中國信息科技發展有限公司

China Information Technology Development Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8178)

ANNUAL REPORT 2014

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

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This report, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will be available on the Company's website http://www.chinainfotech. com.hk and will remain on the "Latest Company Report" page on the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Hu Zhuoer *(Chief Executive Officer)*
Mr. Tse Chi Wai
Ms. Wu Jingjing (Appointed on 28 November 2014)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Sun Guofu
Mr. Ng Kwok Fai
Mr. Chen Zhongfa (Resigned on 30 January 2015)
Dr. Chen Shengrong (Appointed on 30 January 2015)

COMPANY SECRETARY

Mr. Tse Chi Wai

COMPLIANCE OFFICER

Mr. Tse Chi Wai

AUTHORISED REPRESENTATIVES

Mr. Hu Zhuoer
Mr. Tse Chi Wai

NOMINATION COMMITTEE

Mr. Chen Zhongfa *(Chairman)*
(Resigned on 30 January 2015)
Dr. Sun Guofu (Chairman from 30 January 2015)
Mr. Hu Zhuoer
Dr. Chen Shengrong (Appointed on 30 January 2015)

REMUNERATION COMMITTEE

Mr. Ng Kwok Fai *(Chairman)*
Dr. Sun Guofu
Mr. Chen Zhongfa (Resigned on 30 January 2015)
Dr. Chen Shengrong (Appointed on 30 January 2015)

AUDIT COMMITTEE

Mr. Ng Kwok Fai *(Chairman)*
Dr. Sun Guofu
Mr. Chen Zhongfa (Resigned on 30 January 2015)
Dr. Chen Shengrong (Appointed on 30 January 2015)

AUDITORS

ZHONGHUI ANDA CPA Limited

LEGAL ADVISORS

Conyers Dill & Pearman

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite No. 5A, 9/F., Sino Plaza
255-257 Gloucester Road
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

GEM STOCK CODE

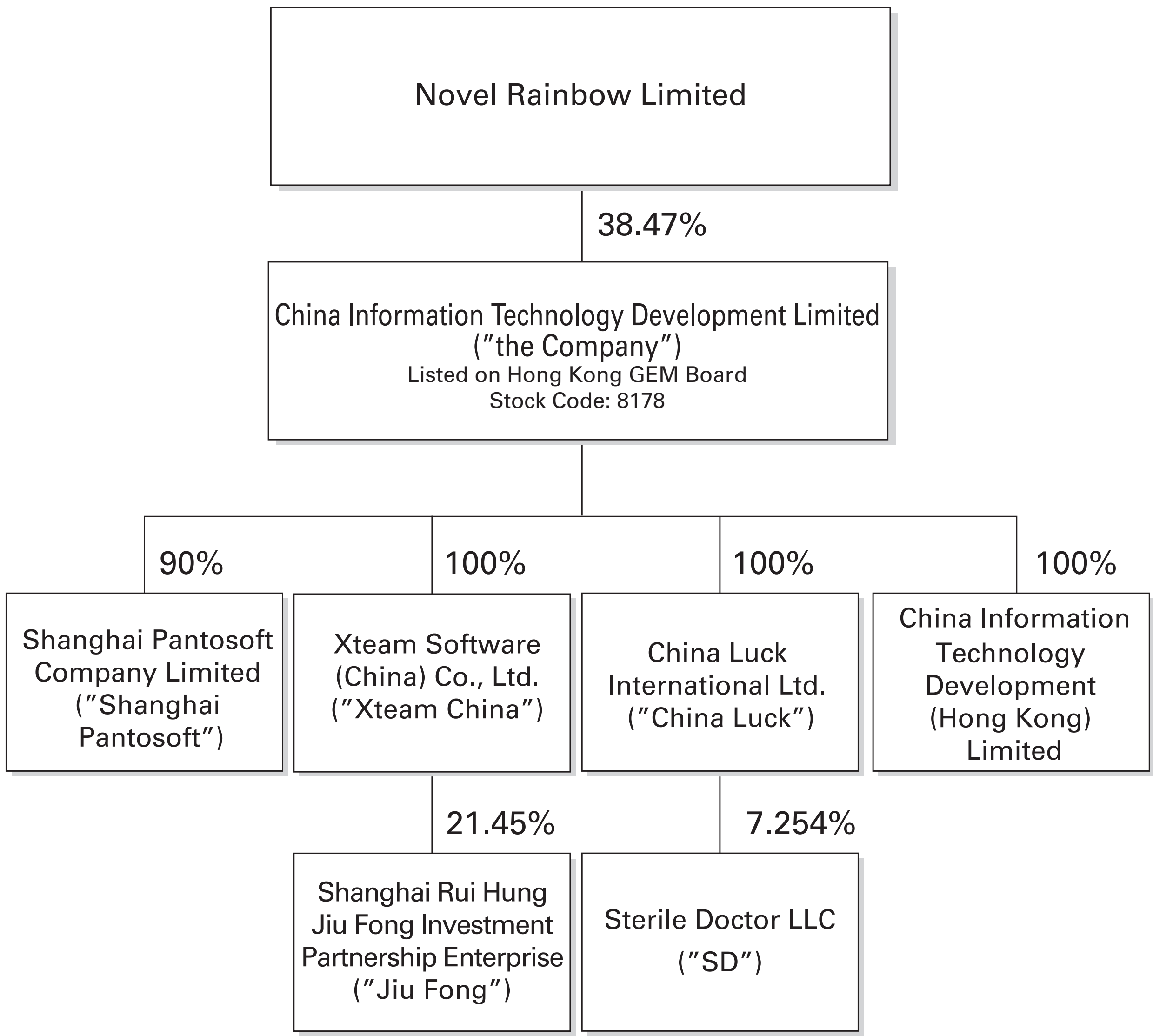
8178

WEB-SITE ADDRESS

www.chinainfotech.com.hk

Simplified Corporate Structure

At 23 March 2015



Note: Place of operations:

Shanghai Pantosoft Company Limited	:	Shanghai
Xteam Software (China) Co., Ltd.	:	Beijing
Sterile Doctor LLC	:	United States
China Information Technology Development (Hong Kong) Limited	:	Hong Kong
Shanghai Rui Hung Jiu Fong Investment Partnership Enterprise	:	Shanghai

CEO's Statement

I am pleased to present to the shareholders the annual report of China Information Technology Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The Group's revenue from continuing operations for 2014 amounted to approximately HK$23,097,000, a significant increase of 26% from approximately HK$18,333,000 in 2013. The gross profit was approximately HK$7,215,000, a decrease of 22.3% compared with approximately HK$9,289,000 in 2013. Loss for the year from continuing operations attributable to the owners of the Company amounted to approximately HK$11,927,000, a significant decrease of approximately HK$8,308,000 compared with loss of approximately HK$20,235,000 in 2013. Including the discontinued operations, profit for the year attributable to the owners of the Company would be approximately HK$1,049,000.

As it was believed that there was a risk of interruption for the core business of Wisdom Elite, the Group disposed of all of its equity interest in Wisdom Elite to Beijing Enterprises Group Information Limited in September 2014. As a result, the revenue of Wisdom Elite was no longer consolidated into the Group subsequent to September 2014, and that had significantly reduced the size of operation of the Group. Currently the Group is principally engaged in the development of educational information products. Despite adverse factors such as the slowdown in the PRC economic growth, stronger competition in e-government and e-education business, which are the areas of focus of the Group, and rising costs of labor and services during the year, such business was still able to achieve considerable growth by way of improved product quality and expanded market and sales.

In March 2014, the Company successfully completed increase of its authorised capital and open offer arrangement and raised an amount of approximately HK$195 million, representing sufficient capital for the Company's investments in the foreseeable future, part of which had been utilised in certain investment projects. The Company invested certain temporarily idle funds on certain high-quality bonds with safety, high return and liquidity in order to increase capital gains during the year ended 31 December 2014.

In May 2014, the Company entered into an equity transfer agreement with Favour Time Investments Limited ("Favour Time") to acquire 60% equity interest in China Luck International Limited ("China Luck") held by Favour Time and repay all borrowings due to Favour Time on behalf of China Luck at a consideration of US$1,248,150. Upon completion of the transaction, the Group holds 100% equity interest in China Luck and indirectly holds 7.254% equity interest in Sterile Doctor LLC.

In June 2014, the Company decided to reduce its share premium by approximately HK$1,193,300,000 and authorized the Directors to apply such amount of share premium in offsetting the accumulated loss balance of the Company as at 31 December 2013 in equivalent amount.

CEO's Statement

Further to the acquisition of 21.45% equity interest in Shanghai Rui Hung Jiu Fong Investment Partnership Enterprise ("Rui Hung Jiu Fong"), the Group entered into a transfer agreement with Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited to acquire an additional 24% equity interest in Rui Hung Jiu Fong in June 2014. Upon completion of the transaction, which is conditional upon the satisfaction of the conditions precedent, the Group will hold in aggregate 45.45% equity interest in Rui Hung Jiu Fong. Rui Hung Jiu Fong entered into a base wine purchase agreement with Sichuan Yibing Gaozhou Jiuye Limited Company ("Gaozhou Jiuye"), whereby its investment in Gaozhou Jiuye in an amount of RMB120 million would be converted to an advancement to Gaozhou Jiuye, amounting to approximately RMB155 million in total together with its accumulated interest, which will be utilised to purchase certain high-quality base wine from Gaozhou Jiuye at a favourable price. Rui Hung Jiu Fong plans to leverage its various cooperation resources to sell tailored-made base wine products through Internet and traditional channels in order to recover its investment and realise gains as soon as practicable. As a substantial shareholder of Rui Hung Jiu Fong, the Group will receive considerable gains should the above-mentioned base wine purchase agreement and operation plan be materialised.

In June and November 2014, the Group increased its investments in Shanghai Pantosoft Company Limited and Xteam Software (China) Co., Ltd., both are members of the Group, by HK$6 million and RMB5 million respectively, in an effort to expand the existing business of the Group.

As at the end of 2014, the Group had substantially completed disposal of its non-performing assets and assets subject to operating risk. Those transactions had reduced the size of the Group's principal business. The Board and management are fully aware of the adverse effects of down sizing and had made great efforts in the area of introducing promising projects. The overall slow-down of the mainland China's economy had resulted in weaker investment demand and greater difficulties in seeking projects with strong potential. However, the Group has yet to introduce a pillar business other than the aforesaid and certain projects with considerable sizes which are being followed up by the Group or under preliminary negotiation. In 2015, the Group will make full use of opportunities arising from continuous growth in information demand from vocational education sector in mainland China and further enhance market competitiveness of products of Shanghai Pantosoft by making stronger marketing efforts to increase its operating revenue by over 40%. The Group will also conduct further exploration and pre-feasibility study of mass online education business and strive to become a leading provider of products and services in the vocational education sector in mainland China. In the meanwhile, the Group will carefully analyze and identify industries and operations with good momentum of growth in future, properly use the raised funds and focus on the introduction of high-quality projects to secure one or two investments in production and operations with considerable size, so as to expand its scale of operations and profitability, to reinforce its core competitiveness and to maximize returns on investment to Shareholders.

On behalf of the Board, I would like to take this opportunity to express appreciation to all the employees and those who have been supportive to the Group.

By Order of the Board
Executive Director/Chief Executive Officer
Hu Zhuoer

Hong Kong, 23 March 2015

Management Discussion and Analysis

BUSINESS REVIEW

In January 2014, pursuant to an ordinary resolution passed at the related extraordinary general meeting, the authorised share capital of the Company was increased from HK$100 million to HK$400 million by creation of an additional 3,000 million new shares of HK$0.10 each.

In March 2014, the Company issued 1,796,981,272 offer shares of HK$0.11 each by way of an open offer on the basis of two offer shares for every one share held on the record date and raised net proceeds of approximately HK$195 million. The open offer was completed on 6 March 2014. More details on the open offer had been disclosed in the relevant circular of the Company dated 10 January 2014 and the prospectus of the Company dated 13 February 2014.

