Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2014
ANNUAL REPORT

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

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Contents

Group Financial Summary

	Year ended 31 December				
	2010 HK$'000	2011 HK$'000 (restated)	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
RESULTS					
Turnover	4,796	25,385	9,662	6,975	**210,147**
Loss before taxation	(17,896)	(19,766)	(20,188)	(15,308)	**(24,318)**
Taxation	(25)	(342)	(71)	(4)	**(8)**
Loss for the year	(17,921)	(20,108)	(20,259)	(15,312)	**(24,326)**

	At 31 December				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	59,157	54,300	36,394	75,994	**295,511**
Total liabilities	(17,254)	(20,005)	(16,400)	(28,937)	**(16,206)**
Net assets	41,903	34,295	19,994	47,057	**279,305**

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chan Kwok Wing *(Chief Executive Officer)*
Mr. Chen Hong Bo *(appointed on 3 January 2014)*
Ms. Ge Yan Hong *(appointed on 3 January 2014)*
Mr. Lu Zhi Qiang *(appointed on 28 November 2014)*
Mr. Qie Bing Bing *(resigned on 3 January 2014)*
Mr. Zhang Shi Min *(resigned on 10 May 2014)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wah
Mr. Yeung Chun Wai, Anthony *(appointed on 28 February 2014)*
Mr. Wei Zhi Hong *(appointed on 19 August 2014)*
Mr. Fung Hoi Wing, Henry *(resigned on 31 August 2014)*
Mr. Gao Jin Lu *(resigned on 28 February 2014)*

COMPANY SECRETARY

Ms. Li Shan Mui, HKICPA, FCCA and CTA

COMPLIANCE OFFICER

Mr. Chan Kwok Wing *(appointed on 3 January 2014)*
Mr. Zhang Shi Min *(resigned on 3 January 2014)*

AUDIT COMMITTEE

Mr. Leung Wah *(Chairman)*
Mr. Yeung Chun Wai, Anthony *(appointed on 28 February 2014)*
Mr. Wei Zhi Hong *(appointed on 19 August 2014)*
Mr. Fung Hoi Wing, Henry *(resigned on 31 August 2014)*
Mr. Gao Jin Lu *(resigned on 28 February 2014)*

NOMINATION COMMITTEE

Mr. Leung Wah *(Chairman)*
Mr. Chan Kwok Wing
Mr. Yeung Chun Wai, Anthony *(appointed on 28 February 2014)*
Mr. Fung Hoi Wing, Henry *(resigned on 31 August 2014)*
Mr. Gao Jin Lu *(resigned on 28 February 2014)*
Mr. Zhang Shi Min *(resigned on 10 May 2014)*

REMUNERATION COMMITTEE

Mr. Leung Wah *(Chairman)*
Mr. Chan Kwok Wing
Mr. Yeung Chun Wai, Anthony *(appointed on 28 February 2014)*
Mr. Fung Hoi Wing, Henry *(resigned on 31 August 2014)*
Mr. Gao Jin Lu *(resigned on 28 February 2014)*
Mr. Zhang Shi Min *(resigned on 10 May 2014)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Leung Wah *(Chairman)*
Mr. Yeung Chun Wai, Anthony *(appointed on 28 February 2014)*
Mr. Fung Hoi Wing, Henry *(resigned on 31 August 2014)*
Mr. Gao Jin Lu *(resigned on 28 February 2014)*
Mr. Qie Bing Bing *(resigned on 3 January 2014)*

AUTHORISED REPRESENTATIVES

Ms. Li Shan Mui, HKICPA, FCCA and CTA
Mr. Chan Kwok Wing

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3008–10, 30th Floor
Tower 6, The Gateway
Harbour City
9 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

COMPANY HOMEPAGE

www.8192.com.hk

GEM STOCK CODE

8192

Chairman's Statement

Dear shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of Global Energy Resources International Group Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 (the"Annual Report").

BUSINESS AND FINANCIAL OVERVIEW

Sales of Air-conditioners

During the year under review, the Group recorded HK$8,162,000 of revenue from the sales of environmental friendly air-conditioners and related products, representing an increase of approximately 17.02% compared with the last corresponding period of approximately HK$6,975,000. Loss of this segment reduced by 55.52% from HK$7,742,000 last year to HK$3,444,000 this year. We expected the sales of air-conditioners will be shrinking due to fierce competition in the market, so we target to launch a new business model in 2015, rental business of energy-saving air-conditioners to generate a stable income stream.

Trading of Metal Products

During the year under review, revenue from new business in trading of metal products became major revenue of the Group amounted to approximately HK$200,283,000. Loss of this new segment for the year ended 31 December 2014 was approximately HK$3,297,000. The metal products are Zinc which is a bluish-white metal, used to make brass and to cover and protect objects made of iron. Even the trading gross profit was very low, the risk of carrying out such business was very low and resources input was not much in comparison with other business. However, the Group will not focus on business in trading of metal products, we target to retain our resources for the new developed business in carbon emission trading and its related business, and the new rental business of energy-saving air-conditioners.

The Carbon Emission Trading Platform and Related Business

During the year under review, revenue from new business in the operations of carbon emission trading platform ("CETP") amounted to approximately HK$1,702,000. Loss of this new segment for the year ended 31 December 2014 was approximately HK$2,901,000. The operation of the CETP has been launched in October 2014. At the preliminary stage, save as individual members, organization members and broker members were the main target for our registered members. Currently, as the carbon emission trading are not well known, the trading volume through the platform was still very low. However, positive feedback were received from our registered members. Since the system and technology of the CETP is still subject to improvement and refinement and the progress of recruitment in the PRC and Hong Kong of Carbon Emission Experts and related Technology Officers of the CETP is below expectation.

PROSPECTS

The Group will continue to focus on environmental friendly related business in China such as rental business of energy-saving air-conditioners and the operations of carbon emission trading platform.

The Group targets to start a rental business of energy-saving air-conditioners in 2015. On 29 December 2014, Shenzhen Shun Tian Yun Environmental Technology Limited ("Shun Tian Yun"), an indirect non-wholly owned subsidiary of the Company, entered into (i) an exclusivity agreement with Shenzhen Li Bing Air-conditioners Limited ("Li Bing") whereby Shun Tian Yun is conditionally granted an exclusivity right in respect of energy-saving air-conditioners manufactured by Li Bing; and (ii) a purchase agreement whereby Shun Tian Yun conditionally agrees to purchase from Li Bing energy-saving air-conditioners up to an annual cap of RMB150,000,000 (equivalent to approximately HK$188,775,000) for the year ending 31 December 2015. Details could be referred to the Company's announcements dated 29 December 2014, 20 January 2015, 10 February 2015, 27 February 2015 and 18 March 2015. We believe the new business model, rental business of energy-saving air-conditioners, can attract more customers and help to the Group to generate a stable income stream.

Chairman's Statement

The Group's carbon emission trading platform ("CETP") is at the preliminary stage. The Group will continue to make efforts to educate and promote how important the carbon emission reduction for our earth in future. It was expected to encourage more people including organizations and individual to take part in the voluntary carbon emission reduction activities. The Group will put more resources on its marketing with a view to bringing in improved returns and providing greater value to our shareholders.

The Group has aggressively sought for investment opportunities in relation to environmental friendly business projects. On 19 June 2014, the Company entered into a co-operation agreement with China Forestry Exchange Limited in relation to carbon sequestration projects in China. The Company agreed to invest a total of RMB10 million in relation to carbon sequestration projects in China and to establish a development fund to cater for carbon sequestration projects in order to promote afforestation in China. The Group will actively identify potential investment opportunities for the further development of the Group and for the benefit of our shareholders as a whole.

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers and business partners for their continued support in the challenging economic environment. We undertake to increase value in every way we can for our customers and shareholders. My thanks also go to the Board members, management and all of our staff for their dedication and hard work.

Chan Kwok Wing
Chief Executive officer and Executive Director

Hong Kong, 19 March 2015

Management Discussion and Analysis

GENERAL

The Group is principally engaged in the manufacturing and sales of environmental friendly air-conditioners and related products and the Group is newly engaged in trading of metal products and the operations of Carbon Emission Trading Platform and related services.

On 7 January 2014, the board lot size for trading in the shares of the Company has been changed from 16,000 shares to 32,000 shares. Details of the change are set out in the Company's announcement dated 11 December 2013.

On 17 March 2014, the Company has changed its head office and principal place in Hong Kong to Room 3008-10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

FINANCIAL REVIEW

Results

During the year under review, the Group recorded a turnover of approximately HK$210,147,000 (2013: approximately HK$6,975,000), representing an increase of approximately 2,912.86% in turnover as compared with previous year. The significant increase in the revenue was mainly attributable to the revenue of new business in trading of metal products. Loss attributable to owners of the Company for the year ended 31 December 2014 amounted to approximately HK$22,930,000 (2013: approximately HK$14,859,000), representing an increase of approximately 54.32% as compared with previous year. The increase in the loss attributable to owners of the Company was mainly due to the increase in administrative expenses in particular including professional fees, operating lease payment, staff costs and research cost for new projects, and the increase in selling and distribution expenses including marketing and promotion for the CETP.

