



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159



ANNUAL REPORT 2014

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Pang Kuo-Shi (*Chairman*)

Wong Chun

(*Deputy Chairman and Chief Executive Officer*)

Hsia Chieh-Wen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Ming Wah, *S.B.S., JP*

Lau Ho Kit, Ivan

Wong Kwong Chi

COMPANY SECRETARY

Chan Man Yi, *HKICPA*

AUTHORISED REPRESENTATIVE

Pang Kuo-Shi

Wong Chun

COMPLIANCE OFFICER

Wong Chun

AUDIT COMMITTEE

Lau Ho Kit, Ivan (*Chairman*)

Dr. Lui Ming Wah, *S.B.S., JP*

Wong Kwong Chi

REMUNERATION COMMITTEE

Wong Kwong Chi (*Chairman*)

Dr. Lui Ming Wah, *S.B.S., JP*

Lau Ho Kit, Ivan

Wong Chun

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 907, 9th Floor

Westlands Centre

20 Westlands Road

Quarry Bay, Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-110

Cayman Islands

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Hong Kong Registrars Limited

Shops 1712-16, 17th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

STOCK CODE

8159

CHAIRMAN'S STATEMENT

To Our Shareholders,

On behalf of the board of directors (the "Board") of Glory Mark Hi-Tech (Holdings) Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

In 2014, the Group recorded a revenue of HK\$301.9 million, representing a slight increase of 7.2% as compared to 2013. Profit for the year attributable to owners of the Company was approximately HK\$1.4 million, compared to approximately HK\$3.5 million in 2013.

Fast-rising wages and intermittent labor shortages in 2014 boosted the average production costs of the Group by approximately 2%. Underperformance in most developed economies also adversely affected the Group's business and profit margin.

Given most of our market countries continued struggling in an uphill battle against the lingering effects of the financial crisis, we anticipated that 2015 is still a challenging year to the Group.

As it used to be, the Group has always been trying to operate its business in the most efficient and effective manner to deal with any difficult external situations.

The financial position of the Group remains strong. On 31 December 2014, the Group had cash on hand of approximately HK\$89.6 million without any outstanding bank borrowing. The Group will utilize its strong financial position to seek valuable investment opportunities.

To share the results with our honourable shareholders, the Directors proposed a final dividend of HK0.30 cents per share, which is subject to approval by members in the coming annual general meeting.

Taking this opportunity, I would like to express my sincere gratitude to all our customers, suppliers, business partners, staff members and shareholders for their continuous and valuable supports on the Group. I shall lead my team members to persist with best efforts in striving for optimal development for the Group and returns for our shareholders in the times to come.

DIVIDEND

The Directors proposed a final dividend of HK0.30 cents (2013: HK0.30 cents) per share, which is subject to approval by the shareholders in annual general meeting for the year ended 31 December 2013 to be held on 9 June 2015, Tuesday ("AGM"). The final dividend will be payable on 29 June 2014, Thursday to the shareholders whose names appear on the register of Members of the Company on 18 June 2015, Thursday.

CLOSURE OF REGISTER FOR AGM

The register of members of the Company will be closed from 5 June 2015, Friday to 9 June 2015, Tuesday (both days inclusive), for the purposes of determining the entitlements of the shareholders to attend and vote at the AGM. No transfer of Shares may be registered on those dates. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 June 2015, Thursday.

CHAIRMAN'S STATEMENT

CLOSURE OF REGISTER FOR FINAL DIVIDEND

The register of members of the Company will be closed from 16 June 2015, Tuesday to 18 June 2015, Thursday (both days inclusive), for the purposes of determining the entitlements of the Shareholders to the proposed final dividend upon the passing of relevant resolution. No transfer of the Shares may be registered on those dates. In order to qualify to the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 15 June 2015, Monday.

Pang Kuo-Shi

Chairman

Hong Kong, 25 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

For the year ended 31 December 2014, the Group recorded a consolidated turnover of approximately HK\$301.9 million (2013: approximately HK\$280.3 million), representing an increase of approximately 7.7% as compared to the corresponding previous year.

Revenue from OEM customers and retail distributors recorded approximately HK\$240.7 million and HK\$61.2 million respectively, representing a slight increase of approximately 8.4% and 5.1% respectively.

In terms of geographical segments analysis, the turnover from Korea, the Republic of China ("ROC"), Japan and the other regions increased by approximately 9.4%, 19.9%, 11.8% and 11.0% respectively. Revenue from the United States of America decreased by approximately 40.3%.

Gross profit margin was approximately 11.6% in 2014 as compared to approximately 13.4% in 2013. The drop in gross profit margin percentage was mainly due to the significant increase in wages rate in the People's Republic of China ("PRC") in 2014.

Other income

Other income was approximately HK\$3,303,000 in 2014 as compared to the amount of approximately HK\$2,048,000 in 2013.

Selling and distribution expenses

Selling and distribution expenses was approximately HK\$10,335,000 in 2014 (2013: approximately HK\$9,937,000). The slight increase was in line with the revenue between the two comparative years.

Administrative expenses

Administrative expenses was approximately HK\$25,334,000 in 2014 as compared to approximately HK\$23,143,000 in 2013.

Financial cost

The Group did not incur any financial cost in both 2014 and 2013.

Income tax expenses

The Group recorded an income tax expense of approximately HK\$1,808,000 in 2014 as compared to approximately HK\$1,818,000 in 2013.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was approximately HK\$1,395,000 in 2014, compared to a profit of approximately HK\$3,460,000 in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR IN REVIEW

Liquidity and Financial Resources

As at 31 December 2014, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$80.5 million (2013: approximately HK\$84.0 million), HK\$89.6 million (2013: approximately HK\$95.5 million) and HK\$174.0 million (2013: approximately HK\$176.0 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the satisfactory level of 1.71 (2013: 1.72). The Group had no bank borrowing at the end of both years.

Research and Development Capabilities

It is an ongoing strategy of the Group to focus on our research and development capabilities, as it is critical in maintaining the Group's competitive edge in the market. The Group had 32 engineers/technicians in the research and development department as at 31 December 2014.

Sales and Marketing

To deal with the downturn of the global market, the marketing team tried to secure the businesses with valuable customers and procure new reliable customers.

Employees

As at 31 December 2014, the Group had 1,347 (2013: 1,417) employees. Employee remuneration, excluding directors' emoluments, for the year ended 31 December 2014 was approximately HK\$77.4 million (2013: approximately HK\$66.6 million). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems, which are reviewed annually.

Currency Risk

The Group's purchases were made in NT\$, US\$, HK\$ and RMB which represented approximately 2.3%, 45.4%, 29.6% and 22.7% respectively for the year ended 31 December 2014. (2013: approximately 7.8%, 42.2%, 30.9% and 19.1% respectively).

Prospect

The directors of the Company (the "Directors") anticipated that the weak economic recovery in Japan and western countries, the significant uptick in wages and shortage of labour in PRC will continue to weigh on our industry in 2015.

Having considered the unfavourable economic situations, the Directors keep a conservative view as to the results of the Group in the coming financial year.

Dividend

The Directors proposed a final dividend of HK0.30 cents (2013: 0.30 cents) per share, which is subject to the approval by the shareholders in the forthcoming annual general meeting to be held on 9 June 2015, Tuesday ("AGM"). The final dividend will be payable on 29 June 2015, Monday to the shareholders whose names appear on the register on Members of the Company on 18 June 2015, Thursday.

MANAGEMENT DISCUSSION AND ANALYSIS

Closure of Register for AGM

The register of members of the Company will be closed from 5 June 2015, Friday to 9 June 2015, Tuesday (both dates inclusive), for the purposes of determining the entitlements of the shareholders to attend and vote at the AGM. No transfer of the Shares may be registered on those dates. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 June 2015, Thursday.