In April 2014, the Company completed the acquisition of 21.45% partnership interest in Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise ("Rui Hung Jiu Fang"). More details on the transaction had been disclosed in the relevant announcements of the Company dated 6 September 2013, 30 December 2013, 28 March 2014 and 16 April 2014 respectively.

In May 2014, the Company and Favour Time Investments Limited entered into an agreement pursuant to which the Company acquired 60% of the equity interest in China Luck International Limited ("China Luck") and took over US$1.2 million (equivalent to approximately HK$9,336,000) loan to China Luck from the vendor, for the consideration of approximately US$1.25 million (equivalent to approximately HK$9,711,000). Immediately after completion of the transaction, the Company owns 100% of the equity interest in China Luck. China Luck holds 7.254% equity interest in Sterile Doctor LLC, which has an exclusive right to manufacture and sell Sterile DoctorTM sterilization products. More details on the transaction had been disclosed in the relevant announcements of the Company dated 28 May 2014 and 29 May 2014.

In June 2014, the Company, Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited entered into an agreement, pursuant to which the Company had conditionally agreed to purchase a further 24% of the partnership interest in Rui Hung Jiu Fang, for the consideration of RMB28 million (equivalent to approximately HK$34,796,000).The transaction was approved by the shareholders at the related extraordinary meeting dated 19 September 2014. The Company is waiting for all the specified conditions precedent to be fulfilled to complete the transaction. More details on the proposed acquisition had been disclosed in the relevant announcement of the Company dated 6 June 2014 and the circular dated 29 August 2014.

In June 2014, the Company acquired certain bonds with a total nominal value of USD4,000,000 at a total consideration of USD4,116,000 (equivalent to approximately HKD31,040,000 and HK$31,940,160 respectively). All those bonds will mature in 2019. The coupon rates range from 3.125% to 5.25% per annum and bond interests are paid semi-annually. More details on the bonds acquired had been disclosed in the relevant announcement of the Company dated 16 June 2014.

In July 2014, the Company entered into an agreement with Beijing Group Information Limited pursuant to which the Company had conditionally agreed to dispose its holding of the entire equity interest in Wisdom Elite Holdings Limited ("Wisdom Elite") at a consideration of RMB72 million (equivalent to approximately HK$89.37 million). The disposal was completed on 29 September 2014. More details on the disposal had been disclosed in the relevant announcements of the Company dated 10 July 2014 and 30 September 2014, and the circular dated 28 August 2014.

Management Discussion and Analysis

In February 2015, the Company disposed of all its bonds investment in the principal amount of USD6,400,000 (equivalent to approximately HK$49,623,000) through the open market at a total consideration of approximately USD6,499,000 (equivalent to approximately HK$50,391,000). The bonds disposal provided the Group with a good opportunity to realise the bonds investment with a positive investment return and to minimize its exposure to the impacts of financial market turbulence. More details on bonds disposal are disclosed in the relevant announcement of the Company dated 4 February 2015.

Other than the above, during the period under review, revenue from provision of information technology related services in the People's Republic of China (the "PRC") remained as staple income of the Group.

OUTLOOK AND PROSPECT

Subsequent to the disposal of Wisdom Elite, the Group will focus more on development of the Pantosoft's operation, and to broaden the scope of investment in the IT field as planned.

As discussed in the prospectus for the Open Offer dated 13 February 2014, among other matters, the Company intended to apply approximately HK$181 million on investments in certain IT projects in 2014, namely:–

(1) City emergency management ("CEM") system in the areas of automated air and water pollution level monitoring;

(2) Automated control and monitoring system for new steel refining technology ("ACM");

(3) Medical related information technology system ("MRS"); and

(4) Other medium to small size projects of electronic business platforms.

The CEM project did not proceed. The Company is monitoring the progress of ACM and MRS projects and will move forward with the investments when those projects are proven to be commercially viable. The two projects together calls for investment of approximately HK$69 million. The Company will apply the remaining funds in the area of electronic business platform investments and the Group's general working capital. As at the date of this report, all the unutilized balances are placed in licensed banks in Hong Kong.

The Group received net proceeds of approximately HK$85 million from the disposal of Wisdom Elite. The Company will apply those funds to acquire projects with good potential in e-education administration, other IT areas and other new technology applications, and to provide general working capital to the Group.

The Group looks forward to expand its operation scale with those funds and to derive profits there from in future.

Management Discussion and Analysis

FINANCIAL REVIEW

The followings are the financial reviews on the continuing operations.

Revenue

The Group's revenue from continuing operations for 2014 amounted to approximately HK$23,097,000, increased by 26% from approximately HK$18,333,000 in 2013. The increase in revenue as compared to the same period of the year 2013 was mainly due to the increase in sales revenue of e-campus application by Pantosoft amounted to approximately HK$4.8 million.

Cost of sales and service

The Group had a total cost of sales and services from continuing operations of approximately HK$15,882,000 for 2014, which increased by 75.6% compared with approximately HK$9,044,000 in 2013. The increase was a result of the general increase in cost and especially staff costs.

Gross profit

The gross profit of the Group from continuing operations in 2014 amounted to approximately HK$7,215,000 which decreased by approximately HK$2,074,000 compared with approximately HK$9,289,000 in 2013. The gross profit margin was 31.2% compared with 50.7% in 2013. The decrease of gross profit margin was mainly attributable to increase in staff costs.

Other income and gains

During the financial year ended 31 December 2014, the Group generated other income and gains from continuing operations of approximately HK$5,922,000 (2013: approximately HK$1,270,000) which comprised: (i) bank interest income amounted to approximately HK$20,000 (2013: approximately HK$24,000); (ii) investment income from held-to-maturity investments and financial assets at fair value through profit or loss investments amounted to approximately HK$1,802,000 (2013: approximately HK$803,000); (iii) reversal of impairment loss on other receivables amount to approximately 2,967,000 (2013:Nil); (iv) government grants amount to approximately HK$356,000 (2013:Nil); (v) waived other payable amount to approximately HK$315,000 (2013: Nil) and (vi) other miscellaneous items in an aggregate amount of approximately HK$462,000 (2013: approximately HK$443,000).

Selling and distribution expenses

The Group's selling and distribution expenses from continuing operations in 2014 amounted to approximately HK$5,267,000, which increased by 20% compared with approximately HK$4,388,000 in 2013. The increase was mainly due to increased staff cost and increased in expenses spent to explore new markets.

Administrative expenses

Administrative expenses of the Group from continuing operations in 2014 were approximately HK$18,292,000, increased by 21.4% comparing to approximately HK$15,062,000 in 2013. The increase was mainly attributable to increase in staff cost and other expenses of Pantosoft as the Group had been scaling up the Pantosoft operation.

Other expenses

Other expenses of the Group from continuing operations were approximately HK$1,140,000 for 2014 compared to approximately HK$9,891,000 for the previous year which comprised; (i) impairment provision on certain other receivables amounted to approximately HK$33,000 (2013: approximately HK$9,563,000); (ii) impairment provision on trade receivables amounted to approximately HK$795,000 (2013: approximately HK$315,000) and (iii) other miscellaneous expenses in an aggregate amount of approximately HK$312,000 (2013: approximately HK$13,000).

Finance costs

Finance costs of the Group from continuing operations for 2014 were approximately HK$374,000, a decrease of approximately HK$426,000 comparing to approximately HK$800,000 in 2013. All the finance costs were attributed to loan interest incurred by China Luck in 2014. The loan was fully repaid in June 2014. All the finance costs were attributed to the long term loan interest for 2013. The long term loan was fully repaid in May 2013.

Loss attributable to owners

The Group's loss attributable to owners of the Company from continuing operations was approximately HK$11,927,000 for 2014 (2013: approximately 20,235,000). The Group's loss attributable to owners of the Company for 2013 was significantly higher than that for 2014 as there was an impairment provision of approximately HK$9,563,000 made on other receivables in 2013.

FINANCIAL POSITION

Liquidity and financial resource

As at 31 December 2014, cash and bank balances held by the Group increased from approximately HK$73,961,000 as of 31 December 2013 to approximately HK$207,622,000.

As at 31 December 2014, the Group's total borrowings and finance lease amounted approximately HK$720,000 (2013: HK$1,269,000). The gearing ratio (calculated as total borrowings and finance lease over total equity) of the Group was 0.02 (2013: 0.01).

For the year ended 31 December 2014, the Group had capital expenditure of approximately HK$836,000 (2013: HK$204,000).

Capital structure

In January 2014, the authorised share capital of the Company was increased from HK$100 million to HK$400 million by creation of an additional 3,000 million new shares of HK$0.10 each.

In March 2014, the Company issued 1,796,981,272 offer shares of HK$0.11 each by way of an open offer on the basis of two offer shares for every one share held on the record date and raised net proceeds of approximately HK$195 million. Detail of movements in share capital is set out in note 35 to the financial statements.

Management Discussion and Analysis

Exposures to exchange rate fluctuation and hedging activities

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Employees and remuneration policies

The total number of full-time employees hired by the Group maintained at 136 as of 31 December 2014. (2013: 240 employees, out of which 129 was related to Wisdom Elite and its subsidiary). Total expenses on employee benefits amounted to approximately HK$18,737,000 for the year ended 31 December 2014 (2013: HK$38,721,000, out of which HK$22,458,000 was related to Wisdom Elite and its subsidiary). The decrease in both headcounts and staff costs were mainly attributed to the Group ceased to consolidate the Wisdom Elite and hence VST since the end of September 2014. The management believes the remuneration packages offered by the Group to its employees are competitive.

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

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

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. HU Zhuoer, aged 49, chief executive officer, graduated from Shanghai University of Finance and Economics with a bachelor's degree in science in 1986, obtained a master's degree in Finance from Peking University in 2000 and obtained the qualification of Senior Engineer in 2007. Mr. Hu had served in the Ministry of Finance and was a deputy director and then director of the State Administration of Taxation and a party constitution member and deputy director of the Chengdu Municipal Office of the State Administration of Taxation. During his term of office in the State Administration of Taxation, he mainly engaged in technology and equipment management, IT construction and planning, international exchanges on technology, etc. During his service in the Chengdu Municipal Office of the State Administration of Taxation, he was mainly responsible for tax audit, the Golden Taxation project, tax collection for large enterprises, etc. Mr. Hu has extensive experiences in eGovernment planning and construction, tax reform implementation and governance and government affair restructuring and innovation. Mr. Hu joined the Group on 25 August 2009.

Mr. TSE Chi Wai, aged 47, was appointed an executive director on 15 August 2011. He is also the financial controller and company secretary of the Company. Mr. Tse graduated from the University of Hong Kong in 1989 with a bachelor degree in Social Science Studies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse has over twenty years of experience in auditing, accounting and finance gained from working with various international accounting firms and listed companies. Mr. Tse is also an executive director of Jih Sun Financial Holding Company Limited, the shares of which are listed on the Taiwan Stock Exchange and an independent non-executive director of Sunac China Holdings Limited and Greens Holdings Limited, the shares of those companies are listed on the Stock Exchange. Mr. Tse joined the Group in May 2010.

Ms. WU Jingjing, aged 45, graduated from the English Department of the Xian Air-force Engineering College in 1991. She had worked with the Citic Group, the Beijing Branch of Industrial and Commercial Bank Corporation of China, Beijing Xintiandi Electronic Information Technology Research Institute and Beijing Fongzheng Xintiandi Property Management Company Limited. She is a director of the Beijing Jiahe Zhiye Technology Company Limited since August 2013. Ms. Wu has vast experience in information technology service provision and corporate management. Ms. Wu joined the Group on 28 November 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Kwok Fai, aged 42, has extensive experience in the financial market of Hong Kong and the PRC and is mainly responsible for providing advices to various types of clients including private and institutional investors, Hong Kong listed companies and PRC enterprises in a comprehensive approach. He has originated and handled numerous corporate transactions throughout the Asia-Pacific region, including securities dealing, investment portfolio management and accounting and financial advisory. Mr. Ng's insight in those areas, along with his substantial experience in international business development, assisted the management of his clients in its oversight of their companies' businesses. He also has in-depth knowledge in due diligence review and internal control advisory which provides him with expertise of corporate governance. Mr. Ng is a member of American Institute of Certified Public Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a member of The Hong Kong Institute of Chartered Secretaries and a member of the Institute of Chartered Secretaries and Administrators. Mr. Ng is also the deputy chairman of Landing International Development Limited, the shares of which are listed on the Stock Exchange. Mr. Ng joined the Group on 13 May 2011.