Liquidity, financial resources and capital structure

As at 31 December 2014, the Group had assets of approximately HK$295,511,000 (2013: approximately HK$75,994,000), including net cash and bank balances of approximately HK$49,588,000 (2013: approximately HK$43,179,000). There was no charge on the Group's assets as at 31 December 2014 (2013: Nil).

During the year under review, the Group financed its operations with internally generated cash flow and through placing of new shares of the Company.

Placing

The Directors considered various ways of raising funds and believed that the Placing (as defined below) represented an opportunity to raise capital for the Group to further develop its environmental friendly business while broadening its Shareholder and capital base. Accordingly, the Directors are of the view that the Placing was in the best interest of the Company and its Shareholders as a whole.

On 24 January 2014, the Company entered a placing agreement with Kingston Securities Limited in connection with the Placing (as defined below) and the closing price of HK$0.45 per share (the "Share") as quoted on the Stock Exchange. Pursuant to the agreement, on 7 February 2014, the Company completed a placing for a total of 250,960,000 new ordinary shares of nominal value of HK$1,254,800 in the capital of the Company at a price of HK$0.39 per placing share to not less than six independent third parties (the "Placing"). The net proceeds raised from the Placing in aggregate amount and net price were approximately HK$95,300,000 and approximately HK$0.38 per Share respectively which was intended to be used (i) as to approximately HK$80,000,000 for future investment of the Group in environmental friendly business, in particular the energy saving and emission reduction business; and (ii) as to the remaining balance of approximately HK$15,300,000 for general working capital of the Group. As at the date of the Annual Report, the net proceeds was partially utilized in the intended use and the remaining of HK$25,900,000 is currently kept in an interest bearing bank account pending for usage.

Management Discussion and Analysis

Open offer

The Directors considered that it was prudent to finance the expansion of the Group's business by equity financing as it would not increase the Group's finance costs and risk level and yet would provide the Group with the necessary financial resources as and when appropriate investment opportunities arise. As such, the Directors considered that the Open Offer (as defined below) was in the interests of the Company and the Shareholders as a whole as it offered all the qualifying shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the qualifying shareholders to maintain their proportionate interests in the Company and continues to participate in the future development of the Group should they wish to do so.

On 5 February 2015, the Company entered an underwriting agreement with Kingston Securities Limited in connection with the open offer (as defined below) and the closing price of HK$0.154 per Share as quoted on the Stock Exchange. The Company proposed to issue a total of 1,279,483,000 new ordinary shares of nominal value of HK$6,397,415 in the capital of the Company at a subscription price of HK$0.1 per offer share to the shareholders of the Company on the basis of one offer share for every two shares held on the record date, 3 March 2015, (the "Open Offer"). The net proceeds raised from the Open Offer in aggregate amount and net price were approximately HK$123,780,000 and approximately HK$0.097 per Share respectively which was intended to be used (i) as to approximately HK$20 million for general working capital of the Group; and (ii) as to the remaining balance of approximately HK$103.78 million for the purpose of expanding the environmental friendly air-conditioner business of the Group. As at the date of the Annual Report, the open offer has not yet been completed.

Non-Listed Warrants

On 27 April 2012, the Company entered into a placing agreement with the placing agent, CES Capital International (Hong Kong) Company Limited, in connection with the Warrant (as defined below) and the closing price of HK$0.147 per Share as quoted on the Stock Exchange. Pursuant to the placing agreement, on 10 May 2012, the Company successfully placed an aggregate of 1,000,000,000 non-listed warrants at the placing price of HK$0.005 per warrant (the "Warrants") and of which conferring rights to subscribe for 1,000,000,000 new shares of the Company at the exercise price of HK$0.15 per Share (subject to the adjustment). The aggregate of 1,000,000,000 Warrants were issued to two independent places.

Number and the exercise price of the Warrants were subsequently adjusted to 100,000,000 Warrants and HK$1.5 per Share respectively due to the Share Consolidation effective from 7 February 2013, and were further adjusted to 150,000,000 Warrants and HK$1.00 per Share respectively due to the open offer effective from 31 December 2013. The subscription rights attaching to the Warrants may be exercised at any time during a period of 24 months commencing from the date of issue of the Warrants, 10 May 2012. During the period under review, no Warrants have been exercised by any registered warrant holders of the Company and the Warrants had lapsed on 10 May 2014.

Capital structure

During the year ended 31 December 2014, a total of 250,960,000 new ordinary shares of par value of HK$0.005 each were issued by the Company pursuant to the placing on 7 February 2014.

During the year ended 31 December 2014, no shares of the Company was issued pursuant to open offer (2013: 627,400,000). On 5 February 2015, the Company proposed to issue a total of 1,279,483,000 new ordinary shares of par value of HK$0.005 each pursuant to open offer. Details of the open offer could be referred to the Company's announcement dated 5 February 2015, 18 February 2015, 3 March 2015 and 18 March 2015.

Gearing

As at 31 December 2014, the Company had outstanding loan of approximately HK$4,880,000 due to the related parties which has unsecured, interest-free and repayable on demand (2013: HK$5,877,000). The gearing ratio of the Group, defined as the ratio between net debt and total equity attributable to owners of the Company, was nil for the year ended 31 December 2014 (2013: nil).

Details of the Group's gearing ratio are set out in note 40 to the consolidated financial statements of the Annual Report.

Segment information

During the year under review, the Group is engaged in manufacturing and sales of environmental friendly air-conditioners and related products and the Group is newly engaged in trading of metal products and the operations of Carbon Emission Trading Platform and related services.

Details of the Group's segment information are set out in note 5 to the consolidated financial statements of the Annual Report.

SIGNIFICANT INVESTMENTS

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

On 8 May 2014, Wonderful Dream Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire from Young Mountain Limited (a company wholly-owned by Mr. Chiu Piao) and Target Garden Limited (a company wholly-owned by Ms. Liu Qingqin) for the 100% of the equity interest in Vax Limited, which holds the entire equity interest in Hong Kong Carbon Emission Trading Limited for an aggregate consideration of approximately HK$198,000,000 which was satisfied by the issue of 425,806,000 new ordinary shares of the Company at the price of HK$0.465 per consideration share (the "Acquisition"). The completion of the Acquisition was took place on 9 June 2014. As at the date of completion, the market value per consideration share was HK$0.38, the aggregate consideration was approximately HK$161,806,000. Accordingly, Vax Limited and Hong Kong Carbon Emission Trading Limited became indirect wholly-owned subsidiaries of the Company. Details of the Acquisition could be referred to the Company's announcements dated 8 May 2014, 29 May 2014, 9 June 2014 and 22 December 2014 and in note 34 to the consolidated financial statements.

Save as disclosed above, the Company did not have any material acquisitions or disposal of subsidiaries and affiliated companies during the year.

Other Significant Investments or Transactions

On 19 June 2014, the Company entered into a co-operation agreement with China Forestry Exchange Limited in relation to carbon sequestration projects in China. The Company agreed to invest a total of RMB10 million in relation to carbon sequestration projects in China and to establish a development fund to cater for carbon sequestration projects.

On 29 December 2014, Shenzhen Shun Tian Yun Environmental Technology Limited ("Shun Tian Yun"), an indirect non-wholly owned subsidiary of the Company, entered into (i) an exclusivity agreement with Shenzhen Li Bing Air-conditioners Limited ("Li Bing") whereby Shun Tian Yun is conditionally granted an exclusivity right in respect of energy-saving air-conditioners manufactured by Li Bing; and (ii) a purchase agreement whereby Shun Tian Yun conditionally agrees to purchase from Li Bing energy-saving air-conditioners up to an annual cap of RMB150,000,000 (equivalent to approximately HK$188,775,000) for the year ending 31 December 2015. Details could be referred to the Company's announcements dated 29 December 2014, 20 January 2015, 10 February 2015, 27 February 2015 and 18 March 2015. The entering into of the agreements constituted major and continuing connected transactions of the Group and it is subject to the reporting, announcement and independent shareholders' approval requirements under chapter 19 and 20 of the GEM Listing Rules.

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Foreign exchange exposure

The Group's income and expenditure during the year ended 31 December 2014 were denominated either in Hong Kong dollars ("HK$") or Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2014 were denominated either in HK$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year under review.

Future plans for material investments

The Group is seeking for investment opportunities, including but not limited, in the energy conservation and emission reduction business in order to expand the source of income and prospectus of the Group.