Closure of Register for Final Dividend

The register of members of the Company will be closed from 16 June 2015, Tuesday to 18 June 2015, Thursday (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to the proposed final dividend upon the passing of relevant resolution. No transfer of the Shares may be registered on those dates. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 15 June 2015, Monday.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Pang Kuo-Shi also known as Steve Pang (龐國璽), aged 58, is one of the founders of the Group. Mr. Pang is the Chairman of the Company and is responsible for the Group's overall strategic planning, business development, sales and marketing. He has over 33 years of experience in the field of research and development, sales and marketing of computer cables and connectors. Prior to founding the Group, Mr. Pang worked as a sales manager for the US office of Hon-Hai Precision Industrial Company Limited (“鴻海精密工業股份有限公司”), one of the leading cable assembly and connector manufacturers in Taiwan. Mr. Pang graduated with a diploma in industrial engineering from Hsinpu Junior College of Technology in Taiwan (“台灣新埔工業專科學校”) in 1978.

Mr. Wong Chun (黃震), aged 55, is one of the founders of the Group. Mr. Wong is the deputy chairman and the chief executive officer of the Company. Mr. Wong is responsible for administration, finance and investment project management of the Group. He had worked as a chief officer of China affairs for two Hong Kong listed electronics companies, Tomei International (Holdings) Limited and The Grande Holdings Limited. Mr. Wong has over 29 years of experience in electronic and computer peripherals sector. He is presently serving as the Executive Committee Member and President of Mainland Hong Kong Economy and Trade Committee of the Chinese Manufacturers Association of Hong Kong, Vice-Chairman and the Chairman of China Sub-Committee of the Hong Kong Electronic Industries Association, Life Honorary President of the Hong Kong Auto Parts Industry Association, General Committee Member of Federation of Hong Kong Industries and President of Auto Parts Committee, General Committee Member of the Executive Committee Member of CEO Club, GD Qingyuan City Committee of Chinese People Political Consultative Conference, Member for the Innovation and Technology Support Programme Assessment Panel. Since 2007, he served as Vice-Chairman of Dongguan City Association of Enterprises with Foreign Investment for 6 years, Executive Vice-Chairman of Dongguan City Tangxia Association of Enterprises with Foreign Investment for 6 years. Since 2009, he served as the member of the China Trade and Innovation & Technology Advisory Committee of Hong Kong Trade Development Council for 4 years. He has also awarded as Fellow by The Professional Validation Council of Hong Kong Industries and Fellow Member by Asian Knowledge Management Association respectively in 2006.

Mr. Hsia Chieh-Wen, also known as Paul Hsia (夏傑文), aged 53, is an executive director of the Company and is primarily responsible for the Group's product development, quality control and production management. Mr. Hsia graduated with a diploma in mechanical engineering from Lung Hua Technical College in Taiwan (“台灣龍華工業專科學校”) in 1982. Mr. Hsia has over 25 years of experience in the cable assembly and connector industry. Prior to joining the Group in September 1993, Mr. Hsia worked as an engineer for Hon-Hai Precision Industrial Company Limited (“鴻海精密工業股份有限公司”), one of the leading cable assembly and connector manufacturers in Taiwan.

Independent non-executive Directors

Dr. Lui Ming Wah (呂明華), Ph.D., SBS, JP, aged 76, is an established industrialist serving as the Honorary Chairman of the Hong Kong Electronic Industries Association and the Honorary Chairman of Hong Kong Shandong Business Association. He is also the Honorary President of the Chinese Manufacturers Association of Hong Kong, an advisor of the Hong Kong International Arbitration Centre, and an observer of Independent Police Complaints Council. In the Mainland, Dr. Lui serves as a Council Member of China Overseas Friendship Association. Dr. Lui was elected to the Hong Kong Legislative Council on 24 May 1998 for a term of two years. In 2000 and 2004 Legislative Council Elections, he was successfully elected for a term of four years each. He obtained his Master and Ph.D. degrees from The University of New South Wales in Australia and The University of Saskatchewan in Canada respectively. He is currently the director of Keystone Electronics Co., Ltd. Dr. Lui was appointed an independent non-executive director in December 2001. Besides, he is currently an independent non-executive director of AV Concept Holdings Ltd., Gold Peak Industries (Holdings) Ltd., S.A.S. Dragon Holdings Ltd. and L.K. Technology Holdings Ltd., all being listed companies in the Stock Exchange, and a director of Asian Citrus Holdings Ltd., a listed company in the London Stock Exchange and Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Ho Kit, Ivan (劉可傑), aged 56, has extensive experience in accounting and financial management while working as a financial director/financial controller in a number of manufacturing companies listed on the Stock Exchange. Mr. Lau graduated from the Hong Kong Polytechnic University with a Masters degree in professional accounting. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants, and the Institute of Chartered Accountants in England and Wales. Mr. Lau became an independent non-executive director in December 2001. Mr. Lau is also an independent non-executive director of CCT Tech International Limited and Singamas Container Holdings Limited. Both companies are listed on the main board of the Stock Exchange.

Mr. Wong Kwong Chi (王幹芝), aged 63, holds a Degree in Science and an MBA from the Chinese University of Hong Kong. He has extensive experience in executive positions, especially in information technology, electronics, automotive components and pharmaceutical industries. Mr. Wong is the Founding Partner of Whiz Partners Asia Ltd., a private equity firm specialized in transferring technology from Japan to China. He was the Chief Executive Officer of China.com Inc (HKGEM: 8006). He was also a director and Executive Vice President of Transpac Capital Ltd., one of the earliest and largest private equity investment firms in Asia, managing a US\$820 million portfolio with investments in approximately 200 companies in East Asia and the United States. Currently, Mr. Wong is a Member of Overseers Committee for C.W. Chu College of Chinese University of Hong Kong, a Director of CityU Enterprises Limited, Advisor and Past Vice President of Hong Kong Critical Components Manufacturers Association, Committee Member of Federation of Hong Kong Machinery & Metal Industries, Past Member of Advisory Committee on the Promotion of Innovation & Technology through the Hong Kong Platform of Hong Kong Trade Development Council, and Council Member of Hong Kong Biotechnology Association. Mr. Wong is currently an Honorary Citizen of Nanhai City, Kaiping City, Jiangmen City and Foshan City.

Senior Management

Ms. Chan Man Yi (陳敏儀), aged 50, is the company secretary of the Group. Ms. Chan graduated from the Hong Kong Polytechnic University with a Master degree in professional accounting and has over 23 years of experience in pension and provident fund industry. Ms. Chan is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Ms. Chan joined the Group in December 2012.

Mr. Chui Wing Kit (徐永傑), aged 57, is the assistant financial controller of the Group. Mr. Chui gained substantial experience in finance, accounting, and auditing while working as an assistant financial controller of a listed company in Hong Kong. Mr. Chui joined the Group in October 2000.

Mr. Chen Ching-Chang (陳慶章), aged 53, is the deputy general manager of the Group's Production and Manufacturing Business Department, and is responsible for the Group's production and manufacturing and quality management. Mr. Chen graduated from 台灣明新工業專科學校 in 1982 with a diploma in electronic engineering. He has over 28 years of experience in cables, connectors assembling and management of electronic products manufacturing. Mr. Chen has worked as production manager in various manufacturing companies in Taiwan, relating to cables, connectors assembling and electronic products manufacturing. Mr. Chen joined the Group on 1 January 2002.

Dr. Wei-I Lee (李威儀), aged 56, is the technical consultant of the Group and is responsible for the research and development activities of the Group, especially in the fibre optic business. Dr. Lee obtained a doctoral degree in Electrical Engineering from Rensselaer Polytechnic Institute in U.S. in December 1988. Dr. Lee is at present a professor at The National Communication University ("國立交通大學") in Taiwan and the executive director of a company engaging in semiconductor opto-electronic and high-speed devices. Dr. Lee joined the Group in June 2001.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The largest and the top five suppliers of the Group accounted for about 8.1% and 27.2%, respectively, of the Group's total purchases for the year.

The largest and the top five customers of the Group accounted for about 31.3% and 78.1%, respectively, of the Group's total turnover for the year.