Biographical Information of Directors and Senior Management

Dr. SUN Guofu, aged 45, graduated from Shanxi Mining Institute in 1991 and obtained a bachelor's degree in engineering. He obtained a master's degree in engineering from Beijing Institute of Technology in 1997 and a doctor's degree in engineering from Tsinghua University in 2001. He worked at Shanxi Mining Institute and Communication Equipment Company and was a vice president of Founder Technology Group Corp. Also he was the member of the Expert Committee of the National Electronic Document, vice chairman of the China Communications Industry Association, a standing member of the China Electronic Chamber of Commerce and a member of the China Computer Users Association. He is currently the managing partner of Beijing FHYC Investment & Management Center (LLP), the director and general manager of FounderSec Technologies Limited, Dr. Sun has extensive experience in management and research & development. Dr. Sun joined the Group on 25 August 2009.

Dr. CHEN Shengrong, aged 32, obtained a doctorate degree in Business Administration from the Pacific States University of the USA in 2011. She was an audit manager with Baker Tilly China Certified Public Accountants and had been the vice general manager of New Times Securities Company Limited in charge of risk control. Since August 2014, Dr. Chen serves as the vice president of finance of Skyslink New Energy Asset Management Limited. Dr. Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management. Dr. Chen joined the Group on 30 January 2015.

SENIOR MANAGEMENT

Mr. CHEN Wenwei, aged 44, is the assistant to CEO of the Group and general manager of Xteam Software (China) Company Limited. Mr. Chen graduated from Huazhong University of Science and Technology and obtained a EMBA from the Beijing University. He had been an assistant engineer with the North China Institute of Computing Technology for computing technology, manager of the Beijing Strong Technical Industry Company, assistant general manager of Beijing Strong Technical Industry Company, partner of Taineng Technology Investment Company Limited, etc. He has extensive experiences in market development, business investment and channel management. Mr. Chen joined the Group in March 2012.

Mr. SHEN Xiaodong, aged 36, is the general manager of Shanghai Pantosoft. Mr. Shen graduated from Wuhan Polytechnic University with a bachelor degree in construction engineering studies in 2002. Mr. Shen has over ten years of experience in sales and administrative management of vocational education software business. Mr. Shen joined the Group in March 2014.

Report of the Directors

The directors present their report and the audited consolidated financial statements of China Information Technology Development Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 27 to 30.

The directors do not recommend the payment of a final dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 94. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movement in the share capital and share options of the Company during the year are set out in note 35 and note 36 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

Report of the Directors

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution to shareholders amounted to approximately HK$33,647,000 (including share premium account, foreign currency translation reserve and retained earnings). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business, in accordance with the Company's Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 32.9% of the total sales for the year and sales to the largest customer included therein amounted to 8.1%. Purchases from the Group's five largest suppliers accounted for 47.5% of the total purchases for the year and purchase from the largest supplier included therein amounted to 18.5%.

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

DIRECTORS

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

Executive directors:

Mr. Hu Zhuoer
Mr. Tse Chi Wai
Ms. Wu Jingjing (appointed on 28 November 2014)

DIRECTORS *(Continued)*

Independent non-executive directors:

Mr. Ng Kwok Fai
Dr. Sun Guofu
Mr. Chen Zhongfa (resigned on 30 January 2015)
Dr. Chen Shengrong (appointed on 30 January 2015)

In accordance with articles 86(3), 87(1) and 87(2) of the Company's articles of association, one-third of the directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Ng Kwok Fai, Dr. Sun Guofu, and Mr. Chen Zhongfa and Dr. Chen Shengrong and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee. Further details of the Company's remuneration committee are set out in the corporate governance report on page 20 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

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

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as other wise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), were as follows:

(1) Long positions in ordinary shares of the Company:

Nil

(2) Long positions in share options of the Company:

Nil

Save as disclosed above, as at 31 December 2014, none of the directors or chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as other wise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At the date of this report, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Novel Rainbow Limited		Directly beneficially owned	1,037,067,449	38.47%
Mr. Wei Gao	*(a)*	Through controlled corporations	1,037,067,449	38.47%
Farco Holdings Limited		Directly beneficially owned	264,551,344	9.81%
Mr. Dong Yu	*(b)*	Through controlled corporations	264,551,344	9.81%

Notes:

(a) Mr. Wei Gao was deemed to be interested in the 1,037,067,449 shares by virtue of his controlling interests in Novel Rainbow Limited.

(b) Mr. Dong Yu was deemed to be interested in the 264,551,344 shares by virtue of his controlling interests in Farco Holdings Limited.

Save as disclosed above, as at the date of this report, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Report of the Directors

EVENT AFTER THE REPORTING PERIOD

Details of significant event after the reporting period of the Group are set out in note 46 to the consolidated financial statements.

COMPETING INTERESTS

During the year and up to the date of this report, none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 20 to 24.

AUDITORS

ZHONGHUI ANDA CPA Limited retires and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Hu Zhuoer
Director

Hong Kong
23 March 2015

Corporate Governance Report

INTRODUCTION

The Company has complied with all the Corporate Governance Code Provisions as set out in Appendix 15 of the GEM Listing Rules (the "Code") for the year ended 31 December 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Directors have confirmed that they have complied with the GEM Listing Rules throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

The board of directors, which currently comprises five directors, is responsible for corporate strategy, annual, interim and quarterly results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters of the Company. Major corporate matters that are specifically delegated by the board of directors to the management include the preparation of annual, interim and quarterly accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the board of directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of all directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. All directors have given sufficient time and attention to the affairs of the Group. Each executive director has sufficient experience, knowledge and execution ability to hold the position so as to carry out his duties effectively and efficiently.

All directors have participated in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that they are well informed and remain relevant with respect to their contributions to the Board.

BOARD MEETING

During the year of 2014, the board held totally fifteen meetings. The attendance of each director at board meetings is as follows:

Name of director	**Attendance/Number of meetings held**
Executive directors:	
Mr. Hu Zhuoer *(Chief executive officer)*	15/15
Mr. Tse Chi Wai	15/15
Ms. Wu Jingjing (appointed on 28 November 2014)	0/15
Independent non-executive directors:	
Mr. Ng Kwok Fai	7/15
Dr. Sun Guofu	7/15
Mr. Chen Zhongfa	7/15

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has complied with Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The chairman is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company. Upon the resignation of the former chairman, the Company has yet to elect a chairman replacement. Chairman at a board meeting is currently elected on an ad-hoc basis at each board meeting. Mr. Hu Zhuoer is the chief executive officer of the Company and is responsible for the day-to-day operations of the Group.

NON-EXECUTIVE DIRECTORS

The Board fulfilled the requirement of appointing at least three independent non-executive directors and they represented at least one-third of the Board as stipulated by the GEM Listing Rules. It met the requirement of having at least one of the independent non-executive directors with appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive directors have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders.

None of the non-executive directors is appointed for a specific term, which constitutes a deviation from Code Provision A4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Nonetheless, in accordance with the articles of association of the Company, all non-executive directors are subject to retirement by rotation. The Company considers that there are sufficient measures to ensure the corporate governance standard of the Company is not less exacting than the Code.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rule.

During the year under review, members of the remuneration committee are Mr. Ng Kwok Fai (committee chairman), Dr. Sun Guofu, Mr. Chen Zhongfa (resigned on 30 January 2015) and Dr. Chen Shengrong (appointed on 30 January 2015). All of the remuneration committee members are independent non-executive directors.

Its main role and function included the determination of specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive directors. The remuneration committee should consider 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.

During the year of 2014, two remuneration committee meetings were held. The attendance of each member is set out below:

Name of member	Attendance/Number of meetings held
Mr. Chen Zhongfa	2/2
Mr. Ng Kwok Fai	2/2
Dr. Sun Guofu	2/2

EMOLUMENTS OF SENIOR MANAGEMENT

The emoluments of each senior management were as follows:

	2014	2013
	HK$'000	HK$'000
Shen Xiaodong (joined the Group in March 2014)	**530**	–
Chen Wenwei	**168**	144

The remuneration of the senior management for the year ended 31 December 2014 and 2013 fell within the range of nil to HK$1,000,000.

NOMINATION OF DIRECTORS

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy or, subject to authorisation by the shareholders of the Company in general meeting, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their respective professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business of the Board taken as a whole.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with Code Provisions A.5.1 to A.5.6 of Appendix 15 of the GEM Listing Rules.

The nomination committee is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment, re-appointment and succession of directors.

The nomination committee currently has three members, with Mr. Chen Zhongfa being the chairman (resigned on 30 January 2015) and Dr. Sun Guofu (chairman from 30 January 2015), Mr. Hu Zhuoer and Dr. Chen Shengrong (appointed on 30 January 2015) being the members. A majority of the nomination committee are independent non-executive directors of the Company.

The Company recognises and embraces the benefits of having a diverse Board, and notes increasing diversity at Board level as an essential element in maintaining a competitive advantage. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective. In reviewing Board composition, the Nomination Committee will consider a number of factors, including professional knowledge, skills, experience and diversity of perspectives which are appropriate to the Company's business model and specific needs. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year of 2014, one nomination committee meeting was held. The attendance of each member is set out below:

Name of member	Attendance/Number of meetings held
Mr. Chen Zhongfa	1/1
Dr. Sun Guofu	1/1
Mr. Hu Zhuoer	1/1

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the auditor's remuneration for audit services was HK$430,000 and for non-audit service assignments was HK$280,000 all of which was paid to ZHONGHUI ANDA CPA Limited in connection with the circular and issuance of comfort letter on capital sufficiency for disposal of Wisdom Elite and further acquisition of 24% partnership interest in Rui Hung Jiu Fang.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rule.

The audit committee comprises three independent non-executive directors, namely Mr. Ng Kwok Fai (committee chairman), Dr. Sun Guofu, Mr. Chen Zhongfa (resigned on 30 January 2015) and Dr. Chen Shengrong (appointed on 30 January 2015).

The duties of the audit committee include supervising the financial reporting procedure and reviewing the consolidated financial statements of the Group, examining and monitoring the internal control system adopted by the Group and reviewing the relevant work of the Group's external auditor.

During the year under review, four audit committee meetings were held. The attendance of each member is set out below:

Name of member	Attendance/Number of meetings held
Mr. Ng Kwok Fai	4/4
Dr. Sun Guofu	4/4
Mr. Chen Zhongfa	4/4

Corporate Governance Report

COMPANY SECRETARY

As at 31 December 2014, the company secretary of the Company, Mr. Tse Chi Wai, who is also an executive director, fulfilled the requirement under Rules 5.14 and 5.15 of the GEM Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of directors. He has attained not less than fifteen hours of relevant professional training during the year. His biography is set out in the "Directors and Senior Management" section of this annual report.

SHAREHOLDERS' RIGHTS

In accordance with the Company's Article 58, the shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Shareholders may put forward their enquiries about the Company to the Board or the company secretary at the Company's head office in Hong Kong.

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar.

Other enquiries or comments raised by any shareholder can be mailed to the Board at the Company's head office in Hong Kong.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors' responsibilities for the consolidated financial statements and the responsibilities of the external auditors to the shareholders are set out on page 25 to 26. The directors of the Company have confirmed that the preparation of the Group's consolidated financial statements is in compliance with the relative regulations and applicable accounting standards.