Employees and remuneration policies

As at 31 December 2014, the Group had 79 (2013: 80) full-time employees in Hong Kong and the PRC. Total staff costs (including Directors' remuneration) were approximately HK$8,818,000 for the year ended 31 December 2014 (2013: approximately HK$4,778,000). Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of individual employee. Other benefits include Corporate Liabilities Insurance for the Directors and Officers, contributions to the statutory mandatory provident fund scheme for its employees in Hong Kong and social insurance for its employees in the PRC, and are paid at appropriate levels.

Directors and Senior Management Profiles

EXECUTIVE DIRECTORS

Mr. Chan Kwok Wing, aged 57, was appointed as an executive Director on 7 November 2013 with effect from 8 November 2013. He is also the Chief Executive Officer, a member of each of the remuneration committee and nomination committee of the Board, authorised representative and compliance officer of the Company, and a director in a number of subsidiaries of the Group. Mr. Chan Graduated from Economics Studies at the Chinese University of Hong Kong in 1982. He has been working in securities brokerage and funds management professions. Mr. Chan has commenced and participated in projects financing and management since 1990. He wholly devoted to energy aspect in particular green power, petroleum and natural gas development area since 2006. He led and participated in discussions on various energy projects in China and internationally. He was an executive director and chief executive officer of China Energy Development Holdings Limited (Stock Code: 228) and was an executive director of Energy International Investments Holdings Limited (Stock Code: 353), the shares of both companies are listed on the Main Board of the Stock Exchange.

Mr. Chen Hong Bo, aged 47, was appointed as an executive Director on 3 January 2014. Mr. Chen holds a Ph.D. in Economics Faculty of Huazhong University of Science & Technology. Mr. Chen joined Chinese Academy of Social Sciences, CASS and engaged in research into economic analysis of the climate change in 2003. Mr. Chen was supported by Chinese Government to study the energy-environment-economics model of the economics department of University of Cambridge in United Kingdom during the years from 2004 to 2005. Mr. Chen has worked for Institute of Urban and Environmental Studies Chinese Academy of Social Sciences since he returned back China, his main research areas are including carbon trading and carbon finance, low-carbon eco-city, energy conservation policies, etc. Mr. Chen has published thirty articles and five books in latest few years. Mr. Chen has been rewarded the Second Prize of 國家科技進步獎 (State Scientific and Technological Progress Prize*), the First Prize of 中華農業科技獎 (Zhonghua Agricultural Science and Technology Prize*) and the Second Prize of 中國環境保護科技獎 (Chinese Environmental Technology Prize*). Mr. Chen is currently an associate research fellow of Institute of Urban and Environmental Studies, CASS and deputy director of Sustainable Development Research Centre, CASS, and also a member of council in China Ecological Economics Society.

Ms. Ge Yan Hong, aged 44, was appointed as an executive Director on 3 January 2014. Ms. Ge graduated from Jiangxi Normal University in 1991. Ms. Ge was a sales director of 深圳太平洋壽險公司 (Shenzhen Pacific Life Insurance Company*) during the years from 1993 to 1999. Ms. Ge was an assistant of president of 金田股份有限公司 (Gintian Industry (Group) Co., Ltd.*) in Shenzhen, China, the share of which is listed on the Shenzhen Stock Exchange (Stock Code: 000003), during the years from 1999 to 2003. Ms. Ge has been deputy secretary of Shenzhen General Chamber of Commerce, China since 2003.

Mr. Lu Zhi Qiang, aged 40, was appointed as an executive Director on 28 November 2014, graduated from Nanchang Hangkong University with a degree of Bachelor of Engineering in material in July 1997. Mr. Lu holds a degree of Master in Business Administration from Central State University, United States of America. Mr. Lu has successfully completed the Senior Executive Management Program organized by Asian Pacific Business Institute at California State University, Los Angeles, in February 2002. He has extensive experience in corporate management and investment. Mr. Lu is currently a non-executive director of China New Energy Power Group Limited (Stock Code: 1041) and an executive director and the chief executive officer of Hong Kong Life Sciences and Technologies Group Limited (Stock Code: 8085), the shares of both companies are listed on the Main Board and GEM of The Stock Exchange of Hong Kong Limited respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wah, aged 50, is an independent non-executive Director, and the chairman of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. He is a member of Hong Kong Institute of Certified Public Accountants, a member of Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. He graduated from the University of Hong Kong with a Bachelor of Science degree. Mr. Leung has extensive experience in finance and accounting including working experience in international accounting firms, including Ernst & Young and Deloitte Touche Tohmatsu. Mr. Leung acted as an independent non-executive director of Seamless Green China (Holdings) Limited (Stock Code: 8150) on 6 May 2013 and retired as an executive director on 28 May 2014, the share of which is listed on the GEM Board of the Stock Exchange. Mr. Leung has been appointed as an independent non-executive director of TC Orient Lighting Holdings Limited (Stock Code: 515) with effect from 1 September 2014, the share of which is listed on the Main Board of the Stock Exchange.

Mr. Yeung Chun Wai, Anthony, aged 39, is the independent non-executive Director, and a member of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. He graduated from the University of Hong Kong with a Bachelor Degree in Business Administration (Accounting and Finance). He is a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is currently the Managing Partner and the Chief Executive Officer of Quantum Capital Management Group, Inc. Prior to that, Mr. Yeung has served as the Managing Director and the senior executive of JP Morgan Chase Bank, N.A., Bank of America Merrill Lynch and UBS AG, mainly responsible for initiation and execution of financial products, debt & risk management, asset management and securities sales, and other related transactions in the Greater China region. Before that, he had been working with China COSCO Holdings Company Limited (Stock Code: 1919), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), as a member of senior management as well as Deputy Chief Financial Officer and Company Secretary. He has proven track records and extensive experience in corporate restructuring and rescuing, consulting, corporate finance and business negotiation with well-versed business and people network in the region. He had executed over US$20 billion transactions for Asian clients since joining investment banking industry. Mr. Yeung is also highly dedicated to community services, meanwhile he has been serving as Honorary Court Member of the Hong Kong Baptist University, Committee Member of the Admissions, Budgets and Allocation Committee of The Community Chest of Hong Kong, Founding Board Member and Honorary Treasurer of the Child Development Matching Fund and Quality Mentorship Network Limited, Director of Opera Hong Kong, Council Member of The Hong Kong Institute of Directors and so on. Mr. Yeung has been appointed as the chairman, chief executive officer and executive director of South East Group Limited (Stock Code: 726) on 5 December 2014 and the vice chairman and executive director of Sumpo Food Holdings Limited (Stock Code: 1089) on 11 June 2014, the share of both companies are listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Wei Zhi Hong, aged 72, was appointed as an independent non-executive Director and a member of the audit committee of the Board on 19 August 2014, graduated from the Department of Engineering Physics of Tsinghua University in February 1968. Mr. Wei has worked in Tsinghua University since 1975. Mr. Wei currently is a professor of the Institute of Nuclear and New Energy Technology of Tsinghua University. Since late 1980s, he has wholly devoted to research and study in energy environment economy and global climate changes, among others, in particular in greenhouse gas emission reduction, priority areas, emission reduction cost analysis, emission reduction strategies, etc. Mr. Wei has even participated in studies in many projects of climate changes, including scientific and technological projects of reaction to climate changes raised under the 8th to 11th Five-Year Plans of National Science and Technology Committee (Currently Known as Ministry of Science and Technology of PRC), and the National Planning Committee (Currently Known as National Development and Reform Commission of PRC), and in other bilateral and multilateral research projects among China, United States, European Union, Canada, the World Bank, the Asia Bank etc. Mr. Wei being an independent expert of the Examine Board of the National Clean Development Mechanism (CDM), Mr. Wei has examined and appraised hundreds of CDM's projects including those of voluntary emission reduction (VER) covered in all sectors and submitted in China in a decade. Mr. Wei has participated in a lot of jobs in pilot carbon emission trading mechanisms (voluntary, carbon quota) in China since 2013. Mr. Wei was a member of the Methodology Panel (MP) of the Executive Board (EB) of CDM under the United Nations Framework Convention on Climate Change (UNFCCC) during the years from July 2004 to September 2006. Mr. Wei was awarded several National and Ministry scientific and technology prizes in past years.

SENIOR MANAGEMENT

Ms. Wei Zhe Min, aged 55, is the asset management director of the Group and a director in two subsidiaries of the Group. Ms. Wei graduated from Guandong Zhongshan University* (廣東中山大學) with certificate in Business Administration for In-service Manager* (在職經理工商管理課程結業證書). Ms. Wei had been appointed as senior management when she worked in a sizable Stated-owned Enterprise, a Sino-foreign Joint Venture Technology Group Company, an Investment Management Company and professional firms. She had participated and organized in many projects of operating in investment management, and she is familiar with operating in capital market management, and tax law and regulations in China. She had professional skills and practicing experience in operation of capital market, finance management, companies merge and restructure, operating strategy and risk management, etc.