At no time during the year did a director, an associate of a director, or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 22.

The directors have resolved to recommend the payment of a final dividend of HK0.30 cents per share to the shareholders on the register of members on 18 June 2015, amounting to HK\$1,920,000 in aggregate.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 66 of the annual report.

FIXED ASSETS

The Group's investment properties were revalued at 31 December 2014. There is an increase in fair value of investment properties of HK\$1,000,000.

The Group expended HK\$6,921,000 on new plant and equipment during the year.

Details of these and other movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 14 and 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 24 to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2014 amounted to HK\$40,011,000.

DIRECTORS

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

Executive directors:

Mr. Pang Kuo-Shi (Chairman)

Mr. Wong Chun (Chief Executive Officer)

Mr. Hsia Chieh-Wen

Independent non-executive directors:

Dr. Lui Ming Wah, S.B.S., JP

Mr. Lau Ho Kit, Ivan

Mr. Wong Kwong Chi

In accordance with Article 87 of the Company's Articles of Association, Mr. Pang Kuo-Shi and Mr. Hsia Chieh-Wen shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into service agreement with the Company which shall be terminated by not less than six months' notice in writing served by either party on the other.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the interests and short position of the directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Future Ordinance Chapter 571 ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to the required standards of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong ("the GEM Listing Rules") and Divisions 7 and 8 of Part XV of the SFO, were as follows:

DIRECTORS' REPORT

Ordinary shares of HK\$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Pang Kuo-Shi (Note)	Interest of controlled corporation	279,616,000	43.69%
Mr. Wong Chun ("Mr. Wong")	Beneficial owner	116,544,000	18.26%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	69,888,000	10.92%
Mr. Wong Kwong Chi	Interest of spouse	6,380,000	0.99%

Note: Mr. Pang Kuo-Shi is deemed to be interested in 279,616,000 shares held by Modern Wealth Assets Limited, a company wholly owned by Mr. Pang Kuo-Shi.

Other than as disclosed above, none of the directors, chief executive, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations at 31 December 2014.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 27 to the consolidated financial statements.

During the year ended 31 December 2014, no share options were granted or exercised. As at 31 December 2014, no share options were outstanding.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2014.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, no person in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO was disclosed as having a notifiable interest or short position in the issued share capital of the Company as at 31 December 2014.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 29 to the consolidated financial statements, there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

The independent non-executive directors confirm that the transactions have been entered into by the Group in the ordinary course of its business, and in accordance with the terms of the agreement governing such transactions and are fair and reasonable and in the interest of the shareholders of the Company as a whole.

No contract of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

EMOLUMENT POLICY

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence.

The emoluments of the directors of the Company are determined with regard to the Group's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

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

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

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

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$10,000.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 31 to consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Pang Kuo-Shi

CHAIRMAN

25 March 2015

CORPORATE GOVERNANCE REPORT

The Company complied throughout the year ended 31 December 2014 with the code provisions in the Corporate Governance Code and Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules (the "Code"), save as the following:

- (i) Code provision A.4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The Company deviated from this provision in that Dr. Lui Ming Wah and Mr. Lau Ho Kit, Ivan were not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive directors have already given the Company's shareholders the right to approve continuation of non-executive directors' offices.
- (ii) Code provision A.5.6 provides that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy for a summary of the policy in the corporate governance report. Given that the members of the nomination committee consider that the current composition allows the Board to perform its function efficiently, the nomination committee has yet adopted a diversity policy. The nomination committee will adopt such a policy and set measurable objectives therefor in year 2014 with an aim to evaluate the optimal composition of the Board.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company. The Company has received, from each of the independent non-executive directors, an annual confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

BOARD COMPOSITION

The Board of directors ("Board") of the Company is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for the day-to-day management of the Company, which is delegated, to the Chairman and Chief Executive Officer and the management.

The Board comprises a total of six directors, with three executive directors, namely, Mr. Pang Kuo-Shi (Chairman), Mr. Wong Chun (Vice Chairman and Chief Executive Officer) and Mr. Hsia Chieh-Wen and three independent non-executive directors, namely, Dr. Lui Ming-Wah, S.B.S., JP, Mr. Lau Ho-Kit, Ivan and Mr. Wong Kwong-Chi. Mr. Lan Ho-Kit has appropriate professional qualifications, accounting and financial management expertise.

The posts of Chairman and Chief Executive Officer are separated and are exercised by different individuals to ensure a clear division between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The separation ensures a balance of power and authority so that power is not concentrated in any one individual.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

CORPORATE GOVERNANCE REPORT

The types of decisions taken out by the Board include matters in relation to:

- corporate and capital structure;
- corporate strategy;
- significant policies affecting the Group as a whole;
- business plan, budgets and public announcements;
- delegation to the Chairman, and delegation to and by Board committees;
- key financial matters;
- appointment, removal or reappointment of Board members, senior management and auditors;
- remuneration of directors and senior management; and
- communication with key stakeholders, including shareholders and regulatory bodies

The Board has delegated the decision-making regarding the daily operation and administration of the Company to the management, under the supervision of the Chief Executive Officer.

There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

BOARD OPERATION

The Board meets regularly over the Company's affairs and operations. In 2014, the Board held four meetings.

The attendance record of each member of the Board is set out below:

	Attendance
<i>Executive Directors</i>	
Pang Kuo-Shi	4/4
Wong Chun (<i>Chief Executive Officer</i>)	4/4
Hsia Chieh-Wen	4/4
<i>Independent Non-executive Directors</i>	
Dr. Lui Ming-Wah, S.B.S., JP	4/4
Lau Ho-Kit, Ivan	4/4
Wong Kwong-Chi	4/4

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

A remuneration committee was formed for, inter alia, the following purposes:

- (a) to make recommendations to the Board on policies and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to determine the remuneration packages for executive directors and senior management and to make recommendations to the Board on the remuneration of non-executive directors.

The Remuneration Committee is made up of all of the Company's independent non-executive directors, namely, Mr. Wong Kwong Chi (Chairman), Dr. Lui Ming-Wah, S.B.S., JP and Mr. Lau Ho-Kit, Ivan, and an executive director, Mr. Wong Chun.

The attendance record of each member of the remuneration committee is set out below:

Members of Remuneration Committee	Attendance
Mr. Wong Chun	1/1
Dr. Lui Ming Wah, S.B.S., JP	1/1
Mr. Lau Ho Kit, Ivan	1/1
Mr. Wong Kwong Chi (<i>Chairman</i>)	1/1

A meeting was held on 25 March 2015 to consider and determine (a) the bonus payment of the executive directors, (b) bonus payments to employees of the Group and (c) the salary increases of senior management and employees of the Group for the Board's approval. Mr. Wong Kwong-Chi, Dr. Lui Ming-Wah, S.B.S., JP, Mr. Lau Ho-Kit, Ivan and Mr. Wong Chun attended this meeting.

Details regarding the Company's emolument policy and long-term incentive schemes, as well as the basis of determining the directors' emoluments are set out in this Annual Report.

The Remuneration Committee will meet and review the emolument policy and long-term incentive schemes as well as the basis of determining the emolument payable to the Company's directors in 2014.

The Remuneration Committee is governed by its terms of reference, which have been revised by the Board on 26 March 2012 pursuant to the Revised Code.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the auditors, Deloitte Touche Tomatsu, to the Company in the year 2014 amounted to HK\$680,000 and HK\$46,600 respectively. Non-audit services provided by Deloitte Touche Tomatsu included the review of the Group's tax compliance.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The audit committee comprises three members – Dr. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi, who are independent non-executive directors. During the year, the audit committee held four meetings and performed the following duties:

- (1) reviewed and commented on the Company's draft annual, interim and quarterly financial announcements;
- (2) reviewed and commented on the Group's internal controls; and
- (3) met with the external auditors and participated in the reappointment and assessment of the performance of the external auditors.