INTERNAL CONTROL

The Board conducted reviews of the system of internal control of the Group to ensure an effective and adequate internal control system has been in place. The Board also convened meetings to discuss financial, operational and risk management control aspects of the Group.

Independent Auditor's Report

中汇
ZHONGHUI

To the shareholders of
China Information Technology Development Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Information Technology Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 93, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY *(Continued)*

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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's results 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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084
Hong Kong, 23 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	6&7	**23,097**	18,333
Cost of sales and service		**(15,882)**	(9,044)
Gross profit		**7,215**	9,289
Other income and gains	8	**5,922**	1,270
Selling and distribution expenses		**(5,267)**	(4,388)
Administrative expenses		**(18,292)**	(15,062)
Other expenses		**(1,140)**	(9,891)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**321**	(763)
Finance costs	9	**(374)**	(800)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	10	**(11,615)**	(20,345)
Income tax expenses	12	**–**	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(11,615)**	(20,345)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	13	**12,976**	10,636
PROFIT/(LOSS) FOR THE YEAR		**1,361**	(9,709)
Attributable to:			
Owners of the Company			
Loss from continuing operations		**(11,927)**	(20,235)
Profit from discontinued operations		**12,976**	11,169
		1,049	(9,066)
Non-controlling interests			
Profit/(loss) from continuing operations		**312**	(110)
Loss from discontinued operations		**–**	(533)
		312	(643)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE	15		
– From continuing and discontinued operations (Hong Kong cents)		**0.04**	(0.77)
– From continuing operations (Hong Kong cents)		**(0.49)**	(1.72)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**1,361**	(9,709)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of a joint venture		**76**	–
Exchange differences on translation of foreign operations		**(772)**	2,704
Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	*40(a)&(b)*	**(13,624)**	(7,494)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		**(14,320)**	(4,790)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(12,959)**	(14,499)
Attributable to:			
Owners of the Company		**(13,196)**	(13,937)
Non-controlling interests		**237**	(562)
		(12,959)	(14,499)

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**2,780**	4,220
Goodwill	17	**–**	12,000
Other intangible assets	18	**431**	592
Investment in an associate	19	**–**	3,587
Investment in a joint venture	20	**31,594**	–
Available-for-sale financial assets	21	**15,632**	–
Held-to-maturity investments	22	**–**	3,293
Total non-current assets		**50,437**	23,692
CURRENT ASSETS			
Inventories	23	**82**	280
Amounts due from contract customers	24	**–**	5,317
Trade receivables	25	**5,848**	3,453
Prepayments, deposits and other receivables	26	**5,885**	6,408
Due from an associate	27	**–**	45
Held-to-maturity investments	22	**–**	12,692
Financial assets at fair value through profit or loss	28	**50,035**	17,818
Bank and cash balances	29	**207,622**	73,961
Total current assets		**269,472**	119,974
CURRENT LIABILITIES			
Trade payables	30	**3,371**	3,780
Amounts due to contract customers	24	**–**	2,754
Other payables and accruals	31	**4,066**	6,907
Income tax payables		**8,784**	9,394
Other loans	32	**–**	1,269
Finance lease payables	33	**251**	–
Total current liabilities		**16,472**	24,104
NET CURRENT ASSETS		**253,000**	95,870

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**303,437**	119,562
NON-CURRENT LIABILITIES			
Finance lease payables	*33*	**469**	–
		469	–
NET ASSETS		**302,968**	119,562
CAPITAL AND RESERVES			
Share capital	*35*	**269,547**	89,849
Reserves	*38*	**34,491**	30,689
Equity attributable to owners of the Company		**304,038**	120,538
Non-controlling interests		**(1,070)**	(976)
TOTAL EQUITY		**302,968**	119,562

Approved by the Board of Directors on 23 March 2015

Hu Zhuoer
Director

Tse Chi Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

		Attributable to owners of the Company								
		Share Capital	**Share premium account**	**Capital reserve**	**Foreign currency translation reserve**	**PRC reserve funds**	**(Accumulated losses)/ Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Notes		*(note 38(a)(ii))*	*(note 38(a)(iii))*	*(note 38(a)(iv))*	*(note 38(a)(v))*				
1 January 2013		89,849	1,204,135	8,329	22,244	12,569	(1,202,651)	134,475	18,326	152,801
Loss for the year		–	–	–	–	–	(9,066)	(9,066)	(643)	(9,709)
Other comprehensive (loss)/income for the year:										
– Exchange differences on translation of foreign operations		–	–	–	2,623	–	–	2,623	81	2,704
– Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	*40(b)*	–	–	–	(7,494)	–	–	(7,494)	–	(7,494)
Total comprehensive loss for the year		–	–	–	(4,871)	–	(9,066)	(13,937)	(562)	(14,499)
Disposal of subsidiaries		–	–	–	–	(5,782)	5,782	–	(18,740)	(18,740)
Transfer to PRC reserve funds		–	–	–	–	1,039	(1,039)	–	–	–
Transfer of capital reserve		–	–	(8,329)	–	–	8,329	–	–	–
At 31 December 2013 and 1 January 2014		89,849	1,204,135*	–*	17,373*	7,826*	(1,198,645)*	120,538	(976)	119,562
Profit for the year		–	–	–	–	–	1,049	1,049	312	1,361
Other comprehensive (loss)/income for the year:										
– Share of other comprehensive income of a joint venture		–	–	–	76	–	–	76	–	76
– Exchange differences on translation of foreign operations		–	–	–	(697)	–	–	(697)	(75)	(772)
– Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	*40(a)*	–	–	–	(13,624)	–	–	(13,624)	–	(13,624)
Total comprehensive profit/(loss) for the year		–	–	–	(14,245)	–	1,049	(13,196)	237	(12,959)
Issue of new shares	*35*	179,698	17,970	–	–	–	–	197,668	–	197,668
Transaction costs attributable to issue of new shares	*35*	–	(2,562)	–	–	–	–	(2,562)	–	(2,562)
Capital injection by a non-controlling shareholder of a subsidiary	*45*	–	–	–	–	–	–	–	1,259	1,259
Gain on equity transaction with non-controlling shareholder of a subsidiary	*45*	–	–	–	–	–	1,590	1,590	(1,590)	–
Share premium reduction (note i)		–	(1,193,300)	–	–	–	1,193,300	–	–	–
Disposal of subsidiaries		–	–	–	–	(6,982)	6,982	–	–	–
At 31 December 2014		269,547	26,243*	–*	3,128*	844*	4,276*	304,038	(1,070)	302,968

Notes:

* These reserve accounts comprise the consolidated reserve of approximately HK$34,491,000 (2013: approximately HK$30,689,000) in the consolidated statement of financial position.

(i) Pursuant to a special resolution passed by the shareholders at the Company's annual general meeting on 27 June 2014, it was agreed that both the share premium account and the accumulated losses account be reduced by the same amount of approximately HK$1,193.3 million.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax			
From continuing operations		**(11,615)**	(20,345)
From discontinued operations		**13,632**	10,754
Adjustments for:			
Finance costs	*9*	**374**	800
Bank interest income	*8*	**(2,032)**	(1,427)
Investment income from held-to-maturity investments	*8*	**(112)**	(60)
Investment income from financial assets at fair value through profit or loss	*8*	**(1,690)**	(743)
Loss on disposal of held-to-maturity investments	*10*	**171**	–
Gain on disposal of subsidiaries	*13*	**(8,564)**	(10,910)
Gain on deemed disposal of a subsidiary	*40(c)*	**–**	(45)
Gain on disposal of property, plant and equipment	*8*	**(85)**	–
Fair value (gain)/loss on financial assets at fair value through profit or loss		**(321)**	763
Changes in financial assets at fair value through profit or loss		**(31,896)**	(18,581)
Depreciation	*16*	**938**	1,262
Amortisation of other intangible assets	*18*	**161**	161
Impairment of goodwill	*17*	**–**	3,000
Impairment of other receivables	*10*	**33**	9,563
Reversal of impairment loss on other receivables	*8*	**(2,967)**	–
Impairment of trade receivables	*10*	**795**	315
Waiver of other payables	*8*	**(315)**	–
Operating cash flows before working capital change		**(43,493)**	(25,493)
Decrease/(increase) in inventories		**160**	(274)
Decrease/(increase) in amounts due from contract customers		**4,445**	(1,129)
(Increase)/decrease in trade receivables		**(3,205)**	1,305
Increase in prepayments, deposits and other receivables		**(435)**	(9,456)
Increase in amounts due from an associate		**–**	(45)
Decrease in trade payables		**(66)**	(284)
Increase/(decrease) in amounts due to contract customers		**114**	(1,176)
(Decrease)/increase in other payables and accruals		**(1,369)**	7,066
Cash used in from operations		**(43,849)**	(29,486)
Interest paid	*9*	**(374)**	(800)
Mainland China income tax paid		**(174)**	(1,079)
Net cash used in operating activities		**(44,397)**	(31,365)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	*16, 42*	**(116)**	(204)
Proceeds from disposal of property, plant and equipment		**275**	1
Purchase of held-to-maturity investments		**(50,447)**	(15,985)
Proceeds from disposal of held-to-maturity investments		**3,122**	–
Purchase of a joint venture	*20*	**(31,518)**	–
Acquisition of a subsidiary	*41*	**(9,360)**	–
Disposals of subsidiaries	*40*	**70,546**	(5,324)
Capital injection in an associate		**(2,640)**	(3,587)
Decrease in time deposits with maturity of more than three months when acquired		**44,230**	8,281
Interest received	*8*	**2,032**	1,427
Investment income from held-to-maturity investments	*8*	**112**	60
Investment income from financial assets at fair value through profit or loss	*8*	**1,690**	743
Net cash generated from/(used in) investing activities		**27,926**	(14,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholder of a subsidiary	*45*	**1,259**	–
Net proceeds from issue of new shares	*35*	**195,106**	–
Repayment of long term loans		**–**	(31,968)
(Repayment)/inception of short-term loans		**(1,264)**	1,269
Net cash generated from/(used in) financing activities		**195,101**	(30,699)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**178,630**	(76,652)
Cash and cash equivalents at beginning of year		**29,338**	103,431
Effect of foreign exchange rate changes		**(547)**	2,559
CASH AND CASH EQUIVALENTS AT END OF YEAR		**207,421**	29,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits		**207,421**	29,338
Time deposits		**201**	44,623
Cash and cash equivalents as stated in the consolidated statement of financial position		**207,622**	73,961
Less: Time deposits with maturity of more than three months when acquired		**(201)**	(44,623)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**207,421**	29,338

Notes to the Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands. The address of its principal place of business is Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were principally engaged in the development and sale of computer software and hardware, the provision of system integration and related support services in Mainland China, the People's Republic of China (the "PRC").

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs and the 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.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint arrangement *(Continued)*

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation

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

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

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

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease terms or 5 years, whichever is shorter
Furniture, fixtures and equipment	18% – 30%
Motor vehicles	10% – 20%

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in consolidated profit or loss.

Leases

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

Golf club membership

Golf club membership is stated at cost less any accumulated impairment losses and is amortised on the straight-line basis over their estimated useful life of 10 years. Impairment is reviewed annually or when there is any indication that the golf club membership has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction, or completion of a physical proportion of the contract work, as appropriate. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in consolidated profit or loss.

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

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments *(Continued)*

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

An impairment loss is recognised in consolidated profit or loss when there is an objective evidence that the held-to-maturity investments are impaired, and is measured as the difference between the investments' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods and recognised in consolidated profit or loss when an increase in the investments' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investments at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

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

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in consolidated profit or loss.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is an objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in consolidated profit or loss. Interest calculated using the effective interest method is recognised in consolidated profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments *(Continued)*

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

Impairment losses recognised in consolidated profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in consolidated profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in consolidated profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses on unquoted equity instruments that are not carried at fair value because their fair value cannot be reliably measured are not reversed.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in consolidated profit or loss.