COMPANY SECRETARY

Ms. Li Shan Mui, Janice, is the company secretary of the Company. Ms. Li has over 10 years of experience in auditing, accounting, budgeting, financial analysis in local and international companies, and has over 4 years of experience in company secretarial, corporate governance and finance in listed company. Ms. Li graduated from University of Hertfordshire, United Kingdom with a degree of Bachelor of Arts in accounting. Ms. Li is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of The Taxation Institute of Hong Kong and Certified Tax Adviser, Hong Kong.

* *The English transliteration of the Chinese name(s), where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Directors' Report

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements of the Annual Report.

SEGMENT INFORMATION

The analysis of the business and geographical segments of the operations of the Group are set out in note 5 to the consolidated financial statements of the Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group and the Company at that date are set out on pages 29 to 88 of the Annual Report.

DIVIDENDS

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

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 29 to the consolidated financial statements of the Annual Report.

RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 32 to the consolidated financial statements and the Consolidated Statement of Changes in Equity is set out on page 32 of the Annual Report.

The Company had no reserves available for distribution to the shareholders of the Company as at 31 December 2014 (2013: Nil).

GROUP FINANCIAL SUMMARY

A summary of the results, and assets and liabilities of the Group announced in previous years are set out on page 2 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements of the Annual Report.

DIRECTORS

The Directors during the year ended 31 December 2014 and up to the date of the Annual Report were as follows:

Executive Directors

Mr. Chan Kwok Wing *(Chief Executive Officer)*	
Mr. Chen Hong Bo	(appointed on 3 January 2014)
Ms. Ge Yan Hong	(appointed on 3 January 2014)
Mr. Lu Zhi Qiang	(appointed on 28 November 2014)
Mr. Qie Bing Bing	(resigned on 3 January 2014)
Mr. Zhang Shi Min	(resigned on 10 May 2014)

Independent non-executive Directors

Mr. Leung Wah	
Mr. Yeung Chun Wai, Anthony	(appointed on 28 February 2014)
Mr. Wei Zhi Hong	(appointed on 19 August 2014)
Mr. Fung Hoi Wing, Henry	(resigned on 31 August 2014)
Mr. Gao Jin Lu	(resigned on 28 February 2014)

Pursuant to bye-law no. 87(1) of the Company's bye-laws (the "Bye-laws"), at least one-third of the Directors shall retire from office by rotation and pursuant to bye-law no. 86(2) of the Bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In this connection, Mr. Chen Hong Bo, Mr. Lu Zhi Qiang, Mr. Leung Wah and Mr. Wei Zhi Hong shall retire from office at the conclusion of the forthcoming annual general meeting of the Company (the "AGM") and they, being eligible, will offer themselves for re-election.

Mr. Zhao Liang ("Mr. Zhao") was appointed as an executive Director on 28 November 2014. On 9 March 2015, the Board received legal advice from its Bermuda lawyer that the appointment of Mr. Zhao on 28 November 2014 was invalid. The Company, according to the opinion of the Bermuda lawyer, shall put the appointment of Mr. Zhao to a vote at the next annual general meeting of the Company for the shareholders to rectify his appointment. For further details, please refer to the announcement of the Company dated 9 March 2015 and 12 March 2015.

The Company has received annual confirmations of independence from Mr. Leung Wah, Mr. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong respectively. Based on such confirmations of independence, the Board considers all of the independent non-executive directors to be independent under Rule 5.09 of the GEM Listing Rules. As at the date of the Annual Report, save as Mr. Gao Jin Lu and Mr. Fung Hoi Wing, Henry resigned on 28 February 2014 and 31 August 2014 respectively, the Board still considers them to be independent. None of them had served the Company for more than 9 years.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and senior management of the Group are set out in pages 10 to 12 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Kwok Wing, has been appointed as the Chief Executive Officer and an executive Director with effect on 8 November 2013. Mr. Chen Hong Bo and Ms. Ge Yan Hong have been appointed as executive Directors with effect on 3 January 2014. Mr. Lu Zhi Qiang has been appointed as an executive Director with effect on 28 November 2014.

Each of the executive Directors has entered into a letter of employment with the Company without a specific term. Under the letter of employment, they receive a basic salary per month. Any bonus, option shares, subsequent review will be at the discretion of the Board based upon his or her performance, diligence and loyalty, as well as the Company's business result, financial standing, market conditions and/or inflationary trends and such other factors as the Company may consider relevant in its absolute discretion. Either party may terminate the employment by serving the other party not less than one month written notice or payment of an amount equivalent to one month of the basic salary and allowances in lieu of notice at any time.

Each of independent non-executive Directors, Mr. Leung Wah, Mr. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong has signed a letter of appointment with the Company for one-year term.

Each of the Directors are subject to retirement by rotation and/or re-election at the Company's annual general meeting in accordance with the Bye-laws.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CHANGE IN INFORMATION OF DIRECTORS

Mr. Leung Wah retired as an executive director of Seamless Green China (Holdings) Limited on 28 May 2014, a company listed on the GEM Board of the Stock Exchange. Mr. Leung has been appointed as an independent non-executive director of TC Orient Lighting Holdings Limited with effect from 1 September 2014, a company listed on the Main Board of the Stock Exchange. Mr. Yeung Chun Wai, Anthony has been appointed as the chairman, chief executive officer and executive director of South East Group Limited on 5 December 2014 and the vice chairman and executive director of Sumpo Food Holdings Limited on 11 June 2014, the share of both companies are listed on the main board of The Stock Exchange of Hong Kong Limited. The director's emolument per month of Mr. Chan Kwok Wing has been renewed to HK$83,333 and HK$100,000 with effect on 1 September 2014 and 28 November 2014 respectively. Save as disclosed above, there is no other change in information of the directors of the Company to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2014, none of the Directors had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were 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 pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

A share option scheme has been adopted and approved by the shareholders of the Company at the annual general meeting held on 9 May 2012 (the "Share Option Scheme"). As at 31 December 2014, no share options have been granted under the Share Option Scheme since its adoption. On 8 January 2015, 125,480,000 of share options were granted to certain eligible participants, subject to acceptance of the eligible participants, under the share option scheme adopted by the Company on 9 May 2012. Details please refer to the announcement of the Company dated 8 January 2015.

Particulars of the Share Option Scheme are set out in note 30 to the consolidated financial statements of the Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed in the section headed "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Saved as disclosed in the section headed "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the year had the Directors and chief executives of the Company (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

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

As at 31 December 2014, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of Shareholder	Number of shares Interested	Capacity in which shares are held	Percentage of issued share capital
Young Mountain Limited	398,128,610 *(Note 1)*	Beneficial owner	15.56%
Mr. Chiu Piao	398,128,610 *(Note 1)*	Interest in controlled corporation	15.56%
Ms. Chin Hiu Ling	136,896,000 *(Note 2)*	Interest in controlled corporation and beneficial owner	5.35%

Notes:

1. The shares are held by Young Mountain Limited incorporated in the British Virgin Islands with limited liability, a company wholly owned by Mr. Chiu Piao.

2. 74,976,000 of shares are held by Bright International Finance Limited, a company 50% owned by Ms. Chin Hiu Ling. The remaining 61,920,000 of shares are held by Mr. Poon Ming Fai, the children under 18 or spouse of Ms. Chin Hiu Ling.

Save as disclosed above, as at 31 December 2014, the Directors were not aware of any other person (other than the directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	38.10%
– five largest suppliers combined	99.20%
Sales	
– the largest customer	43.90%
– five largest customers combined	88.90%

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the above major suppliers or largest customers of the Group for the year ended 31 December 2014.

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

The Company did not redeem any of its listed securities during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2014 are set out in note 18 to the consolidated financial statements of the Annual Report.

CONNECTED TRANSACTIONS

Pursuant to the S&P Agreement, on 6 June 2014 Vax Limited and Mr. Chiu Piao entered into a consultancy agreement (the "Consultancy Agreement") in relation to the provision of services in relation to, among others, the operation of the CETP and relevant personnel training by Mr. Chiu for a term of two years. The completion of the acquisition took place on 9 June 2014, Young Mountain Limited (a company wholly-owned by Mr. Chiu) has become a substantial shareholder holding approximately 15.56% of the issued share capital of the Company. Thus, Mr. Chiu was a connected person to the Company under the GEM Listing Rules. The Consultancy Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to the Consultancy Agreement, the total service fee under the Consultancy Agreement was HK$1.00 for the entire term. Thus, the entering into of the Consultancy Agreement and the transactions contemplated thereunder were de minimis transaction under Rule 20.31(2) of the GEM Listing Rules and were exempted from all the reporting, announcement and independent shareholders' approval requirements.