The attendance record of each member of the audit committee is set out below:

Members of Audit Committee	Attendance
Dr. Lui Ming Wah, S.B.S., JP	4/4
Mr. Lau Ho Kit, Ivan (<i>Chairman</i>)	4/4
Mr. Wong Kwong Chi	4/4

The annual results presented herein have been reviewed by the Audit Committee.

The Audit Committee is governed by its terms of reference, which have been revised by the Board on 26 March 2012 pursuant to the Revised Code.

NOMINATION OF DIRECTORS

On 26 March 2012, the Board has established a Nomination Committee pursuant to the requirements of the Revised Code. The Committee adopted the following procedure and criteria for nomination of Directors:

1. Procedure for Nomination of Directors

- 1.1. When there is a vacancy in the Board, the Board evaluates the balance of skills, knowledge and experience of the Board, and identifies any special requirements for the vacancy (e.g. independence status in the case of an INED).
- 1.2. Prepare a description of the role and capabilities required for the particular vacancy.
- 1.3. Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.
- 1.4. Arrange interview(s) with each candidate for the Board to evaluate whether the candidate meets the established written criteria for nomination of directors. One or more members of the Board will attend the interview.
- 1.5. Conduct verification on information provided by the candidate.
- 1.6. Convene a Board meeting to discuss and vote on which candidate to nominate or appoint to the Board.

CORPORATE GOVERNANCE REPORT

2. Criteria for Nomination of Directors

2.1. Common Criteria for All Directors

- (a) Character and integrity
- (b) The willingness to assume broad fiduciary responsibility
- (c) Present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs
- (d) Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organization, industry experience and familiarity with the products and processes used by the Company
- (e) Significant business or public experience relevant and beneficial to the Board and the Company
- (f) Breadth of knowledge about issues affecting the Company
- (g) Ability to objectively analyse complex business problems and exercise sound business judgment
- (h) Ability and willingness to contribute special competencies to Board activities
- (i) Fit with the Company's culture

2.2. Criteria for Non-Executive Directors

- (a) Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a director, including attendance at and active participation in Board and committee meetings
- (b) Accomplishments of the candidate in his or her field
- (c) Outstanding professional and personal reputation
- (d) The candidate's ability to meet the independence criteria for directors established in the GEM Listing Rules

The attendance record of each member of the nomination committee is set out below:

Members of Nomination Committee	Attendance
Mr. Pang Kuo-Shi (<i>Chairman</i>)	1/1
Mr. Wong Chun	1/1
Mr. Hsia Chieh-Wen	1/1
Dr. Lui Ming Wah, S.B.S., JP	1/1
Mr. Lau Ho Kit, Ivan	1/1
Mr. Wong Kwong Chi	1/1

CORPORATE GOVERNANCE REPORT

The Nomination Committee established on 26 March 2012 considers matters regarding the nomination and/or appointment or reappointment of director(s).

A statement of director's responsibilities for preparing the financial statements is set out in this Annual Report. The Auditor's Report states auditors Reporting responsibilities.

The Directors have reviewed and are satisfied with the effectiveness of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for Directors in the form of provision of training materials. The Directors have also attended seminars provided by sophisticated external organizations. A summary of training received by Directors during the year according to the records provided by the Directors is as follows:

Training on corporate governance, regulatory development and other relevant topics by reading training materials and/or attending seminars

Executive Directors:

Mr. Pang Kuo-Shi
Mr. Wong Chun
Mr. Hsia Chieh-Wen

✓
✓
✓

Independent Non-executive Directors:

Dr. Lui Ming Wah, Ph.D., SBS, JP
Mr. Lau Ho Kit, Ivan
Mr. Wong Kwong Chi

✓
✓
✓

SHAREHOLDERS' RIGHTS

According to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Enquiries and proposals to be put forward at shareholder meetings can also be sent to the board or senior management via e-mail to wong@glorymark.com.hk, or directly through the questions and answers session at shareholder meetings.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Glory Mark Hi-Tech (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 65, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR'S REPORT

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 profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	7	301,914	280,308
Cost of sales		(266,795)	(242,884)
Gross profit		35,119	37,424
Other income		3,303	2,048
Other gains and losses		(945)	(1,019)
Change in fair value of investment properties	16	1,000	–
Selling and distribution expenses		(10,335)	(9,937)
Administrative expenses		(25,334)	(23,143)
Gain on disposal of available-for-sale investment	17	228	–
Profit before taxation		3,036	5,373
Income tax expense	10	(1,808)	(1,818)
Profit for the year	11	1,228	3,555
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,449)	1,580
Total comprehensive (expense) income for the year		(221)	5,135
Profit (loss) for the year attributable to:			
Owners of the Company		1,395	3,460
Non-controlling interests		(167)	95
		1,228	3,555
Total comprehensive (expense) income attributable to:			
Owners of the Company		(54)	5,040
Non-controlling interests		(167)	95
		(221)	5,135
Earnings per share	13		
Basic		HK0.22 cents	HK0.54 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	61,241	62,579
Prepaid lease payments	15	9,176	9,657
Investment properties	16	11,700	10,700
Available-for-sale investments	17	8,279	5,526
Club debenture	18	560	560
Deposits for land use rights		662	679
Deposits paid for acquisition of property, plant and equipment		2,068	2,399
Other receivable	20	818	1,027
		94,504	93,127
CURRENT ASSETS			
Inventories	19	24,587	28,591
Trade and other receivables	20	79,590	76,793
Prepaid lease payments	15	243	245
Bank balances and cash	21	89,574	95,504
		193,994	201,133
CURRENT LIABILITIES			
Trade and other payables	22	83,127	87,765
Amounts due to directors	23	1,330	1,330
Taxation payable		29,048	28,031
		113,505	117,126
NET CURRENT ASSETS		80,489	84,007
NET ASSETS		174,993	177,134
CAPITAL AND RESERVES			
Share capital	24	64,000	64,000
Reserves		110,042	112,016
Equity attributable to owners of the Company		174,042	176,016
Non-controlling interests		951	1,118
TOTAL EQUITY		174,993	177,134

The consolidated financial statements on pages 22 to 65 were approved and authorised for issue by the Board of Directors on 25 March 2015 and are signed on its behalf by:

Pang Kuo-Shi
DIRECTOR

Wong Chun
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Equity attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Merger reserve	Translation reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	64,000	680	11,987	96,229	172,896	1,023	173,919
Profit for the year	-	-	-	3,460	3,460	95	3,555
Other comprehensive income	-	-	1,580	-	1,580	-	1,580
Total comprehensive income for the year	-	-	1,580	3,460	5,040	95	5,135
Dividends recognised as distribution (Note 12)	-	-	-	(1,920)	(1,920)	-	(1,920)
At 31 December 2013	64,000	680	13,567	97,769	176,016	1,118	177,134
Profit (loss) for the year	-	-	-	1,395	1,395	(167)	1,228
Other comprehensive expense	-	-	(1,449)	-	(1,449)	-	(1,449)
Total comprehensive (expense) income for the year	-	-	(1,449)	1,395	(54)	(167)	(221)
Dividends recognised as distribution (Note 12)	-	-	-	(1,920)	(1,920)	-	(1,920)
At 31 December 2014	64,000	680	12,118	97,244	174,042	951	174,993