Impairment losses are reversed in subsequent periods and recognised in consolidated profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" above;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to consolidated profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organized by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to consolidated profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, investments, inventories and receivables 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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets *(Continued)*

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.

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

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

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Provisions and contingent liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities *(Continued)*

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS

Key sources of estimation uncertainty

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, are discussed below.

(a) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing for the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Provision for impairment of trade receivables and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Percentage of completion of service contracts

The Group recognises revenue according to the percentage of completion of the individual contract of services. The Group's management estimates the percentage of completion of service contracts based on the actual cost incurred over the total budgeted cost, or completion of a physical portion of the contract work, as appropriate, where corresponding contract revenue is also estimated by management. Because of the nature of the activity undertaken in service contracts, the date at which the activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each service contract as the contract progresses.

(d) Income taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Joint control assessment

The Group holds 21.45% of the voting rights of its joint arrangements. The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

(b) Classification of joint arrangements

The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to debt security price risk. The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

As at 31 December 2014, if the interest rate had increased/decreased by 1% (2013: 1%) with all other variables held constant and the Group's financial assets at fair value through profit or loss moved according to the historical correlation with the interest rate, the fair value of these financial assets at fair value through profit or loss would decrease/increase by 5% (2013: 6%).

The consolidated profit (2013: loss) after tax for the year would increase/decrease as a result of gains/losses on security classified as at fair value through profit or loss.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables and investments, included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on investments is limited because the counterparties are well-established securities broker firms and issuers in Hong Kong.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2014				
Trade payables	3,371	–	–	–
Other payables and accruals	3,041	–	–	–
Finance lease payables	279	524	–	–
	6,691	524	–	–
At 31 December 2013				
Trade payables	3,780	–	–	–
Other payables and accruals	6,905	–	–	–
Other loans	1,269	–	–	–
	11,954	–	–	–

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities as at 31 December 2014, the Group's operating cash flows are substantially independent of changes in market interest rates.

At 31 December 2014, the Group's bank deposits of approximately HK$201,000 (2013: approximately HK$44,623,000), short term loans of HK$nil (2013: approximately HK$1,269,000) and finance lease of approximately HK$720,000 (2013: Nil) bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2014, the Group's exposure to interest-rate risk arises from its bank deposits of approximately HK$207,371,000 (2013: approximately HK$29,265,000). These deposits bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2014, if interest rates at that date had been 50 basis points lower with all other variables held constant, consolidated profit (2013: loss) after tax for the year would have been approximately HK$24,000 (2013: approximately HK$89,000) lower (2013: higher), arising mainly as a result of lower interest income from bank deposits. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated profit (2013: loss) after tax for the year would have been approximately HK$1,037,000 (2013: approximately HK$145,000) higher (2013: lower), arising mainly as a result of higher interest income on bank deposits.

(f) Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets:		
Available for-sale financial assets	**15,632**	–
Financial assets at fair value through profit or loss		
– Held for trading	**50,035**	17,818
Held-to-maturity investments	**–**	15,985
Loans and receivables (including bank and cash balances)	**218,373**	82,585
Financial liabilities:		
Financial liabilities at amortised costs	**6,412**	11,954

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2014				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed debt securities in Hong Kong	**50,035**	–	**–**	50,035
At 31 December 2013				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed debt securities in Hong Kong	**17,818**	–	**–**	17,818

6. OPERATING SEGMENT INFORMATION

The Group has two reportable segments as follows:

– the software development and system integration segment engages in (i) the sale of computer hardware; (ii) the provision of software development services; (iii) the provision of system integration services; and (iv) the provision of technical support and maintenance services; and

– the in-house developed products segment engages in the lease of in-house developed computer hardware.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include bank interest income, investment income, finance costs, dividend income, as well as head office and corporate expenses. Segment assets do not include investment in an associate, amounts due from related companies and other unallocated head office and corporate assets. Segment liabilities do not include others loans, income tax payables and other unallocated head office and corporate liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

6. OPERATING SEGMENT INFORMATION *(Continued)*

	Continuing operations						Discontinued operations			
	Software development and system integration		In-house developed products		Total		Software development and system integration		Total	
	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
Segment revenue:										
Sales to external customers	**23,097**	18,333	**–**	–	**23,097**	18,333	**24,598**	42,603	**47,695**	60,936
Other income and gains	**541**	–	**–**	–	**541**	–	**–**	759	**541**	759
	23,638	18,333	**–**	–	**23,638**	18,333	**24,598**	43,362	**48,236**	61,695
Reconciliation:										
Bank interest income					**20**	24	**2,012**	1,403	**2,032**	1,427
Investment income from held-to maturity investments					**112**	60	**–**	–	**112**	60
Investment income from financial assets at fair value through profit or loss					**1,690**	743	**–**	–	**1,690**	743
Gain on deemed disposal of a subsidiary					**–**	45	**–**	–	**–**	45
Reversal of impairment loss on other receivables					**2,967**	–	**–**	–	**2,967**	–
Unallocated gains					**592**	398	**–**	–	**592**	398
Revenue, other income and gains					**29,019**	19,603	**26,610**	44,765	**55,629**	64,368
Segment profit/(loss)	**(5,247)**	(205)	**(105)**	(216)	**(5,352)**	(421)	**3,056**	1,441	**(2,296)**	1,020
Reconciliation:										
Bank interest income					**20**	24	**2,012**	1,403	**2,032**	1,427
Investment income from held-to maturity investments					**112**	60	**–**	–	**112**	60
Investment income from financial assets at fair value through profit or loss					**1,690**	743	**–**	–	**1,690**	743
Reversal of impairment loss on other receivables					**2,967**	–	**–**	–	**2,967**	–
Unallocated gains					**592**	399	**–**	–	**592**	399
Gain on deemed disposal of a subsidiary					**–**	45	**–**	–	**–**	45
Gain on disposal of subsidiaries					**–**	–	**8,564**	10,910	**8,564**	10,910
Corporate and other unallocated expenses					**(11,420)**	(19,632)	**–**	–	**(11,420)**	(19,632)
Fair value gain/(loss) on financial assets at fair value through profit or loss					**321**	(763)	**–**	–	**321**	(763)
Loss on disposal of held-to-maturity investments					**(171)**	–	**–**	–	**(171)**	–
Finance costs					**(374)**	(800)	**–**	–	**(374)**	(800)
Impairment of goodwill					**–**	–	**–**	(3,000)	**–**	(3,000)
(Loss)/profit before tax					**(11,615)**	(20,345)	**13,632**	10,754	**2,017**	(9,591)

6. OPERATING SEGMENT INFORMATION *(Continued)*

	Continuing operations						Discontinued operations			
	Software development and system integration		In-house developed products		Total		Software development and system integration		Total	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Segment assets	**14,036**	19,921	**570**	675	**14,606**	20,596	**–**	80,644	**14,606**	101,240
Reconciliation:										
Corporate and other unallocated assets					**305,303**	42,426	**–**	–	**305,303**	42,426
Total assets					**319,909**	63,022	**–**	80,644	**319,909**	143,666
Segment liabilities	**(6,516)**	(4,184)	**(310)**	(591)	**(6,826)**	(4,775)	**–**	(8,517)	**(6,826)**	(13,292)
Reconciliation:										
Corporate and other unallocated liabilities					**(10,115)**	(10,812)	**–**	–	**(10,115)**	(10,812)
Total liabilities					**(16,941)**	(15,587)	**–**	(8,517)	**(16,941)**	(24,104)
Other segment information:										
Depreciation on:										
Segment assets	**77**	176	**–**	–	**77**	176	**199**	376	**276**	552
Corporate and other unallocated assets					**662**	710	**–**	–	**662**	710
					739	886	**199**	376	**938**	1,262
Amortisation of other intangible assets on:										
Corporate and other unallocated assets					**161**	161	**–**	–	**161**	161
Bank interest income#	**4**	–	**2**	2	**6**	2	**2,012**	1,402	**2,018**	1,404
Impairment of trade receivables	**795**	159	**–**	156	**795**	315	**–**	–	**795**	315
Income tax expenses					**–**	–	**656**	118	**656**	118
Capital expenditure* on:										
Segment assets					**788**	155	**28**	44	**816**	199
Corporate and other unallocated assets					**20**	5	**–**	–	**20**	5
					808	160	**28**	44	**836**	204

* Capital expenditure consists of additions to equipments and motor vehicle.

The amounts of bank interest income and impairment of other receivable exclude non-operating segment.

6. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	Revenue		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**9**	6,891
PRC except Hong Kong	**23,097**	18,333	**34,796**	16,801
United States	**–**	–	**15,632**	–
Consolidated total	**23,097**	18,333	**50,437**	23,692

In presenting the geographical information, revenue is based on the locations of the customers.

Information about major customers

No external customers contributed over 10% of the Group's total revenue from continuing operations for the years ended 31 December 2014 and 2013.

7. REVENUE

The Group's revenue which represents (1) an appropriate proportion of contract revenue from the provision of software development and system integration services, net of value-added tax, business tax and government surcharges; (2) the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for returns and trade discounts; and (3) an appropriate proportion of contract revenue from the provision of the technical support and maintenance services, net of business tax and government surcharges are as follows:

	2014	2013
	HK$'000	HK$'000
Provision of software development and system integration services	**22,409**	17,711
Sale of computer hardware	**327**	3,277
Provision of technical support and maintenance services	**24,959**	39,948
	47,695	60,936
Representing:		
Continuing operations	**23,097**	18,333
Discontinued operations (note 13)	**24,598**	42,603
	47,695	60,936

8. OTHER INCOME AND GAINS

	2014	2013
	HK$'000	HK$'000
Bank interest income	**2,032**	1,427
Investment income from held-to-maturity investments	**112**	60
Investment income from financial assets at fair value through profit or loss	**1,690**	743
Gain on deemed disposal of a subsidiary (note 40(c))	**–**	45
Gain on disposal of property, plant and equipment	**85**	–
Foreign exchange gains	**163**	–
Government grant	**356**	–
Waiver of other payables	**315**	–
Reversal of impairment loss on other receivables	**2,967**	–
Tax refund	**–**	759
Others	**214**	398
	7,934	3,432
Representing:		
Continuing operations	**5,922**	1,270
Discontinued operations (note 13)	**2,012**	2,162
	7,934	3,432

9. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2014	2013
	HK$'000	HK$'000
Interest on other loans	**374**	70
Interest on long term loan	**–**	730
	374	800

No finance costs were incurred by the discontinued operations for the years ended 31 December 2014 and 2013.

10. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2014	2013
	HK$'000	HK$'000
Cost of inventories sold	**1,246**	618
Cost of services provided	**14,636**	8,426
Depreciation	**739**	886
Amortisation of other intangible assets*	**161**	161
Minimum lease payments under operating leases in respect of land and buildings	**2,780**	2,950
Auditors' remuneration	**430**	400
Employee benefit expense (including directors' remuneration – note 11):		
Salaries, allowances and benefits in kind	**16,610**	14,471
Pension schemes contribution	**2,127**	1,792
	18,737	16,263
Impairment of other receivables**	**33**	9,563
Impairment of trade receivables**	**795**	315
Foreign exchange differences, net	**(163)**	(13)
Loss on disposal of held-to-maturity investments**	**171**	–

* The amortisation of other intangible assets is included in "Administrative expenses" of the consolidated statement of profit or loss.