On 29 December 2014, Shenzhen Shun Tian Yun Environmental Technology Limited ("Shun Tian Yun"), an indirect non-wholly owned subsidiary of the Company, entered into (i) an exclusivity agreement with Shenzhen Li Bing Air-conditioners Limited ("Li Bing") whereby Shun Tian Yun is conditionally granted an exclusivity right in respect of energy-saving air-conditioners manufactured by Li Bing; and (ii) a purchase agreement whereby Shun Tian Yun conditionally agrees to purchase from Li Bing energy-saving air-conditioners up to an annual cap of RMB150,000,000 (equivalent to approximately HK$188,775,000) for the year ending 31 December 2015. Details could be referred to the Company's announcements dated 29 December 2014, 20 January 2015, 10 February 2015, 27 February 2015 and 18 March 2015. The entering into of the agreements constitute continuing connected transactions of the Group and it is subject to the reporting, announcement and independent shareholders' approval requirements of the rule 20.65(4) of the GEM Listing Rules.

The related party transactions are set out in note 36 to the consolidated financial statements of the Annual Report. All the related party transactions did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

Save as disclosed above, there were no significant connected transactions entered into by the Group for the year ended 31 December 2014.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of the Annual Report, the Company has maintained the prescribed public float under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws, or laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

EVENTS AFTER THE REPORTING PERIOD

On 8 January 2015, 125,480,000 of share options were granted to certain eligible participants, subject to acceptance of the eligible participants, under the share option scheme adopted by the Company on 9 May 2012. Details please refer to the announcement of the Company dated 8 January 2015.

On 5 February 2015, the Company entered an underwriting agreement with Kingston Securities Limited in connection with the open offer (as defined below) and the closing price of HK$0.154 per Share as quoted on the Stock Exchange. The Company proposed to issue a total of 1,279,483,000 new ordinary shares of nominal value of HK$6,397,415 in the capital of the Company at a subscription price of HK$0.1 per offer share to the shareholders of the Company on the basis of one offer share for every two shares held on the record date, 3 March 2015, (the "Open Offer"). The net proceeds raised from the Open Offer in aggregate amount and net price were approximately HK$123,780,000 and approximately HK$0.097 per Share respectively which was intended to be used (i) as to approximately HK$20 million for general working capital of the Group; and (ii) as to the remaining balance of approximately HK$103.78 million for the purpose of expanding the environmental friendly air-conditioner business of the Group. Details please refer to the announcements of the Company dated 5 February 2015, 18 February 2015, 3 March 2015 and 18 March 2015.

On 9 March 2015, the Board received legal advice from its Bermuda lawyer that the appointment of Mr. Zhao Liang ("Mr. Zhao") as executive Director of the Company on 28 November 2014 was invalid. The Company, according to the opinion of the Bermuda lawyer, shall put the appointment of Mr. Zhao to a vote at the next annual general meeting of the Company for the shareholders to rectify his appointment. For further details, please refer to the announcement of the Company dated 9 March 2015 and 12 March 2015.

Save as disclosed above, no significant events after the reporting period of the Group are required to be disclosed in the financial statements of the Annual Report.

AUDITORS

The Company has not changed its auditors in the preceding three years. The Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), would retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB as the auditors of the Company for the forthcoming year is to be proposed by the Board at the AGM.

On behalf of the Board
Chan Kwok Wing
Chief Executive Officer and Executive Director

Hong Kong, 19 March 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "CG Code") throughout the year ended 31 December 2014, except for the code provision A.2.1 of the CG Code as disclosed below.

– The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The position of the chairman of the Board is vacant. The Board will appoint a chairman to fill the vacancy when the appropriate candidate if necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the chairman of the Board is vacant. The Chief Executive Officer is Mr. Chan Kwok Wing. The responsibilities of the chairman of the Board and Chief Executive Officer are clearly established and defined by the Board in writing. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures, whilst the Chief Executive Officer, supported by the executive directors and senior management, is responsible for managing the Group's businesses, including the implementation of major strategies and initiatives adopted by the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors, each Director has confirmed that he has fully complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2014. Other employees of the Group who are likely to be in possession of unpublished inside information of the Company are also subject to compliance with guidelines on no less than exacting terms than the required standard of dealings set out in 5.48 to 5.67 of the GEM Listing Rules.

BOARD OF DIRECTORS

The Board members for the year ended 31 December 2014 and up to the date of the Annual Report were:

Executive Directors

Mr. Chan Kwok Wing *(Chief Executive Officer)*	
Mr. Chen Hong Bo	(appointed on 3 January 2014)
Ms. Ge Yan Hong	(appointed on 3 January 2014)
Mr. Lu Zhi Qiang	(appointed on 28 November 2014)
Mr. Qie Bing Bing	(resigned on 3 January 2014)
Mr. Zhang Shi Min	(resigned on 10 May 2014)

Independent non-executive Directors

Mr. Leung Wah	
Mr. Yeung Chun Wai, Anthony	(appointed on 28 February 2014)
Mr. Wei Zhi Hong	(appointed on 19 August 2014)
Mr. Fung Hoi Wing, Henry	(resigned on 31 August 2014)
Mr. Gao Jin Lu	(resigned on 28 February 2014)

BOARD OF DIRECTORS *(Continued)*

The Board is responsible for the Group's corporate policy formulation, business strategies, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of quarterly, interim and annual accounts for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

During the year ended 31 December 2014, the attendance of each Director at the Board, committees and general meetings is set out below:

		Committee				
	Board *(Note 1)*	**Audit**	**Remuneration**	**Nomination**	**Corporate Governance**	**General Meetings** *(Note 2)*
Executive Directors						
Mr. Chan Kwok Wing	4/4	N/A	2/2	3/4	N/A	1/1
Mr. Chen Hong Bo *(Note 3)*	2/4	N/A	N/A	N/A	N/A	1/1
Ms. Ge Yan Hong *(Note 3)*	2/4	N/A	N/A	N/A	N/A	0/1
Mr. Lu Zhi Qiang *(Note 4)*	0/4	N/A	N/A	N/A	N/A	0/1
Mr. Qie Bing Bing *(Note 5)*	0/4	N/A	N/A	N/A	0/2	0/1
Mr. Zhang Shi Min *(Note 6)*	1/4	N/A	2/2	1/4	N/A	0/1
Independent non-executive Directors						
Mr. Leung Wah	4/4	3/4	1/2	2/4	2/2	1/1
Mr. Yeung Chun Wai, Anthony *(Note 7)*	2/4	2/4	1/2	2/4	1/2	0/1
Mr. Wei Zhi Hong *(Note 8)*	1/4	1/4	N/A	N/A	N/A	0/1
Mr. Fung Hoi Wing, Henry *(Note 9)*	3/4	3/4	2/2	3/4	2/2	0/1
Mr. Gao Jin Lu *(Note 10)*	0/4	0/4	0/2	1/4	0/2	0/1

BOARD OF DIRECTORS *(Continued)*

Notes:

1. During the year ended 31 December 2014, saved as other meetings, the Board held four regular meetings.
2. The annual general meeting of the Company was held on 30 April 2014.
3. Appointed on 3 January 2014
4. Appointed on 28 November 2014
5. Resigned on 3 January 2014
6. Resigned on 10 May 2014
7. Appointed on 28 February 2014
8. Appointed on 19 August 2014
9. Resigned on 31 August 2014
10. Resigned on 28 February 2014

Apart from the above four regular Board meetings held during the year ended 31 December 2014, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision in advance of each Board meeting. The company secretary of the Company (the "Company Secretary") is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information. All Directors could access the advice and services of the Company Secretary to ensure that the Board's procedures, and all applicable law, rules and regulations, are followed. The Company Secretary is also responsible for providing to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

Each of the Directors' biographical information is set out in the Directors and Senior Management Profiles section of the Annual Report, which demonstrates a diversity of skills, experience and qualifications. Save as disclosed therein, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the members of the Board.

All executive directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. The Company had appointed three independent non-executive directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the shareholders of the Company. Pursuant to the requirements of the rule 5.09 of the GEM Listing Rules, the Company has received written annual confirmation from each of the independent non-executive directors of his independence. Based on such confirmations of independence, the Board considers all of the independent non-executive directors to be independent under Rule 5.09 of the GEM Listing Rules. As at the date of the Annual Report, save as Mr. Gao Jin Lu and Mr. Fung Hoi Wing, Henry resigned on 28 February 2014 and 31 August 2014 respectively, the Board still considers them to be independent. None of them had served the Company for more than 9 years.