Note: The merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the group reorganisation in 2001.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	3,036	5,373
Adjustments for:		
Interest income	(694)	(866)
Depreciation of property, plant and equipment	6,892	6,553
Amortisation of prepaid lease payments	243	244
Reversal of allowance for inventories	(544)	(2,013)
Change in fair value of investment properties	(1,000)	–
Gain on disposal of property, plant and equipment	(167)	(149)
Allowance for doubtful debts	–	2
Written-off of deposits for acquisition of property, plant and equipment	–	213
Impairment loss on available-for-sale investments	598	610
Gain on disposal of available-for-sale investment	(228)	–
Operating cash flows before movements in working capital	8,136	9,967
Decrease (increase) in inventories	4,883	(2,211)
Increase in trade and other receivables	(3,443)	(13,968)
(Decrease) increase in trade and other payables	(3,848)	8,113
Cash generated from operations	5,728	1,901
Income taxes paid	(14)	(220)
NET CASH FROM OPERATING ACTIVITIES	5,714	1,681
INVESTING ACTIVITIES		
Refund of temporary receipts for potential investments	–	(56,327)
Advance paid for potential investments	–	(1,352)
Refund of advance paid for potential investment	209	–
Decrease (increase) in deposits paid for acquisition of property, plant and equipment	343	(893)
Proceeds from disposal of property, plant and equipment	186	157
Interest received	694	866
Purchase of property, plant and equipment	(6,921)	(5,049)
Purchase of available-for-sale investments	(3,351)	–
Proceed from disposal of available-for-sale investment	228	–
NET CASH USED IN INVESTING ACTIVITIES	(8,612)	(62,598)
CASH USED IN FINANCING ACTIVITIES		
Dividends paid	(1,920)	(1,920)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,818)	(62,837)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	95,504	157,985
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,112)	356
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash	89,574	95,504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The Company is listed on the Growth Enterprise Market ("GEM") operated by the Stock Exchange of Hong Kong Limited (the "Exchange") on 4 January 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report for the year ended 31 December 2014.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 30.

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Company is United States dollars ("USD"). As the Company is listed in Hong Kong, the directors of the Company (the "Directors") consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

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

(a) Application of new and revised HKFRS

The Group has applied the following new and revised HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

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

(b) New and revised HKFRS in issue but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

(b) New and revised HKFRS in issue but not yet effective (continued)

Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS	Annual Improvements to HKFRS 2010 - 2012 Cycle ⁶
Amendments to HKFRS	Annual Improvements to HKFRS 2011 - 2013 Cycle ⁴
Amendments to HKFRS	Annual Improvements to HKFRS 2012 - 2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

HKFRS 9 Financial Instruments *(continued)*

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial statements and liabilities, it is not practicable to provide a reasonable estimated of the effect until a detail review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. Regarding the Group's consolidated financial statements, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

Annual Improvements to HKFRS 2010-2012 Cycle

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

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

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

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

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

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

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

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

Annual Improvements to HKFRS 2011-2013 Cycle

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

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

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

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

- a) the property meets the definition of investment property in terms of HKAS 40; and
- b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRS 2012-2014 Cycle

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

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure - Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

Annual Improvements to HKFRS 2012-2014 Cycle *(continued)*

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of the above new and revised HKFRS will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 32).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each accounting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

The Group's policy for recognition of rental income from operating lease is described in the accounting policy below.

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

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

Retirement benefit costs

Payments to the defined contribution retirement benefit plan, state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax *(continued)*

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

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

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

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

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

Current and deferred tax for the year

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

Share-based payment arrangements

Equity-settled share-based payment transactions

The grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible and intangible assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Investment properties

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

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

Club debenture

Club debenture with indefinite useful life is carried at cost less any subsequent accumulated impairment losses.

Financial instruments

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

All regular way purchases or sales of financial assets are recognised and derecognised. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation of convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

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

Impairment of financial assets

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

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

For loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranging from 30 to 180 days and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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

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

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities (including trade and other payables and amounts due to directors) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes in relation to the fair value gain or loss of investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

Critical judgements in applying accounting policies *(continued)*

Deferred taxation on investment properties *(continued)*

Key source of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amount of asset within the next financial year.

Estimated allowance for doubtful debts of trade receivables

Estimated allowance for doubtful debts are provided and assessed based on the directors' estimation of the collectability of each individual debtor. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade receivables is HK\$71,942,000 (2013: HK\$70,027,000), net of allowance for doubtful debts of Nil (2013: HK\$570,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	161,646	165,913
Available-for-sale investments	8,279	5,526
Financial liabilities at amortised cost	57,202	72,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

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

(i) Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

	2014 HK\$'000	2013 HK\$'000
Assets		
USD (Note 1)	6	640
New Taiwan dollar ("NTD")	3,668	2,723
Renminbi ("RMB")	35,813	41,132
Liabilities		
NTD	1,809	1,637
RMB	2,516	2,935
EUR	–	18

Note 1: Functional currency of the respective subsidiaries is RMB/NTD.

The following table details the Group's sensitivity to a 5% increase and decrease in USD against RMB, NTD and EUR. 5% is the sensitivity rate used by management for the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency rates. A positive number (negative number) indicates an increase in profit/a decrease in loss (a decrease in profit/an increase in loss) where RMB, NTD and EUR strengthens against the USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

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

(i) **Market risk** *(continued)*

Currency risk (continued)

	Impact of RMB		Impact of NTD		Impact of EUR	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Impact on profit/loss for the year	1,665	1,910	58	24	–	1

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits (see note 21 for details) and cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (see note 21 for details). In relation to the fixed-rate bank deposits, the Directors consider the Group's exposure to fair value interest rate risks is not significant as these deposits are all short-term in nature.

The sensitivity analysis below has been determined based on the exposure to interest rates on its variable-rate bank balances at the end of the reporting period. A 4 (2013: 4) basis point increase or decrease is used by the management for the assessment of the possible change in interest rates.

If interest rates had been 4 (2013: 4) basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would increase/decrease by HK\$9,400 (2013: post-tax loss would decrease/increase by HK\$6,400).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(ii) **Credit risk**

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective recognised assets as stated in the consolidated statement of financial position.

The Group's principal financial assets are trade and other receivables and bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

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

(ii) Credit risk *(continued)*

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At 31 December 2014, the top five customers of the Group accounted for about 79.4% (2013: 69.1%) of the Group's trade receivables, all of which are engaged in business of connectivity products with good reputation. The Group manages its credit risk by closely monitoring the granting of credit. The Group also reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

(iii) Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company by maintaining an adequate level of bank balances and cash. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or less than 30 days HK\$'000	31 - 90 days HK\$'000	91 - 365 days HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2014					
Non-interest bearing					
Trade and other payables	16,491	26,434	12,947	55,872	55,872
Amount due to directors	1,330	-	-	1,330	1,330
	17,821	26,434	12,947	57,202	57,202
As at 31 December 2013					
Non-interest bearing					
Trade and other payables	30,130	28,706	12,438	71,274	71,274
Amount due to directors	1,330	-	-	1,330	1,330
	31,460	28,706	12,438	72,604	72,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value

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

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

7. REVENUE

	2014 HK\$'000	2013 HK\$'000
Sales of connectivity products mainly for computers and peripheral products	301,914	280,308

8. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the executive directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resource allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to two classes of customers, namely, original equipment manufacturer customers ("OEM customers") and retail distributors. The Group's reportable and operating segments under HKFRS 8 are as follows:

	OEM customers HK\$'000	2014 Retail distributors HK\$'000	Total HK\$'000	OEM customers HK\$'000	2013 Retail distributors HK\$'000	Total HK\$'000
SEGMENT REVENUE						
– External sales	240,680	61,234	301,914	222,042	58,266	280,308
SEGMENT PROFIT	31,322	3,797	35,119	34,257	3,167	37,424
Unallocated expenses			(35,669)			(33,080)
Other income			3,303			2,048
Other gains and losses			(945)			(1,019)
Gain on disposal of available-for-sale investment			228			–
Change in fair value of investment properties			1,000			–
Profit before taxation			3,036			5,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. SEGMENT INFORMATION *(continued)*

	2014			2013		
	OEM customers HK\$'000	Retail distributors HK\$'000	Total HK\$'000	OEM customers HK\$'000	Retail distributors HK\$'000	Total HK\$'000
ASSETS						
SEGMENT ASSETS						
Trade receivables (Note)	58,096	13,846	71,942	56,633	13,394	70,027
Property, plant and equipment, prepaid lease payments and inventories (Note)			95,247			101,072
Total segment assets			167,189			171,099
Other unallocated assets			121,309			123,161
Total assets			288,498			294,260

The Group's segment liabilities are not presented as they are not regularly reviewed by the Group's executive directors.