** These items are included in "Other expenses" of the consolidated statement of profit or loss.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

(a) Directors' emoluments

	Note	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension schemes contribution HK$'000	Total remuneration HK$'000
Year ended 31 December 2014					
Executive directors:					
Mr. Hu Zhuoer		**113**	**957**	**30**	**1,100**
Mr. Tse Chi Wai		**113**	**975**	**17**	**1,105**
Ms. Wu Jingjing	*(i)*	**11**	**27**	**–**	**38**
		237	**1,959**	**47**	**2,243**
Independent non-executive directors:					
Mr. Ng Kwok Fai		**113**	**–**	**–**	**113**
Dr. Sun Guofu		**113**	**–**	**–**	**113**
Mr. Chen Zhongfa	*(ii)*	**113**	**–**	**–**	**113**
		339	**–**	**–**	**339**
Total		**576**	**1,959**	**47**	**2,582**
Year ended 31 December 2013					
Executive directors:					
Mr. Hu Zhuoer		100	820	27	947
Mr. Tse Chi Wai		100	845	15	960
		200	1,665	42	1,907
Independent non-executive directors:					
Mr. Ng Kwok Fai		100	–	–	100
Dr. Sun Guofu		100	–	–	100
Mr. Chen Zhongfa		100	–	–	100
		300	–	–	300
Total		**500**	**1,665**	**42**	**2,207**

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Note:

(i) Appointed as an executive director on 28 November 2014.

(ii) Resigned as an independent non-executive director on 30 January 2015.

During the year, no emoluments were paid by the Group to any of the directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Employees' emoluments

The five highest paid individuals in the Group during the year included two (2013: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2013: three) individuals are set out below:

	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,113**	2,084
Pension schemes contribution	**12**	–
	2,125	2,084

The remuneration of the three non-director, highest paid employees for the year ended 31 December 2014 (2013: three) fell within the range of nil to HK$1,000,000.

During the year, no emoluments were paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2014 as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's subsidiaries enjoyed income tax reduction during the year ended 31 December 2013, by reason that these subsidiaries were certified as High-New Technology Enterprises in Mainland China.

12. INCOME TAX EXPENSES *(Continued)*

	2014	2013
	HK$'000	HK$'000
Current income tax expenses:		
Hong Kong	**–**	–
Mainland China	**1,267**	564
Overprovision in prior years	**(611)**	(446)
	656	118
Representing:		
Continuing operations	**–**	–
Discontinued operations	**656**	118
	656	118

The reconciliation between the income tax expense from continuing operations and the product of loss before tax from continuing operations multiplied by tax rates applicable to profit or loss in the respective countries is as follows:

	2014	2013
	HK$'000	HK$'000
Loss before taxation	**(11,615)**	(20,345)
Tax calculated at domestic tax rates applicable to profit or loss in the respective countries	**(3,566)**	(3,799)
Tax effect of income that is not taxable	**(517)**	(7)
Tax effect of expenses that are not deductible	**2,007**	2,010
Tax effect of tax losses not recognised	**2,280**	1,810
Tax effect of utilisation of tax losses not previously recognised	**(204)**	(14)
Tax charge for the year	**–**	–

13. DISCONTINUED OPERATIONS

(a) Disposal of Wisdom Elite Holdings Limited ("Wisdom Elite") in 2014

On 10 July 2014, the Company entered into a sale and purchase agreement, (the "Disposal") with Beijing Enterprises Group Information Limited (BEGIL), pursuant to which the Company conditionally agreed to dispose, and BEGIL conditionally agreed to acquire the 100% issued share capital of Wisdom Elite at a consideration of Renminbi ("RMB") 72 million (equivalent to HK$89.37 million). BEGIL is a connected person of the Company under the GEM Listing Rules. As such, the Disposal was subject to the independent shareholders' approval requirement. On 19 September 2014, the Disposal, as an ordinary resolution, was approved by the independent shareholders in an extraordinary general meeting.

Wisdom Elite is an investment holding company which holds the entire registered capital of Beijing Enterprises VST Software Technology Co., Limited ("VST"). VST is engaged in the development, operation and maintenance of e-government systems of 北京市人力資源和社會保障局 (Beijing Human Resources and Social Security Bureau) and 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources).

The Disposal was completed on 29 September 2014. Upon completion of the Disposal, Wisdom Elite and VST ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then.

(b) Disposal of Astoria Innovations Limited ("Astoria") in 2013

On 15 November 2012, the Company entered into a sale and purchase agreement, (the "Astoria Disposal") with QIFA Holdings Limited ("QIFA"), pursuant to which the Company conditionally agreed to dispose, and QIFA conditionally agreed to acquire the 68% issued share capital of Astoria Innovations Limited ("Astoria") at a consideration of RMB50 million (equivalent to HK$62.24 million). QIFA is a connected person of the Company under the GEM Listing Rules. As such, the Astoria Disposal was subject to the independent shareholders' approval requirement. On 11 January 2013, the Astoria Disposal, as an ordinary resolution, was approved by the independent shareholders in an extraordinary general meeting.

Astoria is an investment holding company which holds 100% registered capital of Beijing Enterprises Sanxing Information Technology Co., Limited ("Sanxing"). Sanxing mainly engages in the provision of system supports to the systems in social security and social insurance administration, human resource and labor force management, and transient population administration to the relevant authorities of the Beijing Municipal Government.

The Astoria Disposal was completed on 4 February 2013. Upon completion of the Astoria Disposal, Astoria and Sanxing ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then.

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

	2014 HK$'000	2013 HK$'000
Profit/(loss) arising from discontinued operations	**4,412**	(274)
Gain on disposal of subsidiaries (note 40(a), 40(b))	**8,564**	10,910
	12,976	10,636

13. DISCONTINUED OPERATIONS *(Continued)*

(d) The results of the discontinued operations which have been included in consolidated profit or loss, are as follows:

	Year ended 31 December 2013 Wisdom Elite HK$'000	Period from 1 January to 4 February 2013 Astoria HK$'000	Total HK$'000
REVENUE	41,590	1,013	42,603
Cost of sales and service	(24,088)	(1,139)	(25,227)
Gross profit/(loss)	17,502	(126)	17,376
Other income and gains	2,155	7	2,162
Selling and distribution expenses	(3,561)	(697)	(4,258)
Administrative expenses	(11,548)	(850)	(12,398)
Other expenses	(38)	–	(38)
Impairment of goodwill	(3,000)	–	(3,000)
Profit/(loss) before tax	1,510	(1,666)	(156)
Income tax expenses	(118)	–	(118)
Profit/(loss) for the year/period	1,392	(1,666)	(274)
Gain on disposal of subsidiaries, net of income tax	–	10,910	10,910
Profit for the year/period from discontinued operations	1,392	9,244	10,636

	Period from 1 January 2014 to 29 September 2014 Wisdom Elite HK$'000
REVENUE	**24,598**
Cost of sales and service	**(11,523)**
Gross profit	**13,075**
Other income and gains	**2,012**
Selling and distribution expenses	**(1,597)**
Administrative expenses	**(8,422)**
Profit before tax	**5,068**
Income tax expenses	**(656)**
Profit for the period	**4,412**
Gain on disposal of subsidiaries, net of income tax	**8,564**
Profit for the period from discontinued operations	**12,976**

(e) During the year, the disposed subsidiaries generated approximately HK$3,248,000 (2013: approximately HK$3,139,000) in respect of operating activities, paid approximately HK$48,313,000 (2013: approximately HK$10,580,000) in respect of investing activities and paid approximately HK$nil (2013: paid HK$nil) in respect of financing activities.

14. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2014 and 2013.

15. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

From continuing and discontinued operations

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit (2013: loss) for the year attributable to owners of the Company of approximately HK$1,049,000 (2013: loss of approximately HK$9,066,000) and the weighted average number of ordinary shares of 2,424,693,908 (2013: 1,174,949,293, as adjusted to reflect the open offer on 6 March 2014) in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$11,927,000 (2013: approximately HK$20,235,000) and the denominator used is the same as that detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

From discontinued operations

Basic earnings per share from the discontinued operations is HK$0.53 cents per share (2013: HK$0.95 cents per share), and is calculated based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$12,976,000 (2013: approximately HK$11,169,000) and the denominators used are the same as those detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

(b) Diluted earnings/(loss) per share

No diluted earning/(loss) per share is presented for the years ended 31 December 2014 and 2013 as there were no dilutive potential ordinary shares outstanding for the years.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST:				
1 January 2013	1,655	13,391	8,823	23,869
Exchange realignment	16	253	183	452
Additions	–	204	–	204
Disposal	–	(8)	–	(8)
Disposal of subsidiaries	(1,186)	(5,543)	(3,449)	(10,178)
At 31 December 2013 and 1 January 2014	485	8,297	5,557	14,339
Exchange realignment	(2)	(37)	(26)	(65)
Additions	–	223	613	836
Disposal	–	(260)	(919)	(1,179)
Written off	–	(1,421)	–	(1,421)
Disposal of subsidiaries	–	(2,185)	(1,417)	(3,602)
At 31 December 2014	483	4,617	3,808	8,908
ACCUMULATED DEPRECIATION:				
1 January 2013	1,529	9,654	4,148	15,331
Exchange realignment	14	194	88	296
Provided during the year	128	482	652	1,262
Eliminated on disposals	–	(7)	–	(7)
Disposal of subsidiaries	(1,186)	(3,674)	(1,903)	(6,763)
At 31 December 2013 and 1 January 2014	485	6,649	2,985	10,119
Exchange realignment	(2)	(29)	(13)	(44)
Provided during the year	–	334	604	938
Eliminated on disposals	–	(162)	(827)	(989)
Written off	–	(1,421)	–	(1,421)
Disposal of subsidiaries	–	(1,781)	(694)	(2,475)
At 31 December 2014	483	3,590	2,055	6,128
CARRYING AMOUNTS:				
At 31 December 2014	–	1,027	1,753	2,780
At 31 December 2013	–	1,648	2,572	4,220

17. GOODWILL

	Cost HK$'000	Accumulated impairment HK$'000	Net carrying amount HK$'000
1 January 2013	**289,770**	**(255,770)**	**34,000**
Disposal of subsidiaries	**(23,541)**	**4,541**	**(19,000)**
Impairment loss recognised in the current year	**–**	**(3,000)**	**(3,000)**
At 31 December 2013, and 1 January 2014	**266,229**	**(254,229)**	**12,000**
Disposal of subsidiaries	**(266,229)**	**254,229**	**(12,000)**
At 31 December 2014	**–**	**–**	**–**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2014 **HK$'000**	2013 HK$'000
Wisdom Elite Holdings Limited and its subsidiaries	**–**	12,000

At 31 December 2013, the recoverable amount of the cash-generating unit of the Wisdom Elite Group were determined based on a value-in-use calculation. To calculate this, cash flow projection was based on financial budget covering a five-year period approved by management. The discount rate used for the value-in-use calculation was 16%. Management determined the budgeted gross margin based on past performances and the average sales growth rate of 3% was comparable with the forecast of the information technology market in Mainland China.

At 31 December 2013, before impairment testing, goodwill of HK$15,000,000 was allocated to Wisdom Elite Group. Due to changes in market condition, the Group had revised its cash flow forecasts for these cash generating units. The goodwill allocated to Wisdom Elite Group had therefore been reduced to its recoverable amount of HK$12,000,000 through recognition of an impairment loss against goodwill of HK$3,000,000 during the year.

18. OTHER INTANGIBLE ASSETS

	Golf club membership HK$'000
COST:	
1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	**1,614**
ACCUMULATED DEPRECIATION:	
1 January 2013	**861**
Provided during the year	**161**
At 31 December 2013 and 1 January 2014	**1,022**
Provided during the year	**161**
At 31 December 2014	**1,183**
CARRYING AMOUNTS:	
At 31 December 2014	**431**
At 31 December 2013	**592**

19. INVESTMENT IN AN ASSOCIATE

	2014 **HK$'000**	2013 HK$'000
Unlisted investment in the British Virgin Islands		
Share of net assets	**–**	3,587

Notes:

(a) The Group's equity interest in China Luck International Limited ("China Luck"), a former wholly-owned subsidiary of the Company, diluted from 100% to 40% upon the allotment of new shares to Favour Time Investment Limited ("Favour Time"), an independent third party, by China Luck. The Group lost its control over China Luck as a result of the dilution of interest during the year ended 31 December 2013, and China Luck ceased to be a subsidiary of the Group and became an associate of the Group accordingly. Further details of the deconsolidation of China Luck are disclosed in note 40(c) to the consolidated financial statements.

