134,400	–	–	–	134,400
Transaction costs attributable to placing of new shares	(4,502)	–	–	–	(4,502)
Recognition of equity component of convertible bonds *(Note 26)*	–	7,671	–	–	7,671
At 31 December 2014	175,627	37,322	28,769	(286,069)	(44,351)

The Company has no distribution reserves as at 31 December 2014 and 2013.

39. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Legal form of entity	Place of incorporation/ operations	Issued and fully paid share capital	Proportion ownership interest held by the Company				Principal Activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
Kama Business Holdings Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	One-stop value chain services
Anson Development Limited	Limited liability	Hong Kong	Ordinary shares of HK$100	**100%**	100%	**–**	–	Group administration
Hoi Fan Investment Limited	Limited liability	BVI	Ordinary shares of US$1	**–**	–	**100%**	100%	Inactive
Goodlink Corporation Limited	Limited liability	Hong Kong	Ordinary shares of HK$1	**–**	–	**100%**	100%	One-stop value chain services
Golden Jack Development Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding
Grand Protection Holdings Limited	Limited liability	BVI	Ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Alapco Company Limited	Limited liability	BVI	Ordinary share of US$1	**–**	–	**100%**	100%	Property holding
Kaley Development Limited	Limited liability	BVI	Ordinary share of US$1	**–**	–	**100%**	100%	Health care business
Cyberpress Limited	Limited liability	Hong Kong	Ordinary shares of HK$100	**–**	–	**100%**	100%	Trading of ceramic products
Elite Rising Holdings Limited	Limited liability	BVI	Ordinary share of US$1	**100%**	100%	**–**	–	Inactive
Prima Target Limited	Limited liability	BVI	Ordinary share of US$1	**–**	–	**100%**	100%	Inactive
Jade Cedar Enterprises Limited	Limited liability	BVI	Ordinary share of US$1	**100%**	100%	**–**	–	Inactive
Wide Graceful Holdings Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding

39. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary	Legal form of entity	Place of incorporation/ operations	Issued and fully paid share capital	Proportion ownership interest held by the Company				Principal Activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
Joy Gold Trading Enterprises Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding
Ever Chance Management Limited	Limited liability	Hong Kong	Ordinary shares of HK$10,000	**–**	–	**100%**	100%	Group administration
King Health Trading Limited	Limited liability	Hong Kong	Ordinary shares of HK$1	**–**	–	**100%**	100%	Trading of agricultural products
Ease Chance Investment Limited	Limited liability	Hong Kong	Ordinary shares of HK$10,000	**–**	–	**100%**	100%	Investment holding
Sky Success International Investments Limited	Limited liability	Hong Kong	Ordinary shares of HK$100	**–**	–	**100%**	100%	Investment holding
Skyline Best Limited	Limited liability	BVI	Ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Wise Success Holdings Limited	Limited liability	BVI	Ordinary share of US$50,000	**–**	–	**100%**	100%	Investment holding
King Noble Holdings Limited	Limited liability	BVI	Ordinary share of US$50,000	**–**	–	**100%**	100%	Investment holding
Fine Champion Holdings Limited	Limited liability	BVI	Ordinary share of US$50,000	**–**	–	**100%**	100%	Investment holding
On Good Investment Limited	Limited liability	Hong Kong	Ordinary share of HK$10,000	**–**	–	**100%**	100%	Investment holding
Glory Delights Investment Limited	Limited liability	Hong Kong	Ordinary share of HK$10,000	**–**	–	**100%**	100%	Investment holding
Total Famous Investment Limited	Limited liability	Hong Kong	Ordinary share of HK$10,000	**–**	–	**100%**	100%	Investment holding
All Ready Holdings Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding
Luster Shine Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding
Skyline Top Limited	Limited liability	BVI	Ordinary shares of US$1	**100%**	100%	**–**	–	Investment holding

39. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary	Legal form of entity	Place of incorporation/ operations	Issued and fully paid share capital	Proportion ownership interest held by the Company				Principal Activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
Great Hero Global Limited *(Note 1)*	Limited liability	BVI	Ordinary shares of US$1	**100%**	–	**–**	–	Investment holding
Global Brands Management Limited *(Note 1)*	Limited liability	Hong Kong	Ordinary shares of HK$500,000	**–**	–	**51%**	–	Brands management
Splendor Health Holdings Limited *(Note 1)*	Limited liability	BVI	Ordinary shares of US$1	**100%**	–	**–**	–	Investment holding
Konson Global Investments Limited *(Note 1)*	Limited liability	BVI	Ordinary shares of US$50,000	**–**	–	**100%**	–	Investment holding
Union World International Group Holdings Limited *(Note 1)*	Limited liability	Hong Kong	Ordinary shares of HK$10,000	**–**	–	**100%**	–	Investment holding
Top Yield Properties Limited *(Note 1)*	Limited liability	Hong Kong	Ordinary shares of HK$1	**–**	–	**100%**	–	Property holding
香港商利高置業有限公司 台北分公司 *(Note 1)*	Limited liability	Taiwan	Ordinary shares of NTD 1,000,000	**–**	–	**100%**	–	Property holding
福建尚同投資有限公司 *(Note 1)*	Limited liability	PRC	Paid up capital of RMB10,000,000	**–**	–	**100%**	–	Property holding
燁磊投資諮詢(深圳)有限公司	Limited liability	PRC	Paid up capital of RMB1,706,473	**–**	–	**100%**	100%	Investment holding
旭堯投資諮詢(深圳)有限公司	Limited liability	PRC	Paid up capital of RMB100,000	**–**	–	**100%**	100%	Property holding
承望投資諮詢(深圳)有限公司	Limited liability	PRC	Paid up capital of RMB100,000	**–**	–	**100%**	100%	Property holding
台灣農業生態科技 開發股份有限公司	Limited liability	Taiwan	Ordinary shares of NTD7,230,000	**–**	–	**59.75%**	59.75%	Trading of agricultural products

None of the subsidiaries has issued any debt securities at the end of both years.

Note 1: Being the subsidiaries acquired or incorporated during the year ended 31 December 2014. For acquisition of subsidiaries, details are disclosed in note 36.

40. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2014, convertible bonds incurred an imputed interest of HK$2,364,000 (2013: HK$542,000).

(b) During the year ended 31 December 2013, the interest on loans from a shareholder and a former fellow subsidiary amounted to approximately HK$576,000 remained unpaid as at 31 December 2013 and included in amount due to a shareholder and a former fellow subsidiary.

(c) During the year ended 31 December 2013, convertible bond issued by the Company in the principal amount of HK$34,500,000 was acquired by a shareholder of the Company, Top Status. The consideration was settled by cash in HK$23,500,000 and the remaining HK$11,000,000 was settled by the loan from a shareholder and a former fellow subsidiary.

(d) During the year ended 31 December 2014, convertible bond issued by the Company in the principal amount of HK$20,000,000 was issued to acquire a subsidiary, Konson Group, as partial settlement. Details are disclosed in note 36.

41. EVENTS AFTER THE REPORTING PERIOD

(i) Sale and Purchase Agreement and Assignment Agreement

On 12 January 2015, Fujian Seton and Mr. Cheung Mong (the "Vendor") entered into the sale and purchase agreement pursuant to which Fujian Seton agreed to acquire and the Vendor agreed to sell a property situated in PRC at a consideration of RMB10,000,000 (equivalent to approximately HK$12,560,000) (the "Acquisition Consideration") which shall be settled by cash payment or delivery of securities of equivalent value by a third party. The Group intends to hold the property for investment purpose. Details of this acquisition are set out in the announcement of the Company dated 12 January 2015.

On the same date, the Company as the assignee and the Vendor, as the assignor entered into the assignment agreement pursuant to which the Company conditionally agreed to accept and the Vendor conditionally agreed to assign the consideration debt at a consideration of HK$12,560,000 (the "Assignment Consideration") which is equivalent to the Acquisition Consideration, to be settled by the issuance of 62,800,000 shares by the Company to the Vendor at the issue price of HK$0.2 each under the general mandate of the Company.

As at the date hereof, the Assignment has not been completed. Further details of this assignment are set out in the announcement of the Company dated 12 January 2015.

(ii) Placing of new shares

On 11 February 2015, the Company entered into a placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, a maximum of 448,000,000 new ordinary shares with placing price of HK$0.2 per placing share in the aggregate nominal value of approximately HK$89,600,000 to not less than six placees. The maximum net proceeds after deducting the transaction costs are approximately HK$85,000,000. On 6 March 2015, the Company was informed by the placing agent that the placing had not been successful. Therefore, the placing agreement lapsed and the placing will not proceed. Further details of the placing are set out in the announcements of the Company dated 11 February 2015, 6 March 2015 and 9 March 2015.