Note: The nature of products, the production processes and the methods used to distribute the products to the two classes of customers are similar. The Group's production facilities and inventories are located in the People's Republic of China (the "PRC"). These two classes of customers utilise the Group's resources in a similar manner. Accordingly, the property, plant and equipment, prepaid lease payments and inventories are not separately allocated to the individual segments. In contrast, the Group's executive directors regularly review trade receivables by operating segment.

Geographical information

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

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers	
	2014 HK\$'000	2013 HK\$'000
Korea	108,565	99,244
ROC	96,506	80,492
Japan	72,776	65,069
United States of America	17,879	29,929
Others	6,188	5,574
	301,914	280,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

	Non-current assets (excluding available- for-sale investments, club debenture and other receivable)	
	2014 HK\$'000	2013 HK\$'000
PRC	71,609	73,121
Hong Kong	11,878	11,253
Others	1,360	1,640
	84,847	86,014

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A ¹	94,517	76,565
Customer B ¹	64,033	N/A ³
Customer C ²	49,833	43,963
Customer D ¹	17,346	28,691

¹ Revenue from OEM customers

² Revenue from Retail distributors

³ The corresponding revenue did not contribute over 10% of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Directors

	Mr. Pang Kuo-Shi HK\$'000	Mr. Wong Chun HK\$'000	Mr. Hsia Chieh-Wen HK\$'000	Dr. Lui Ming Wah, JP HK\$'000	Mr. Lau Ho Kit, Ivan HK\$'000	Mr. Wong Kwong Chi HK\$'000	Total HK\$'000
2014							
Fees	-	-	-	88	88	88	264
Other emoluments:							
Salaries and other benefits	2,048	1,837	1,374	-	-	-	5,259
Retirement benefit scheme contributions	-	17	14	-	-	-	31
	2,048	1,854	1,388	88	88	88	5,554
Fees	-	-	-	88	-	88	176
Other emoluments:							
Salaries and other benefits	2,048	1,839	1,388	-	-	-	5,275
Retirement benefit scheme contributions	-	15	-	-	-	-	15
	2,048	1,854	1,388	88	-	88	5,466

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

Employees

Of the five highest paid individuals of the Group, three (2013: three) were directors of the Company whose emoluments are included above. The emoluments of the remaining two (2013: two) individuals, each of whom has emoluments falling within the band of zero to HK\$1,000,000, were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,102	1,125
Retirement benefit scheme contributions	41	38
	1,143	1,163

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. INCOME TAX EXPENSE

The amount represents current tax charge on assessable profits arising in jurisdictions other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdictions. Majority of the subsidiaries are subject to enterprise income tax in the PRC. The applicable enterprise income tax rate of the PRC is 25% in accordance with the relevant income tax law and regulations in the PRC for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as there is no assessable profits for both years.

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	3,036	5,373
Tax at the domestic income tax rate of 25%	759	1,343
Tax effect of income not taxable for tax purpose	(3,695)	(2,316)
Tax effect of expenses not deductible for tax purpose	4,061	2,020
Tax effect of unrecognised tax losses	596	565
Utilisation of tax losses	(9)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	96	206
Taxation charge for the year	1,808	1,818

At 31 December 2014, the Group has unused tax losses of HK\$23,432,000 (2013: HK\$21,087,000) available for offset against future profits. No deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the unused tax losses can be utilised. The tax losses arising from Hong Kong subsidiaries may be brought forward indefinitely while those arising from PRC subsidiaries may be brought forward for 5 years. Unused tax losses related to PRC subsidiaries amounted to HK\$3,819,000 (2013: HK\$2,761,000) and will expire between 2015 and 2019 (2013: between 2014 and 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. PROFIT FOR THE YEAR

	2014 HK\$'000	2013 HK\$'000
Profit for the year has been arrived at after charging and (crediting):		
Directors' remuneration (note 9)	5,554	5,466
Other staff costs		
Salaries and other benefits	79,333	67,732
Retirement benefit scheme contributions (excluding directors)	4,962	3,781
Total staff costs	89,849	76,979
Auditor's remuneration	840	913
Depreciation of property, plant and equipment	6,892	6,553
Amortisation of prepaid lease payments	243	244
Cost of inventories recognised as expenses (including reversal of allowance for inventories of HK\$544,000 (2013: HK\$2,013,000) (Note))	266,795	242,884
Impairment loss on available-for-sale investments (included in other gains and losses)	598	610
Gain on disposal of property, plant and equipment (included in other gains and losses)	(167)	(149)
Net foreign exchange loss	512	345
Interest income on bank deposits (included in other income)	(694)	(866)
Rental income (included in other income)	(1,268)	(169)
Allowance for doubtful debts	-	2
Write-off of deposit for acquisition of property, plant and equipment	-	213

Note: Reversal of allowance for inventories was recognised because of subsequent usage.

12. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividends recognised as distribution during the year:		
2013 Final - HK0.30 cents (2013: 2012 final dividend of HK0.30 cents) per share	1,920	1,920

The final dividend of HK0.30 cents per share in respect of the year ended 31 December 2014 (2013: final dividend of HK0.30 cents per share for the year ended 31 December 2013) has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Profit for the year attributable to the owners of the Company	1,395	3,460
Number of ordinary shares for the purpose of basic earnings per share	'000 640,000	'000 640,000

No diluted earnings per share has been presented because the Company did not have any outstanding potential dilutive ordinary share during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST							
At 1 January 2013	59,180	28,283	5,789	1,360	70,700	3,731	169,043
Exchange realignment	1,548	210	83	32	1,554	40	3,467
Additions	–	569	28	–	3,251	1,201	5,049
Disposals	–	(19)	(205)	–	–	(365)	(589)
At 31 December 2013	60,728	29,043	5,695	1,392	75,505	4,607	176,970
Exchange realignment	(1,377)	(437)	(78)	(52)	(1,303)	(90)	(3,337)
Additions	–	1,019	252	–	4,770	880	6,921
Disposals	–	(22)	(486)	–	(555)	(1,149)	(2,212)
At 31 December 2014	59,351	29,603	5,383	1,340	78,417	4,248	178,342
DEPRECIATION							
At 1 January 2013	9,714	25,585	5,336	1,126	61,833	2,814	106,408
Exchange realignment	281	196	75	32	1,381	46	2,011
Provided for the year	1,241	1,235	161	4	3,444	468	6,553
Eliminated on disposals	–	(19)	(205)	–	–	(357)	(581)
At 31 December 2013	11,236	26,997	5,367	1,162	66,658	2,971	114,391
Exchange realignment	(272)	(226)	(117)	(29)	(1,318)	(27)	(1,989)
Provided for the year	1,235	984	176	4	3,919	574	6,892
Eliminated on disposals	–	(22)	(486)	–	(536)	(1,149)	(2,193)
At 31 December 2014	12,199	27,733	4,940	1,137	68,723	2,369	117,101
CARRYING VALUES							
At 31 December 2014	47,152	1,870	443	203	9,694	1,879	61,241
At 31 December 2013	49,492	2,046	328	230	8,847	1,636	62,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Buildings	2% or over the remaining term of the relevant lease, if shorter
Furniture and fixtures	20% - 33%
Office equipment	20% - 25%
Computer equipment	20%
Machinery	14% - 20%
Motor vehicles	17% - 20%

The buildings are located in the PRC on land held under medium-term leases.