19. INVESTMENT IN AN ASSOCIATE *(Continued)*

Notes: (Continued)

Pursuant to an agreement signed between the Company, China Luck, and the third party shareholder of China Luck, the Company and the third party shareholder of China Luck agreed to lend US$800,000 (equivalent to approximately HK$6,240,000) and US$1,200,000 (equivalent to approximately HK$9,360,000) to China Luck respectively for acquiring a subsidiary and an available-for-sale financial asset. Unless the acquisition is cancelled, China Luck was not required to repay to the Company and the third party shareholder. The Group determines that those loans were capital injections in China Luck. The Group had injected US$ 460,000 (equivalent to approximately HK$3,587,000) in China Luck and recognized HK$3,587,000 as capital contribution during the year ended 31 December 2013.

On 28 May 2014, the Company and Favour Time entered into an agreement pursuant to which the Company acquired 60% of the equity interest in China Luck and took over the loan to China Luck of US$1.2 million (equivalent to approximately HK$9,336,000) from Favour Time for the consideration of approximately US$1.25 million (equivalent to approximately HK$9,711,000). Immediately after completion of the transaction, the Company owns 100% of the equity interest in China Luck. China Luck was accounted for as a subsidiary of the Group as at 31 December 2014.

(b) Details of the Group's associates at 31 December 2013 are as follows:

Company name	Place of registration and operations	Nominal value of registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activity
China Luck International Limited	British Virgin Islands	US$250	40%	Investment holding

(c) The following table shows information of China Luck which was accounted for in the consolidated financial statements using the equity method at 31 December 2013. The summarised financial information presented is based on the HKFRS financial statements of the associates.

	2013 HK$'000
At 31 December	
Non-current assets	15,534
Current assets	14,982
Current liabilities	(21,590)
Net assets	8,926
Group's share of net assets and carrying amount of interests	3,570
Goodwill	17
	3,587
Year ended 31 December:	
Revenue	–
Profit and total comprehensive income for the year	–

20. INVESTMENT IN A JOINT VENTURE

	2014 HK$'000	2013 HK$'000
Unlisted investments in the PRC		
Share of net assets	**29,813**	–
Goodwill	**1,781**	–
	31,594	–

Notes:

(a) On 6 September 2013, the Company, Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited, both are independent third parties, have entered into an the agreement pursuant to which the Company has conditionally agreed to purchase 21.45% partnership interest in Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise ("Jiu Fang") for the consideration of RMB25 million (equivalent to approximately HK$31,518,000). The acquisition was completed on 16 April 2014. Jiu Fang is principally engaged in investments, investment consultancy, investment management and business consultation.

(b) Details of the Group's joint venture at 31 December 2014 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/ profit sharing
Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise	PRC	RMB110,000,000	21.45%

(c) The following tables show information of Jiu Fang which are material to the Group. Investment in Jiu Fang is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of Jiu Fang.

	2014 HK$'000
At 31 December:	
Non-current assets	**151,649**
Current assets	**2**
Current liabilities	**(12,663)**
Net assets	**138,988**

20. INVESTMENTS IN A JOINT VENTURE *(Continued)*

Notes: (Continued)

(c) *(Continued)*

	2014 HK$'000
Year ended 31 December:	
Revenue	**–**
Interest income	**–**
Interest expense	**–**
Income tax expense	**–**
Other comprehensive income	**333**
Loss and total comprehensive loss for the year	**333**
Cash and cash equivalents included in current assets	**2**
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	**–**

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK$'000	2013 HK$'000
Unlisted equity securities, at cost	**15,632**	–

As at 31 December 2014, the Group had a 7.254% equity interest in Sterile Doctor LLC, a company specializing in the development and sales of environmental friendly sterilization technology products which was held by the Company's indirectly and directly wholly-owned subsidiaries..

22. HELD-TO-MATURITY INVESTMENTS

	2013 HK$'000
Listed securities in Hong Kong	
Bonds with fixed interest of 9.75% and maturity date of 16 February 2015	3,293
Investments with fixed interest of 5.1% and maturity date of 12 February 2014	12,692
	15,985
Analysed as:	
Non-current assets	3,293
Current assets	12,692
	15,985

As at 31 December 2013, held-to maturity investments of approximately HK$3,293,000 and approximately HK$12,692,000 were denominated in United States dollar and RMB respectively.

23. INVENTORIES

	2014 **HK$'000**	2013 HK$'000
Finished goods and merchandises	**82**	280

24. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	2013 HK$'000
Gross amounts due from contract customers	5,317
Amounts due to contract customers	(2,754)
	2,563
Contract costs incurred plus recognised profits less recognised losses to date	63,617
Less: Progress billings	(61,054)
	2,563

Notes:

(a) The movements in the provision for impairment of amounts due from contract customers during the year ended 31 December 2013 are as follows:

	2013 HK$'000
At 1 January	805
Disposal of a subsidiary	(813)
Exchange realignment	8
As 31 December	–

The above provision for impairment of amounts due from contract customers has the provision for individually impaired amounts due from contract customers. The Group did not hold any collateral or other credit enhancement over these balances.

25. TRADE RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**11,506**	8,337
Impairment	**(5,658)**	(4,884)
	5,848	3,453

Notes

(a) The Group has granted credit terms to its customers, ranging from 30 to 90 days. In certain cases, the Group would request payment in advance from the customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

(b) The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 month	**3,566**	1,401
1 to 2 months	**761**	339
2 to 3 months	**–**	–
Over 3 months	**1,521**	1,713
	5,848	3,453

(c) An aged analysis of the trade receivables as at the end of the reporting period that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**1,648**	1,601
Less than 1 month past due	**1,987**	321
1 to 3 months past due	**702**	3
Over 3 months past due	**1,511**	1,528
	5,848	3,453

Receivables that were neither past due nor impaired mainly relate to several major customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

25. TRADE RECEIVABLES *(Continued)*

Notes: (Continued)

(d) The movements in the provision for impairment of trade receivables during the year are as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**4,884**	4,425
Impairment during the year recognised in consolidated profit or loss	**795**	315
Exchange realignment	**(21)**	144
At 31 December	**5,658**	4,884

The above provision for impairment of trade receivables is the provision for individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

(e) The carrying amount of all the Group's trade receivables are denominated in RMB.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2014 HK$'000	2013 HK$'000
Prepayments		**982**	1,282
Deposits and other receivables		**12,179**	10,597
Due from related companies*	*27*	**–**	4,751
		13,161	16,630
Impairment *(note)*		**(7,276)**	(10,222)
		5,885	6,408

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Note: The movements in the provision for impairment of prepayments, deposits and other receivables during the year are as follows:

	2014	2013
	HK$'000	HK$'000
At 1 January	**10,222**	607
Impairment during the year recognised in profit or loss	**33**	9,563
Write-back of impairment	**(2,967)**	–
Exchange realignment	**(12)**	52
At 31 December	**7,276**	10,222

The above provision for impairment of prepayments, deposits and other receivables is the provision for individually impaired prepayments, deposits and other receivables. The Group and the Company do not hold any collateral or other credit enhancements over these balances.

* The related companies were subsidiaries of a major shareholder of the Company as at 31 December 2013.

27. BALANCES WITH RELATED COMPANIES AND AN ASSOCIATE

The balances with related companies and an associate were unsecured, interest-free and had no fixed terms of repayment.

As at 31 December 2013, the amounts due from related companies had been arrived at after deducting impairment losses of approximately HK$4,726,000.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	HK$'000
Bonds, at fair value listed in Hong Kong		
Bonds with fixed interest of 3.625% and maturity date of 16 January 2023	**6,208**	5,831
Bonds with fixed interest of 4% and maturity date of 3 December 2022	**6,077**	5,652
Bonds with fixed interest of 6.375% and maturity date of 26 September 2017	**6,383**	6,335
Bonds with fixed interest of 3.125% and maturity date of 23 January 2019	**7,819**	–
Bonds with fixed interest of 4% and maturity date of 14 May 2019	**7,775**	–
Bonds with fixed interest of 5.25% and maturity date of 25 April 2019	**8,043**	–
Bonds with fixed interest of 2.75% and maturity date of 10 April 2019	**7,730**	–
	50,035	17,818

The carrying amounts of the above financial assets are classified as follows:

Held for trading	**50,035**	17,818

The investments included above represent investments in bonds that offer the Group the opportunity for return through interest income and fair value gains.

The fair values of bonds are based on current bid prices.

29. BANK AND CASH BALANCES

	2014 HK$'000	2013 HK$'000
Cash and bank balances other than time deposits	**207,421**	29,338
Time deposits	**201**	44,623
	207,622	73,961

Note:

(a) As at 31 December 2014, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$6,216,000 (2013: approximately HK$69,902,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

(b) Time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

30. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 month	**1,433**	2,044
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**1,938**	1,736
	3,371	3,780

The carrying amounts of all the Group's trade payables are denominated in RMB.

31. OTHER PAYABLES AND ACCRUALS

	2014 HK$'000	2013 HK$'000
Accruals	**1,595**	4,404
Receipts in advance	**1,025**	2
Other payables	**1,446**	2,501
	4,066	6,907

32. OTHER LOANS

At 31 December 2013, other loans are interest bearing at 10% per annum on the unpaid principal, were repayable in full on 11 July 2014, denominated in RMB and unsecured.

At 31 December 2013, other loans of approximately HK$1,269,000, comprising amounts due to a director and a senior manager of a subsidiary of approximately HK$888,000 and HK$381,000 respectively.

33. FINANCE LEASE PAYABLES

	Minimum lease payments 2014 HK$	Present value of minimum lease payments 2014 HK$
Within one year	**279**	**251**
In the second to fifth years, inclusive	**524**	**469**
	803	**720**
Less: Future finance charges	**(83)**	**–**
Present value of lease obligations	**720**	**720**
Less: Amount due for settlement within 12 months (shown under current liabilities)		**(251)**
Amount due for settlement after 12 months		**469**

33. FINANCE LEASE PAYABLES *(Continued)*

The Group leased a motor vehicle. The lease term is three years. At 31 December 2014, the average effective borrowing rate was 7%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of the lease term, the Group has title of the motor vehicle.

All finance lease payables are denominated in RMB.

The Group's finance lease payables are secured by the lessor's title to the leased assets.

34. DEFERRED TAX LIABILITY

The Group has tax losses arising in Hong Kong of approximately HK$9,801,000 (2013: approximately HK$10,770,000) that are available indefinitely, and in Mainland China of approximately HK$19,249,000 (2013: approximately HK$12,916,000) that are available for a maximum of five years, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is considered not probable that taxable profits will be available against which tax losses can be utilised.

At the end of the reporting period, there is no temporary differences associated with undistributed earnings of subsidiaries and joint ventures for which deferred tax liabilities have not been recognised (2013: HK$nil).

35. SHARE CAPITAL

		Number of shares		Par value	
		2014	2013	**2014**	2013
	Note			**HK$'000**	HK$'000
Ordinary shares of HK$0.10 each (2013: HK$0.10 each)					
Authorised:					
At the beginning of the year		**1,000,000,000**	1,000,000,000	**100,000**	100,000
Increase in authorised share capital	*(a)*	**3,000,000,000**	–	**300,000**	–
At the end of the year		**4,000,000,000**	1,000,000,000	**400,000**	100,000

35. SHARE CAPITAL *(Continued)*

Ordinary shares of HK$0.10 each
(2013: HK$0.10 each)

		Number of shares		Par value	
		2014	2013	**2014**	2013
				HK$'000	HK$'000
Issued and fully paid:					
At the beginning of the year		**898,490,636**	898,490,636	**89,849**	89,849
Open offer	*(b)*	**1,796,981,272**	–	**179,698**	–
At the end of the year		**2,695,471,908**	898,490,636	**269,547**	89,849

Notes:

(a) By an ordinary resolution passed on 27 January 2014, the authorised ordinary share capital of the Company was increased from HK$100,000,000 to HK$400,000,000 by the creation of 3,000,000,000 shares of HK$0.10 each, such new shares ranking pari passu in all respects with the existing shares of the Company.