BOARD OF DIRECTORS *(Continued)*

The Company encourages the Directors to attend any relevant programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. During the year ended 31 December 2014, all Directors have attended relevant training programmes. The training programmes attended include participation in conferences, seminars or courses of formal education, attending training relevant to the Company's business conducted by lawyers and/or private study of material relevant to the director's duties and responsibilities. The training received by each Director is set out below:

Directors		Type of trainings
Mr. Chan Kwok Wing		A and B
Mr. Chen Hong Bo	(appointed on 3 January 2014)	B
Ms. Ge Yan Hong	(appointed on 3 January 2014)	A and B
Mr. Lu Zhi Qiang	(appointed on 28 November 2014)	A and B
Mr. Qie Bing Bing	(resigned on 3 January 2014)	B
Mr. Zhang Shi Min	(resigned on 10 May 2014)	B
Mr. Leung Wah		A and B
Mr. Yeung Chun Wai, Anthony	(appointed on 28 February 2014)	B
Mr. Wei Zhi Hong	(appointed on 19 August 2014)	A and B
Mr. Fung Hoi Wing, Henry	(resigned on 31 August 2014)	B
Mr. Gao Jin Lu	(resigned on 28 February 2014)	B

Type of trainings:

A Participation in conferences, seminars or courses of formal education

B Private study of material relevant to directors' duties and responsibilities

DIRECTORS' APPOINTMENT AND RE-ELECTION

Mr. Chan Kwok Wing, has been appointed as the Chief Executive Officer and an executive Director with effect on 8 November 2013. Mr. Chen Hong Bo and Ms. Ge Yan Hong have been appointed as executive Directors with effect on 3 January 2014. Mr. Lu Zhi Qiang has been appointed as an executive Director with effect on 28 November 2014.

Each of the executive Directors has entered into a letter of employment with the Company without a specific term. Under the letter of employment, they receive a basic salary per month. Any bonus, option shares, subsequent review will be at the discretion of the Board based upon his or her performance, diligence and loyalty, as well as the Company's business result, financial standing, market conditions and/or inflationary trends and such other factors as the Company may consider relevant in its absolute discretion. Either party may terminate the employment by serving the other party not less than one month written notice or payment of an amount equivalent to one month of the basic salary and allowances in lieu of notice at any time.

Each of independent non-executive Directors, Mr. Leung Wah, Mr. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong, has signed a letter of appointment with the Company for one-year term.

DIRECTORS' APPOINTMENT AND RE-ELECTION *(Continued)*

Each of the Directors are subject to retirement by rotation and/or re-election at the Company's annual general meeting in accordance with the Bye-laws. Pursuant to the Bye-laws, at least one-third of the Directors shall retire from office by rotation, and any director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Also, all Directors are subject to retirement by rotation at least once every three years. The directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Board Diversity Policy") in order to bring it in line with the amended code provisions A.3 and A.5 of the CG Code effective from 1 September 2013. The Board Diversity Policy sets out the general policy and measurable objectives based on a range of diversity perspectives.

The Company seeks to achieve diversity of board members through the consideration of a number of factors, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has reviewed the composition of the Board under diversified perspectives. In order to achieve diversity of the board members, Ms. Ge Yan Hong has been nominated by the Nomination Committee for the Board becoming the only one female Director on 3 January 2014.

Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually.

BOARD COMMITTEES

The Board has established four committees, namely corporate governance committee (the "CG Committee"), nomination committee (the "Nomination Committee"), remuneration committee (the "Remuneration Committee") and audit committee (the "Audit Committee"). Terms of reference of the Nomination Committee was revised and adopted by the Board on 16 September 2013 to bring it in line with the amended code provision A.5. of the CG Code effective from 1 September 2013. Terms of reference for each of the Remuneration Committee, Nomination Committee and Audit Committee have been published on the websites of the GEM (http://www.hkgem.com) and the Company (http://www.8192.com.hk).

Each committee deal with matters in accordance with its terms of reference so that they could perform their functions properly, including but not limited to report back to the Board on their decisions or recommendations. All committees are provided with sufficient resources to perform their duties and have access to independent professional advice at the Company's expense if so reasonably required.

Corporate Governance Committee

As at the date of the Annual Report, the CG Committee comprises of two members, Mr. Leung Wah and Mr. Yeung Chun Wai, Anthony and both of them are independent non-executive Directors. The chairman of the CG Committee is Mr. Leung Wah.

The principles of corporate governance adopted by the Board stress the importance of a quality board, sound internal controls, and transparency and accountability to all the shareholders of the Company.

The CG Committee is primarily responsible for developing and reviewing the policies and practice of corporate governance including the continuous professional development of directors and senior management, compliance with code of conduct of the Directors and the Company's policies and procedures, and making recommendations to the Board.

BOARD COMMITTEES *(Continued)*

Corporate Governance Committee *(Continued)*

During the year ended 31 December 2014, two meetings of the CG Committee were held on 19 March 2014 and 8 August 2014, amongst others, to review the Company's corporate governance practices set out in the reports of the annual report 2013 and interim report 2014 and ensure the Company complies with all principles and provisions in the CG Code, and the attendance of the members are set out in the section headed BOARD OF DIRECTORS.

Nomination Committee

As at the date of the Annual Report, the Nomination Committee comprises of three members, Mr. Leung Wah, Mr. Chan Kwok Wing and Mr. Yeung Chun Wai, Anthony, a majority of which is independent non-executive directors. The chairman of the Nomination Committee is Mr. Leung Wah.

The Nomination Committee is primarily responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become members of the Board; assessing the independence of independent non-executive Directors; reviewing the diversity policy of the Board and the progress on achieving the objectives set for implementing the said policy; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for Directors, in particular the Chairman and the Chief Executive.

The Board's criteria for nominating a suitable candidate for Directorship involves the consideration of the candidate's age, gender, education, background, professional experience, skills, qualification, knowledge, reputation and such other attributes.

During the year ended 31 December 2014, four meetings of the Nomination Committee were held on 3 January 2014, 19 March 2014, 19 August 2014 and 28 November 2014, amongst others, to review the structure, size and composition of the Board, assessing the continual independence of the independent non-executive directors, review the diversity policy of the Board, considering and recommending the re-election of the retiring Directors, nominate Mr. Chen Hong Bo, Ms. Ge Yan Hong and Mr. Lu Zhi Qiang as new executive Directors and Mr. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong as new independent non-executive Directors, and review the terms set out in the renewal of the letter of appointment for each of Mr. Leung Wah as an independent non-executive Director, and the attendance of the members are set out in the section headed BOARD OF DIRECTORS.

Remuneration Committee

As at the date of the Annual Report, the Remuneration Committee comprises of three members, Mr. Leung Wah, Mr. Chan Kwok Wing and Mr. Yeung Chun Wai, Anthony, a majority of which is independent non-executive directors. The chairman of the Remuneration Committee is Mr. Leung Wah.

The Remuneration Committee is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and making recommendations to the Board on the remuneration packages of individual directors and senior management of the Company.

During the year ended 31 December 2014, two meetings of the Remuneration Committee were held on 19 March 2014 and 19 August 2014, among others, to review, consider and approve the remuneration policy of the Group and review the Directors' fee stated in the renewal of letter of appointment for Mr. Leung Wah as an independent non-executive Director, review the remuneration for Mr. Chan Kwok Wing as the Chief Executive Officer and executive Director, and the attendance of the members are set out in the section headed BOARD OF DIRECTORS.

Details of the Directors' remuneration and the five highest paid individuals during the year are set out in notes 13 to the consolidated financial statements of the Annual Report.

BOARD COMMITTEES *(Continued)*

Audit Committee

As at the date of the Annual Report, the Audit Committee comprises of three members, Mr. Leung Wah, Mr. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong, and all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Leung Wah.

The Audit Committee is primarily responsible for assisting, reviewing and supervising the Group's financial reporting system and internal control procedures.

During the year ended 31 December 2014, four meetings of the Audit Committee were held on 19 March 2014, 9 May 2014, 8 August 2014 and 7 November 2014, amongst other matters, to consider the final results of the Group ended 31 December 2013, the quarterly results of the Group for the three months ended 31 March 2014 and the nine months ended 30 September 2014 and the interim results of the Group for the six months ended 30 June 2014, reviewing of related party transactions, re-appointment of the Company's auditors, HLB, discussing with HLB on internal control, auditors' independence and remuneration and the scope of work in relation to the annual audit, and the attendance of the members are set out in the section headed BOARD OF DIRECTORS.

The Group's accounts for the year ended 31 December 2014 have been audited by HLB whose term of office will expire upon the AGM. The Audit Committee has recommended to the Board that HLB be re-appointed as the auditors of the Company at the AGM.