The following is a summary of the consolidated results and of the assets and liabilities of the Group:

For the year ended 31 December

	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**45,541**	19,194	20,798	27,223	23,271
Cost of sales	**(39,960)**	(15,652)	(18,012)	(22,112)	(21,328)
Gross profit	**5,581**	3,542	2,786	5,111	1,943
Other gain on loss, net	**971**	158	14	11	305
Reclassification adjustments for the cumulative gain included in profit or loss upon early redemption of convertible bonds	**–**	–	790	–	–
Increase in fair value of investment properties, net	**451**	160	1,320	730	2,666
(Decrease) increase in fair value of financial assets at fair value through profit or loss	**(1,129)**	436	–	–	–
Gain on early redemption of convertible bonds	**–**	–	272	–	–
Loss on disposal of partial interest in a subsidiary	**–**	–	(688)	–	–
Gain on disposal of interest in a subsidiary	**–**	86	–	–	–
Distribution costs	**–**	–	–	–	–
Administrative expenses	**(36,263)**	(28,274)	(21,465)	(16,749)	(19,204)
Share of result of associates	**4,047**	–	–	–	–
Impairment loss on available-for-sale investment	**–**	–	(500)	–	–
Impairment loss on investment in an associate	**–**	–	(1)	–	–
Finance costs	**(2,457)**	(1,853)	(3,462)	(1,739)	(911)
Change in fair value of embedded conversion option of exchangeable bond	**–**	–	(112)	–	–
Loss before taxation	**(28,799)**	(25,745)	(21,046)	(12,636)	(15,201)
Taxation	**(48)**	(15)	–	(22)	–
Loss for the year	**(28,847)**	(25,760)	(21,046)	(12,658)	(15,201)
Other comprehensive expense for the year:					
Change in fair value of available-for-sale investments	**–**	–	790	–	–
Reclassification adjustments for the cumulative gain included in profit or loss upon early redemption of convertible bonds	**–**	–	(790)	–	
Item that may be reclassified subsequently to profit or loss					
Exchange loss on translation of foreign operation and other comprehensive expense for the year	**(165)**	–	–	–	–

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Other comprehensive expense for the year	**(165)**	–	–	–	–
Total comprehensive expense for the year	**(29,012)**	(25,760)	(21,046)	(12,658)	–
Loss for the year attributable to:					
Owners of the Company	**(27,393)**	(25,746)	(21,046)	(12,658)	(15,201)
Non-controlling Interests	**(1,454)**	(14)	–	–	–
	(28,847)	(25,760)	(21,046)	(12,658)	(15,201)
Total comprehensive expense for the year attributable to:					
Owners of the Company	**(27,578)**	(25,746)	(21,046)	(12,658)	(15,201)
Non-controlling Interests	**(1,434)**	(14)	–	–	–
	(29,012)	(25,760)	(21,046)	(12,658)	(15,201)

ASSETS AND LIABILITIES

As at 31 December

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Non-current assets	**92,707**	7,978	7,894	13,947	15,444
Current assets	**71,994**	19,298	5,806	6,645	5,659
Current liabilities	**11,950**	11,981	31,098	34,819	3,554
Net current assets (liabilities)	**60,044**	7,317	(25,292)	(28,174)	2,105
Non-current liabilities	**17,705**	4,806	–	3,200	22,318
Net assets (net liabilities)	**135,046**	10,489	(17,398)	(17,427)	(4,769)

Investment Property

At 31 December 2014

Location	Type	Lease Term	Effective held
Flat C, 29/F, Tower 3, Sky Tower, No. 38 Sung Wong Toi Road, To Kwa Wan, Kowloon, Hong Kong, together with a car-parking space No. R206 on the second floor of the same building	Residential	long-term lease	100%
Unit 12F, 12th Floor, Block A, EPI Residences, Futian District, Shenzhen, PRC	Residential	medium-term lease	100%
Fulong Garden, Houhai Village, Baiqi Country, Quanzhou Taiwanese Impediment Zone, Fujian Province comprising flats 3005 to 3012 of commercial and residential building No.1 and flat 2905 of commercial and residential building No.3	Commercial and Residential	long-term lease	100%