(b) The Company issued and allotted 1,796,981,272 ordinary shares of HK0.10 each at an issue price of HK$0.11 per ordinary share on the basis of two offer shares for every one share held on 10 February 2014, the record date of the open offer. The open offer was completed on 6 March 2014. Net proceeds from such issue amounted to approximately HK$195,106,000, out of which approximately HK$179,698,000 and approximately HK$15,408,000 were recorded in share capital and share premium respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves) and includes some forms of subordinated debts.

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's executive and non-executive directors, full-time employees of the Group, advisers and consultants of the Group. The Scheme became effective on 3 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and yet to be granted under the Scheme is currently limited to 30% of the shares of the Company in issue at any time. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in the Scheme in any 12-month period up to the date of the grant is limited to 1% of the aggregate number of issued shares of the Company at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors at their discretion, and commences on the date upon which the options are deemed to be granted and accepted.

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

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

No share options were outstanding, granted, exercised under the Scheme during the years ended 31 December 2014 and 2013.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of Financial Position of the Company

	2014	2013
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Other intangible assets	**431**	592
Investments in subsidiaries	**24,481**	62,644
Investment in an associate	**–**	3,587
Investment in a joint venture	**31,518**	–
Held-to-maturity investment	**–**	3,293
Total non-current assets	**56,430**	70,116
CURRENT ASSETS		
Prepayments, deposits and other receivables	**2,304**	2,090
Due from an associate	**–**	10
Financial assets at fair value through profit or loss	**50,035**	17,818
Cash and cash equivalents	**199,700**	2,721
Total current assets	**252,039**	22,639
CURRENT LIABILITIES		
Due to subsidiaries	**–**	5,586
Other payables and accruals	**461**	553
Total current liabilities	**461**	6,139
NET CURRENT ASSETS	**251,578**	16,500
NET ASSETS	**308,008**	86,616
CAPITAL AND RESERVES		
Share capital	**269,547**	89,849
Reserves	**38,461**	(3,233)
	308,008	86,616

38. RESERVES

(a) Group

(i) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(ii) Share premium account
Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(iii) Capital reserve
The capital reserve represent the benefit of the interest-free promissory notes of HK$8,329,000, representing the difference between the aggregate principal amount and the initial fair value of the promissory notes of HK$73,931,000, as estimated by the directors of the Company with reference to the present value of all future cash payments of the promissory notes prior to their maturity date of 28 May 2011 discounted using the then prevailing market rate of interest for similar loans of 11%, was accounted for as deemed capital contributions from certain shareholders of the Company and recognised in the capital reserve at the inception of the promissory notes.

(iv) Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

(v) The PRC reserve funds
The PRC reserve funds are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's subsidiaries. None of the Group's PRC reserve funds as at 31 December 2014 and 2013 were distributable in the form of cash dividends.

38. RESERVES *(Continued)*

(b) Company

	Share premium account HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	1,193,268	8,329	(1,233,492)	(31,895)
Profit for the year and total comprehensive income for the year	–	–	28,662	28,662
Transfer of capital reserve	–	(8,329)	8,329	–
At 31 December 2013 and 1 January 2014	1,193,268	–	(1,196,501)	(3,233)
Profit for the year and total comprehensive income for the year	–	–	26,286	26,286
Issue of new shares	17,970	–	–	17,970
Transaction costs attributable to issue of new shares	(2,562)	–	–	(2,562)
Share premium reduction	(1,193,300)	–	1,193,300	–
At 31 December 2014	15,376	–	23,085	38,461

39. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2014 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up capital/ registered capital	Percentage of ownership interest	Principal activities
Shanghai Pantosoft Company Limited#	PRC	HK$17,200,000	90	Development and sale of computer software, and provision of system integration and related services
China Information Technology Development (Hong Kong) Limited	Hong Kong	HK$100	100	Office management

\# Registered as wholly foreign-owned enterprises under the PRC law until 13 June 2016

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

40. DISPOSALS AND DEEMED DISPOSAL OF SUBSIDIARIES

(a) Disposal of Wisdom Elite

As referred to in note 13 to the financial statements, on 29 September 2014, the Group disposed the equity interest in Wisdom Elite.

Net assets at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	1,127
Goodwill	12,000
Held-to-maturity investments	63,084
Inventories	37
Amounts due from contract customers	849
Amounts due from the Group	6,687
Prepayments, deposits and other receivables	907
Bank and cash balances	14,906
Trade payables	(327)
Amounts due to contract customers	(2,856)
Other payables and accruals	(1,130)
Income tax payables	(1,052)
Net assets disposed of	94,232
Release of foreign currency translation reserve	(13,624)
Direct cost to the disposal	198
Gain on disposal of subsidiaries	8,564
Total consideration	89,370
Total consideration satisfied by:	
Cash	85,650
Waiver of loan balances	3,720
	89,370
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed of	(14,906)
Cash consideration received	85,650
Cash paid for direct cost	(198)
	70,546

40. DISPOSALS AND DEEMED DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Astoria

As referred to in note 13 to the financial statements, on 4 February 2013, the Group disposed the equity interest in Astoria.

Net assets at the date of disposal were as follows:

	HK$'000
Goodwill	19,000
Property, plant and equipment	3,415
Inventories	46
Amounts due from contract customers	5,072
Trade receivables	123
Prepayments, deposits and other receivables	17,788
Bank and cash balances	67,564
Trade payables	(113)
Amounts due to contract customers	(17,241)
Other payables and accruals	(15,303)
Income tax payables	(2,787)
Non-controlling interests	(18,740)
Net assets disposed of	58,824
Release of foreign currency translation reserve	(7,494)
Gain on disposal of subsidiaries	10,910
Total consideration – satisfied by cash	62,240
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed of	(67,564)
Cash consideration received	62,240
	(5,324)

40. DISPOSALS AND DEEMED DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Deemed disposal of a subsidiary

The Group's equity interest in China Luck was diluted from 100% to 40% during the year ended 31 December 2013, following the allotment of new shares to an independent third party by China Luck and the Group lost control over China Luck as a result. Accordingly, China Luck ceased to be a subsidiary of the Group and becomes an associate of the Group since then, at which time the Group deconsolidated China Luck.

	HK$'000
Net assets deconsolidated:	
Amount due from a related company	14,980
Amount due to a shareholder	(15,025)
Net liabilities disposed of	(45)
Gain on deemed disposal of a subsidiary	45
Total consideration	–
Reclassification from investment in a subsidiary to investment in an associate	–

No cash flow effect in respect of the deconsolidation of a subsidiary.

41. ACQUISITION OF A SUBSIDIARY

As referred to in note 19 to the financial statements, on 28 May 2014, the Group further acquired 60% of the equity interest in China Luck and took over the loan to China Luck of US$1.2 million (equivalent to approximately HK$9,359,000) from Favour Time for the consideration of approximately US$1.25 million (equivalent to approximately HK$9,734,000 which comprised assumption of the loan principal of US$1,200,000 (equivalent to approximately HK$9,359,000), interest element calculated at approximately 8% per annum thereon and amounted to approximately US$48,000 (equivalent to approximately HK$374,000); and the nominal value of the shares issued by China Luck to Favour Time of US$150 (equivalent to approximately HK$1,000).

41. ACQUISITION OF A SUBSIDIARY *(Continued)*

The fair value of the identifiable assets and liabilities of China Luck Limited acquired as at its date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Available-for-sale financial asset	15,535
	15,535
Satisfied by:	
Cash paid for the nominal value of the shares	1
The loan taken over by the Group	9,359
Total consideration transferred	9,360
Fair value of 40% equity interests in China Luck	6,175
	15,535
Net cash outflow arising on acquisition:	
Cash paid for the nominal value of the shares	1
The loan taken over by the Group	9,359
Cash and cash equivalents acquired	–
	9,360

China Luck contributed approximately HK$nil and HK$12,000 to the Group's revenue and loss for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2014, total Group revenue from continuing operations for the year would have been HK$23,097,000, and loss for the year from continuing operations would have been HK$11,627,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the 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 intended to be a projection of future results.

42. MAJOR NON-CASH TRANSACTION

Additions to property, plant and equipment during the year of approximately HK$720,000 (2013: HK$nil) were financed by finance leases.

43. OPERATING LEASE COMMITMENTS

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**2,053**	3,047
In the second to fifth years inclusive	**1,187**	2,684
	3,240	5,731

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of two years (2013: two years) and rentals are fixed over the lease terms and do not include contingent rentals.

44. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2014	2013
	HK$'000	HK$'000
	Note(b)	Note(a)
Intangible assets		
Contracted but not provided for	**475**	–
Partnership interest		
Contracted but not provided for	**34,796**	31,018

44. CAPITAL COMMITMENTS *(Continued)*

(a) Bloom Faith Holdings Limited and 深圳市乾惕投資有限公司 (collectively "the Vendors"), both are the independent third parties, together with the Company entered into an agreement on 6 September 2013, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell 21.45% partnership interest in 上海瑞鴻九坊投資合夥企業 (the "Target Partnership"), for the consideration of RMB25,000,000 (equivalent to approximately HK$31,518,000) before 31 December 2013. During the year ended 31 December 2013, deposit of HK$500,000 was paid to the Vendors.

The acquisition was completed on 16 April 2014.

(b) On 6 June 2014, the Vendors, entered into an agreement, pursuant to which the Company has agreed to purchase 24% of the partnership interest in the Target Partnership from the Vendors, for the Consideration of RMB28,000,000 (equivalent to approximately HK$34,796,000). Completion will take place upon the nominee of the Company becoming the record holder of the sale interest.

The Vendors and the Company entered into a supplemental agreement on 31 December 2014 whereby the parties mutually agreed to extend the long stop date of the Agreement from 31 December 2014 to 30 June 2015.

45. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

On 6 October 2014, a company controlled by senior management of a subsidiary acquired 10% equity interest of Pantosoft International Limited at a consideration of RMB1,000,000 (equivalent to approximately HK$1,259,000). A gain of approximately HK$1,590,000 was recognised.

46. EVENTS AFTER THE REPORTING PERIOD

In February 2015, the Company disposed of all its bonds investment in the principal amount of USD6,400,000 (equivalent to approximately HK$49,623,000) through the open market at a total consideration of approximately USD6,499,000 (equivalent to approximately HK$50,391,000).

47. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 March 2015.

Five Year Financial Summary

31 December 2014

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published annual report and audited financial statements is set out below:

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**23,097**	18,333	56,414	90,337	118,374
Loss before tax from continuing operations	**(11,615)**	(20,345)	(6,692)	(28,242)	(12,136)
Income tax expenses	**–**	–	(1,160)	(2,620)	(5,004)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(11,615)**	(20,345)	(7,852)	(30,862)	(17,140)
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	**12,976**	10,636	(131)	28,040	(9,391)
Profit/(loss) for the year	**1,361**	(9,709)	(7,983)	(2,822)	(26,531)
Attributable to:					
Owners of the Company	**1,049**	(9,066)	(7,986)	(1,284)	(29,189)
Non-controlling interests	**312**	(643)	3	(1,538)	2,658
	1,361	(9,709)	(7,983)	(2,822)	(26,531)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**319,909**	143,666	237,830	240,131	270,503
TOTAL LIABILITIES	**(16,941)**	(24,104)	(85,029)	(132,382)	(156,685)
NET ASSETS	**302,968**	119,562	152,801	107,749	113,818
Equity attributable to:					
Owners of the Company	**304,038**	120,538	134,475	89,521	96,315
Non-controlling interests	**(1,070)**	(976)	18,326	18,228	17,503
	302,968	119,562	152,801	107,749	113,818