15. PREPAID LEASE PAYMENTS

The amount represents prepaid lease payments relating to land use rights in the PRC which are held under medium-term leases. Analysis of the carrying amount of prepaid lease payments are as follows:

	2014 HK\$'000	2013 HK\$'000
Non-current asset	9,176	9,657
Current asset	243	245
	9,419	9,902

16. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 January 2013, 31 December 2013 and 1 January 2014	10,700
Increase in fair value recognised in profit or loss	1,000
At 31 December 2014	11,700

The investment properties are held under medium-term leases in Hong Kong and are rented out under operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. INVESTMENT PROPERTIES *(continued)*

The fair value of the Group's investment properties at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by Jointgoal Surveyors Limited, an independent qualified professional valuer not connected with the Group. Jointgoal Surveyors Limited is a member of the Hong Kong Institute of Surveyors.

The fair value was determined using direct comparison approach assuming sales of the properties in their respective existing state and by making reference to comparable sales evidences as available on the market. There has been no change from the valuation technique used in the prior year.

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

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment property 1	Level 3	Direct comparison method The key input is (1) Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of HK\$3,815 per square feet on saleable floor area basis.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment property by the same percentage increase, and vice versa.
Investment property 2	Level 3	Direct comparison method The key input is (1) Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of HK\$6,596 per square feet on saleable floor area basis.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment property by the same percentage increase, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. INVESTMENT PROPERTIES *(continued)*

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

	Level 3	Fair value
	HK\$'000	as at
		31/12/2014
		HK\$'000
Commercial property units located in Hong Kong	11,700	11,700

There were no transfers into or out of Level 3 during the current year.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	10,987	8,071
Less: Impairment loss on unlisted equity securities	(2,708)	(2,545)
	8,279	5,526

Name of available-for-sale investments	Place of incorporation/ registration operation	Proportion of ownership interests and voting rights held by the Group		Principal activity
Grandmark Industrial Limited ("GIL") (Note 1)	Hong Kong	5.65%	5.48%	Investment holding of a company in which a wholly-owned subsidiary engages in the research, development and manufacturing of automotive parts and sub-systems in the PRC.
Hong Kong Automobile Corporation Limited ("HKACL") (Note 2)	Hong Kong	8.64%	7.99%	Investment holding of a company in which a subsidiary engages in the research, development and manufacturing of automotive parts in the PRC.
Universal Aviation Industrial Limited ("UAIL") (Note 3)	Hong Kong	N/A	8.33%	Investment holding of a company which engages in research, development and manufacturing of aircraft cabin seat in the PRC.

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For the year ended 31 December 2014

17. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

Note 1: On 23 April 2014, the Group acquired additional 700,649 ordinary shares of GIL at a consideration of HK\$701,000 (2013: HK\$347,000). As at 31 December 2014, the carrying amount is HK\$2,664,000 (2013: HK\$2,119,000), net of impairment loss of HK\$2,066,000 (2013: HK\$1,910,000). As the investment in GIL represents less than 20% of attributable equity interest held by the Group and that the Group has no controlling power or significant influence over the management and the operation of GIL. The investment is classified as available-for-sale investment.

Note 2: On 23 April 2014, the Group acquired additional 265,110 ordinary shares Series A of HKACL at a consideration of HK\$2,650,000 (2013: HK\$1,320,000). As at 31 December 2014, the carrying amount is HK\$5,615,000 (2013: HK\$3,407,000), net of impairment loss of HK\$642,000 (2013: HK\$200,000). As the investment in HKACL represents less than 20% of attributable equity interest held by the Group and that the Group has no controlling power or significant influence over the management and the operation of HKACL. The investment is classified as available-for-sale investment.

Note 3: As at 31 December 2013, the Group held 8.33% of ordinary shares of UAIL. The investment cost had been fully impaired as at 31 December 2013. On 23 October 2014, the Group disposed of the entire interests on Universal Aviation Industrial Limited to the independent third party with a consideration of HK\$228,000. A gain on disposal of HK\$228,000 is recognised in profit or loss. The investment was classified as available-for-sale investment.

18. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club. The Directors consider that no impairment is identified with reference to market price of the club debenture.

19. INVENTORIES

	2014 HK\$'000	2013 HK\$'000
Raw materials and consumables	8,925	11,451
Work in progress	4,616	4,384
Finished goods	11,046	12,756
	24,587	28,591

During the current year, the Group sold inventories which provision was made to in previous years. As a result, a reversal of write-down of inventories of HK\$544,000 (2013: HK\$2,013,000) has been recognised and included in cost of sales in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables	71,942	70,597
Less: Allowance for doubtful debts	–	(570)
	71,942	70,027
Other receivables, prepayment to suppliers and deposits	7,648	6,766
Total trade and other receivables	79,590	76,793

Other receivable classified as non-current asset as at 31 December 2014 of HK\$818,000 (2013: HK\$1,027,000) represents advances made to GIL to procure potential investment projects which are refundable. The amount will be transferred to available-for-sale investments upon share allotment.

The Group allows an average credit period ranging from 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	2014 HK\$'000	2013 HK\$'000
0-30 days	29,273	23,555
31-120 days	42,653	45,684
121-180 days	16	788
	71,942	70,027

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$93,000 (2013: HK\$1,760,000) which have been past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 87 days (2013: 81 days).

Ageing of trade receivables which are past due but not impaired

	2014 HK\$'000	2013 HK\$'000
31-120 days	93	1,760

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For the year ended 31 December 2014

20. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for doubtful debts

	2014 HK\$'000	2013 HK\$'000
1 January	570	568
Impairment losses recognised on receivable	-	2
Amount written off as uncollectible	(570)	-
31 December	-	570

21. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits with the original maturity of three months or less of HK\$50,134,000 (2013: HK\$67,693,000) at fixed interest rates ranging from 0.01% to 5.00% (2013: 0.28% to 3.28%) per annum and bank balances of HK\$36,803,000 (2013: HK\$26,418,000) at variable interest rates with effective interest rates ranging from 0.001% to 0.385% (2013: 0.001% to 0.385%) per annum and cash balances of HK\$2,637,000 (2013: HK\$1,393,000).

22. TRADE AND OTHER PAYABLES

The Group has been granted an average credit period ranging from 30 to 150 days from its trade suppliers for both years.

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

	2014 HK\$'000	2013 HK\$'000
Trade payables		
Within 30 days	12,578	14,905
31 - 90 days	26,433	28,706
91 - 150 days	8,599	9,131
Over 150 days	3,175	3,307
	50,785	56,049
Other payables		
Receipt-in-advance	4,685	5,988
Staff salaries and welfare payable	14,850	12,524
Deposits received from customers	2,094	1,591
Value added tax payable and other tax payable	893	791
Accrued audit and other professional fee	1,317	1,158
Others	8,503	9,664
	32,342	31,716
	83,127	87,765

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23. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest-free and repayable on demand. One of the directors is also a shareholder who has significant influence over the Company.

24. SHARE CAPITAL

	Number of shares		Amount	
	2014 '000	2013 '000	2014 HK\$'000	2013 HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	1,000,000	1,000,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	640,000	640,000	64,000	64,000

25. COMMITMENTS

	2014 HK\$'000	2013 HK\$'000
Contracted for but not provided in the consolidated financial statements in respect of – acquisition of property, plant and equipment	208	618

26. OPERATING LEASES

The Group as lessee

During the year, minimum lease payments made under operating leases in respect of rented premises was HK\$1,879,000 (2013: HK\$1,289,000).

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

	2014 HK\$'000	2013 HK\$'000
Within one year	2,015	1,652
In the second to fifth year inclusive	1,765	2,754
	3,780	4,406

Leases are negotiated for terms ranging from one to three years with fixed monthly rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

26. OPERATING LEASES *(continued)*

The Group as lessor

Property rental income earned during the year was HK\$1,268,000 (2013: HK\$169,000) before deduction of direct operating expenses of HK\$6,000 (2013: HK\$6,000).

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

	2014 HK\$'000	2013 HK\$'000
Within one year	1,299	1,331
In the second to fifth year inclusive	3,587	4,926
	4,886	6,257

27. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted on 13 December 2001 (the "Scheme") for the purpose of providing incentives to directors and eligible employees, the Company may grant options to executive directors and full-time employees of the Group to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or their associates in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

A nominal consideration of HK\$1 is payable on acceptance of the grant of options. Options may be exercised at any time from the thirteenth month from the date of grant to the fifth anniversary of the date of grant. The exercise price is determined by the Directors, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

No share options were granted under the Scheme since its adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme and a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong and the ROC, respectively. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% and 6% of relevant payroll costs to the Mandatory Provident Fund Scheme and the defined contribution retirement benefit scheme respectively, which contribution is matched by employees. For contribution to the Mandatory Provident Fund, the maximum amount is HK\$1,500 per month.

Eligible staff of subsidiaries operating in the PRC currently participate in a central pension scheme operated by the local municipal government. The PRC subsidiaries is required to contribute an amount of 10% on the covered payroll of its employees to the central pension scheme for the funding of the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of the eligible employees of the PRC subsidiaries.

The total cost charged to profit or loss in the consolidated statement of profit or loss and other comprehensive income of HK\$4,962,000 (2013: HK\$3,796,000) represents contributions paid and payable to these schemes by the Group in respect of the current accounting period.

29. RELATED PARTY AND CONNECTED TRANSACTIONS

In addition to the related party balances disclosed in note 23, during the year, the Group entered into the following transactions with related and connected parties:

Name	Nature of transactions	2014 HK\$'000	2013 HK\$'000
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)") (Note 1)	Rental paid by the Group	156	156
Billion Mass Limited ("Billion Mass") (Note 1)	Rental paid by the Group	1,032	804
San Chen Company ("San Chen") (Note 2)	Rental paid by the Group	156	156
Ms. Yu Lan	Rental paid by the Group	125	125

Note 1: Mr. Pang Kuo-Shi, director and ultimate controlling shareholder of the Company, and Mr. Wong Chun and Mr. Hsia Chieh-Wen, directors and substantial shareholders of the Company, together hold 79% controlling interest in GM (Taiwan) and 100% controlling interest in Billion Mass.

Note 2: San Chen is 42.75% owned by Mr. Pang Kuo-Shi and Ms. Yu Lan is the spouse of Mr. Pang Kuo-Shi.

All the above related parties are also connected persons as defined under Chapter 20 of the GEM Listing Rules that constitutes connected transactions.

Details of the key management remuneration are set out in note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Form of business structure	Place of incorporation/ registration/ operations	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	2014	2013	
Asia-Link Technology Limited	Incorporated	British Virgin Islands/ ROC	US\$50,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products in the USA, investment holding
Asia-Link Technology Limited	Incorporated	Hong Kong	HK\$100,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products in Hong Kong
東莞輝煌電子有限公司 Dongguan Glory Mark Electronic Co., Ltd.	Wholly foreign-owned enterprise	PRC	HK\$15,100,000 Paid up registered capital	-	-	100%	100%	Manufacture of connectivity products mainly for computers and peripheral products
Glory Mark Electronic Limited (Note a)	Incorporated	British Virgin Islands/ ROC	US\$50,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products in South East Asia
Glory Mark Electronic Limited	Incorporated	Hong Kong	HK\$100,000 Ordinary shares	-	-	100%	100%	Investment holding and trading of connectivity products mainly for computers and peripheral products in Hong Kong,
Glory Mark Electronic Limited	Incorporated	Samoa/ ROC	US\$50,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary	Form of business structure	Place of incorporation/ registration/ operations	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	2014	2013	
Glory Mark Development Limited (Note b)	Incorporated	British Virgin Islands/ Hong Kong	US\$50,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products
Glory Mark International (Holdings) Limited ("Glory Mark International")	Incorporated	British Virgin Islands/ Hong Kong	US\$400 Ordinary shares	100%	100%	-	-	Investment holding
東莞亞聯科技電子有限公司 Dongguan Asia-Link Technology Ltd.	Wholly foreign-owned enterprise	PRC	HK\$35,360,200 Paid up registered capital	-	-	100%	100%	Manufacture of connectivity products mainly for computers and peripheral products
亞聯(佛岡)電子有限公司 Asia-Link (Fogang) Electronic Limited	Wholly foreign-owned enterprise	PRC	US\$2,680,000 Paid up registered capital	-	-	100%	100%	Manufacture of connectivity products mainly for computers and peripheral products
Link Win International Limited	Incorporated	British Virgin Islands/ Hong Kong	US\$50,000 Ordinary shares	-	-	100%	100%	Investment holding
Link Win (Macau) Limited	Incorporated	Macau	MOP25,000 Ordinary shares	-	-	100%	100%	Trading of connectivity products mainly for computers and peripheral products

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For the year ended 31 December 2014

30. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of subsidiary	Form of business structure	Place of incorporation/ registration/ operations	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	2014	2013	
Eastglory International Limited	Incorporated	British Virgin Islands/ Hong Kong	US\$50,000 Ordinary shares	-	-	100%	100%	Investment holding
Gloryshine Limited ("Gloryshine")	Incorporated	British Virgin Islands/ Hong Kong	US\$50,000 Ordinary shares	-	-	44.4% (Note c)	44.4%	Marketing agent of the Group for selling the Group's product

Notes:

- (a) The subsidiary had established a branch, namely Glory Mark Electronic Limited - Taiwan Branch (the "GME Branch") in the ROC. The GME Branch is engaged in trading of connectivity products mainly for computers and peripheral products.
- (b) The subsidiary had established a branch, namely Glory Mark Development Limited - Taiwan Branch (the "GMD Branch") in the ROC. The GMD Branch is engaged in trading of connectivity products mainly for computers and peripheral products.
- (c) Although the Group has only 44.4% ownership in Gloryshine, the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Gloryshine on the basis of the shareholders' agreement where it is stated that Glory Mark International has two voting rights per each ordinary share held while the other shareholders shall have one voting right per each ordinary share held and in essence owns 61.5% voting right in Gloryshine.

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

31. EVENTS AFTER THE REPORTING PERIOD

After the end of reporting period, the Directors proposed a final dividend. Further details are disclosed in note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

32. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31 December 2014 is as follows:

	2014 HK\$'000	2013 HK\$'000
NON CURRENT ASSETS		
Property, plant and equipment	–	224
Unlisted investment in a subsidiary	34,045	34,045
Amount due from a subsidiary	69,718	51,471
	103,763	85,740
CURRENT ASSETS		
Other receivables	468	510
Bank balances and cash	195	21,308
	663	21,818
CURRENT LIABILITY		
Other payables	415	385
	248	21,433
NET CURRENT ASSETS	104,011	107,173
TOTAL ASSETS LESS CURRENT LIABILITIES		
	104,011	107,173
CAPITAL AND RESERVE		
Share capital	64,000	64,000
Retained profits	40,011	43,173
TOTAL EQUITY	104,011	107,173

Movement in reserve during the current and prior years are as follows:

	Total HK\$'000
At January 2013	45,965
Loss for the year	(872)
Dividend recognised as distribution	(1,920)
At 31 December 2013	43,173
Loss for the year	(1,242)
Dividend recognised as distribution	(1,920)
At 31 December 2014	40,011

FINANCIAL SUMMARY

	Year ended 31 December				
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
RESULTS					
Revenue	391,734	370,848	291,376	280,308	301,914
Profit (loss) for the year	8,266	(13,182)	5,267	3,555	1,228
Profit (loss) for the year attributable to:					
Owners of the Company	7,953	(13,288)	4,901	3,460	1,395
Non-controlling interests	313	106	366	95	(167)
	8,266	(13,182)	5,267	3,555	1,228

	At 31 December				
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES					
Total assets	321,143	361,741	337,125	294,260	288,498
Total liabilities	(139,100)	(192,454)	(163,206)	(117,126)	(113,505)
Shareholders' funds	182,043	169,287	173,919	177,134	174,993
Shareholder's funds attributable to:					
Owners of the Company	181,452	168,590	172,896	176,016	174,042
Non-controlling interests	591	697	1,023	1,118	951
	182,043	169,287	173,919	177,134	174,993