INTERNAL CONTROL

The Board has overall responsibility for maintaining effective internal control to safeguard the Group's assets and the shareholders' interests. The Board, through the Audit Committee, conducted an annual review of the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is of the view that the internal control system in place for the year ended 31 December 2014 is sufficient to safeguard the interests of the shareholders and the Group's assets.

AUDITORS' REMUNERATION

During the year ended 31 December 2014, the Company's auditors, HLB, performed the work of statutory audit for the financial year ended 31 December 2013. The remunerations including disbursement paid or payable to HLB for the statutory audit and non-statutory audit are HK$360,000 (2013: HK$318,668) and HK$ nil (2013: 150,000) respectively.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements of the Company. In preparing the financial statements, the financial reporting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgements and estimates have been made. The Board is not aware of any material uncertainties relating to the events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the ongoing concern basis in preparing the financial statements.

The Auditors' responsibilities are set out in the "Independent Auditors' Report" of the Annual Report.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary, Ms. Li Shan Mui, Janice. Ms. Li supports the Board by ensuring good information inflow within the Board and that board policy and procedures are followed. Ms. Li reports to the Chief Executive Officer of the Company. Ms. Li's biography is set out in the Directors and Senior Management Profiles section of the Annual Report. During 2014, Ms. Li undertook over 15 hours of professional training to update her skills and knowledge.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders of the Company (the "Shareholders") and potential investors. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels including quarterly, interim and annual reports, announcements and circulars.

During the year ended 31 December 2014, the annual general meeting was held on 30 April 2014 ("2014 AGM"). The auditors of the Company, HLB, attended the 2014 AGM to answer questions about the conduct of the audit, preparation and content of the auditors' report, the accounting policies and auditors' independence. The Chief Executive Officer and Executive Director, Mr. Chan Kwok Wing, chaired the meeting and the chairman of the board committees of the Company also attended the 2014 AGM to answer questions at the meeting. All resolutions proposed at the 2014 AGM were duly passed by the Shareholders by way of poll. The results of the poll were published on the websites of the GEM and the Company. The attendance of the Directors are set out in the section headed BOARD OF DIRECTORS.

The AGM will be held at the Company's head office in Hong Kong on 8 May 2015.

Shareholder Communication Policy

A written shareholder communication policy has been adopted by the Company on 21 March 2012, from which the general policy is extracted as follow:

1. The Board shall maintain its communication with the Shareholders and the potential investors as an on-going process, and shall regularly review this Policy to ensure its effectiveness.

2. The Company communicates with the Shareholders and the potential investors through various channels, including financial reports (annual, half-yearly and quarterly reports), annual general meetings and special general meetings, press release, road shows, investment conferences, announcements and circulars.

3. Information published by the Company pursuant to the GEM Listing Rules will be made available on the websites of the GEM and the Company (such as its history and developments, products and services, awards and achievements etc) to enable the Shareholders and the potential investors to have better understanding of the Company and its latest development.

4. The Company shall ensure effective and timely dissemination of information to the Shareholders and the potential investors at all times. Any question regarding this Policy shall be directed to the Company Secretary.

Details of the Shareholder Communication Policy are published on the website of the Company.

Procedures for the Shareholders to Propose a Person for Election as a Director

The Company has also adopted procedures for Shareholders to propose a person for election as a director on 21 March 2012, from which the nomination procedure is extracted as follow:

1. In accordance with bye-law 88 of the Bye-Laws, a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at a general meeting (the "Election Meeting") for which such notice is given of his intention to propose such person for election as director (the "Nominee") and also a notice signed by the Nominee of his/her willingness to be elected (the "Nominee's Notice", and together the "Running Notices") shall be lodged at the Company's head office or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

2. According to bye-law 88 of the Bye-Laws, the minimum length of the period, during which such Running Notices are given, shall be at least seven (7) days and that (if the Running Notices are submitted after the dispatch of the notice of the Election Meeting) the period for lodgment of the Running Notices shall commence on the day after the dispatch of the notice of the Election Meeting and end no later than seven (7) days prior to the date of the Election Meeting. In this connection, the Running Notices shall be lodged within the seven-day (7-day) period commencing from the day after the dispatch of the notice of the Election Meeting.

3. The Nominee's Notice must include the biographical details of the Nominee as required by rule 17.50(2) of the GEM Listing Rules. The Nominee shall warrant in the Nominee's Notice that the information provided is true and complete and undertake that he/she will discharge his/her duties as director upon election.

Details of the Procedures for the Shareholders are published on the website of the Company in compliance with rule 17.50C of the GEM Listing Rules.

Procedures for Shareholders to Propose Convening Special General Meetings

Pursuant to bye-law 58 of the Bye-laws, 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 Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Act").

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. Such written requisition can be addressed to the Company Secretary in writing by mail to the Company's head office in Hong Kong.

If the requisition is in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholder(s) concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

Pursuant to Section 74(3) of the Act, if the directors do not within twenty-one (21) days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Enquiries

The Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company Secretary at the Company's head office in Hong Kong.

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF GLOBAL ENERGY RESOURCES INTERNATIONAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Global Energy Resources International Group Limited (the"Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 88 which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 19 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	6	**210,147**	6,975
Cost of sales		**(207,406)**	(5,432)
Gross profit		**2,741**	1,543
Other revenue	6	**196**	126
Other gains and losses	7	**(740)**	(4,902)
Selling and distribution expenses		**(374)**	(59)
Administrative expenses		**(26,127)**	(11,996)
Loss from operations		**(24,304)**	(15,288)
Finance costs	8	**(14)**	(20)
Loss before taxation	9	**(24,318)**	(15,308)
Taxation	10	**(8)**	(4)
Loss for the year		**(24,326)**	(15,312)
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(40)**	682
Other comprehensive (loss)/income for the year, net of income tax		**(40)**	682
Total comprehensive loss for the year		**(24,366)**	(14,630)
Loss for the year attributable to			
Owners of the Company		**(22,930)**	(14,859)
Non-controlling interests		**(1,396)**	(453)
		(24,326)	(15,312)
Total comprehensive loss for the year attributable to			
Owners of the Company		**(22,899)**	(14,569)
Non-controlling interests		**(1,467)**	(61)
		(24,366)	(14,630)
Loss per share attributable to owners of the Company for the year			
– Basic and diluted	12	**HK (0.96) cents**	HK (1.04) cents

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**13,838**	1,331
Intangible asset	15	**161,869**	–
Other asset	17	**630**	634
		176,337	1,965
Current assets			
Inventories	19	**9,758**	10,887
Trade receivables	20	**20,420**	5,265
Other receivables, deposits and prepayments	21	**39,408**	14,698
Cash and cash equivalents	22	**49,588**	43,179
		119,174	74,029
Current liabilities			
Trade payables	24	**2,602**	1,071
Accruals and other payables	25	**8,724**	8,209
Amounts due to related parties	26	**4,880**	5,877
Amount due to a shareholder	27	**–**	11,480
Borrowings	28	**–**	2,300
		16,206	28,937
Net current assets		**102,968**	45,092
Total assets less current liabilities		**279,305**	47,057
Net assets		**279,305**	47,057
EQUITY			
Share capital	29	**12,795**	9,411
Reserves		**255,910**	25,579
Total equity attributable to owners of the Company		**268,705**	34,990
Non-controlling interests		**10,600**	12,067
Total equity		**279,305**	47,057

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 March 2015 and signed on its behalf by:

Chan Kwok Wing
Director

Lu Zhi Qiang
Director

Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**2,492**	–
Interests in subsidiaries	18	**244,920**	8,269
		247,412	8,269
Current assets			
Other receivables, deposits and prepayments	21	**1,189**	1,125
Cash and cash equivalents	22	**20,709**	42,601
		21,898	43,726
Current liabilities			
Accruals and other payables	25	**728**	1,106
Amount due to a subsidiary	23	**48**	55
Amount due to a shareholder	27	**–**	11,480
Borrowings	28	**–**	2,300
		776	14,941
Net current assets		**21,122**	28,785
Total assets less current liabilities		**268,534**	37,054
Net assets		**268,534**	37,054
EQUITY			
Share capital	29	**12,795**	9,411
Reserves	32	**255,739**	27,643
Total equity		**268,534**	37,054

The financial statements were approved and authorised for issue by the board of directors on 19 March 2015 and signed on its behalf by:

Chan Kwok Wing
Director

Lu Zhi Qiang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company										
	Share capital HK$'000	Capital reserve (note (i)) HK$'000	Share premium HK$'000	Special reserve (note (ii)) HK$'000	Warrant reserve (note (iii) & (v)) HK$'000	Statutory reserve (note(iv)) HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	6,274	1,030	70,009	11	4,752	324	1,541	(76,075)	7,866	12,128	19,994
Open offer of ordinary shares	3,137	–	40,781	–	–	–	–	–	43,918	–	43,918
Transaction costs attributable to open offer of ordinary shares	–	–	(1,961)	–	–	–	–	–	(1,961)	–	(1,961)
Transaction costs attributable to shares consolidation	–	–	(264)	–	–	–	–	–	(264)	–	(264)
Transaction with owners	3,137	–	38,556	–	–	–	–	–	41,693	–	41,693
Net loss for the year	–	–	–	–	–	–	–	(14,859)	(14,859)	(453)	(15,312)
Other comprehensive income, net of income tax:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	290	–	290	392	682
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	290	(14,859)	(14,569)	(61)	(14,630)
At 31 December 2013 and 1 January 2014	9,411	1,030	108,565	11	4,752	324	1,831	(90,934)	34,990	12,067	47,057
Placing new shares	1,255	–	96,619	–	–	–	–	–	97,874	–	97,874
Transaction costs attributable to placing new shares	–	–	(2,536)	–	–	–	–	–	(2,536)	–	(2,536)
Equity-settled share-based acquisition	2,129	–	159,677	–	–	–	–	–	161,806	–	161,806
Transaction costs attributable to equity-settled share-based acquisition	–	–	(530)	–	–	–	–	–	(530)	–	(530)
Expiry of non-listed warrant (note v)	–	–	–	–	(4,752)	–	–	4,752	–	–	–
Transaction with owners	3,384	–	253,230	–	(4,752)	–	–	4,752	256,614	–	256,614
Net loss for the year	–	–	–	–	–	–	–	(22,930)	(22,930)	(1,396)	(24,326)
Other comprehensive (loss)/income, net of income tax:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	31	–	31	(71)	(40)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	31	(22,930)	(22,899)	(1,467)	(24,366)
At 31 December 2014	**12,795**	**1,030***	**361,795***	**11***	**–***	**324***	**1,862***	**(109,112)***	**268,705**	**10,600**	**279,305**

* The aggregated amount of these balances of HK$255,910,000 (2013: HK$25,579,000) in surplus is included as reserves in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Notes:

(i) The capital reserve of the Group represents a capital contribution by a shareholder company during the year ended 31 December 2007.

(ii) The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2002.

(iii) The warrants reserve of the Group represents non-listed warrants were issued to the investors during the year ended 31 December 2012.

(iv) Subsidiary of the Company establish in the PRC shall appropriate 10% of its annual statutory net profit (after offsetting any prior year losses) to the statutory reserve fund account in accordance with the PRC Company law. When the balance of such reserve fund reaches 50% of the entity's share capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior year's losses or to increase capital after proper approval.

(v) On 10 May 2012, the Company placed an aggregate of 1,000,000,000 non-listed warrants (the "Warrants") at the placing price of HK$0.005 per warrant and of which conferring rights to subscribe for 1,000,000,000 new ordinary shares of the Company at the exercise price of HK$0.15 per share (subject to the adjustment). During a period of 24 months commencing from the completion date of the subscription of the Warrants, no Warrants were exercised and the Warrants had lapsed on 10 May 2014. Accordingly, the net proceeds from the Warrants placing of approximately HK$4,752,000 which was recorded as a component of shareholders' equity in warrant reserve, was transferred to accumulated losses.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss before taxation		**(24,318)**	(15,308)
Adjustments for:			
Interest income		**(193)**	(1)
Finance costs	8	**14**	20
Depreciation	14	**1,924**	433
Reversal of impairment loss on trade receivables	20	**(390)**	(1,944)
Reversal of impairment loss on inventories		**(509)**	(660)
Impairment loss recognised on inventories		**1,639**	1,611
Impairment loss recognised on trade receivables	20	**–**	387
Impairment loss recognised on goodwill		**–**	5,508
Loss on disposal of property, plant and equipment	14	**192**	–
Operating loss before working capital changes		**(21,641)**	(9,954)
Increase in inventories		**(1)**	(724)
(Increase)/decrease in trade receivables		**(14,765)**	93
Increase in other receivables, deposits and prepayments		**(24,710)**	(2,288)
Increase/(decrease) in trade payables		**1,531**	(125)
Increase in accruals and other payables		**475**	2,377
Cash used in operating activities		**(59,111)**	(10,621)
PRC enterprise income tax paid		**(8)**	(4)
Net cash used in operating activities		**(59,119)**	(10,625)
Cash flows from investing activities			
Interest received		**193**	1
Cash inflow from acquisition of subsidiaries		**1,504**	–
Payment for transaction costs of consideration shares		**(530)**	–
Purchase of property, plant and equipment	14	**(14,627)**	–
Net cash (used in)/generated from investing activities		**(13,460)**	1
Cash flows from financing activities			
Proceeds from placing new shares		**97,874**	–
Payment for transaction costs of placing new shares	32	**(2,536)**	–
Proceeds from open offer of ordinary shares		**–**	43,918
Payment for transaction costs of open offer of ordinary shares	32	**–**	(1,961)
Payment for transaction costs of share consolidation	32	**–**	(264)
(Repayment to)/advance from related parties		**(997)**	2,169
(Repayment to)/advance from a shareholder		**(11,480)**	5,852
(Repayment to)/proceeds from borrowings		**(3,833)**	2,300
Interest paid		**(14)**	(20)
Net cash generated from financing activities		**79,014**	51,994
Net increase in cash and cash equivalents		**6,435**	41,370
Cash and cash equivalents at beginning of the year		**43,179**	1,292
Effect of foreign exchange rate changes		**(26)**	517
Cash and cash equivalents at end of the year		**49,588**	43,179

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

Global Energy Resources International Group Limited is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Room 3008–10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The financial statements for the year ended 31 December 2014 were approved for issue by the board of directors on 19 March 2015.

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

In the current year, the Company has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Company's financial year beginning 1 January 2014. A summary of the new HKFRSs are set out as below:

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

The nature of the impending changes in accounting policy on adoption is described below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities *(Continued)*

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

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

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

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non – Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in 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 ("HKFRSs") *(Continued)*

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs 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]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[5]
HKSA 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
HKSA 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[5]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[4]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[5]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 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

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

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 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values 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.

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. Previously, 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

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

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 of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

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

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. The directors of the Company 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 of the Company 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 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

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 of the Company 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 ("HKFRSs") *(Continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

– At cost

– In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

– Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

– The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

– A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

– A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Continued)*

Amendments to HKFRS 10:

– An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

– New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

The amendments to HKFRS 8 (i) require an entity to disclose the 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Annual Improvements to HKFRSs 2010-2012 Cycle *(Continued)*

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

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

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

Annual Improvements to HKFRSs 2012-2014 Cycle

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

The amendments to HKFRS 5 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.

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 of the Company do not anticipate that the application of these 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 Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

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 of 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.

Basis of consolidation

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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 component 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 intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. At the end of each reporting period, the Group reviews the carrying amount of its indefinite useful lives of intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Foreign currencies

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

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the end of the reporting period. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are recognised in profit and loss as part of the gain or loss on sale.

Revenue recognition

Revenue comprises the fair value of consideration received for the rendering of services. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Trading fee are recognised on a trade date basis.

Sales of goods are recognised when the goods are delivered and title has passed.

Interest income is recognised on a time-proportion basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the rate of 10% to 20% per annum.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

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

Impairment testing of non-financial assets

Property, plant and equipment and interests in subsidiaries are subject to impairment testing at the end of each reporting period. Individual assets or cash-generating units are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets

The Group's financial assets include trade and other receivables, cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in the statement of comprehensive income.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Impairment of financial assets

At the end of each reporting period, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

If any such evidence exists, the impairment loss is measured and recognised 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). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not recognised in profit or loss of the period in which the reversal occurs.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Taxation

Income tax comprises current tax payable and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit and loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in profit and loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Provisions and contingent liabilities

Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. At the end of the subsequent reporting periods, such contingent liabilities are recognised at the higher of the amount recognised in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less accumulated amortisation recognised in accordance with HKAS 18 Revenue.

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

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

Related parties

A party is considered to be related to the Group if:

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

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

   (ii) has significant influence over the Group; or

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

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

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

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

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

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

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Retirement benefit costs and short term employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiary which operates in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit and loss as they become payable in accordance with the rules of the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans is limited to the fixed percentage contributions payable.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Financial liabilities

The Group's financial liabilities include trade payables and accruals and other payables. They are included in the line items in the consolidated statement of financial position as "Trade payables", "Accruals and other payables", "amount due to a related party", "amount due to a shareholder" and "Bank borrowing" under current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in profit and loss.

Trade payables and accruals and other payables

Trade payables and accruals and other payables are recognised initially at their fair values and subsequently measured at amortised costs, using the effective interest method.

Other financial liabilities

Other financial liabilities (including borrowings, amounts due to related parties, amount due to a shareholder) 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 other than financial liabilities classified as at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

The following is the critical judgment, apart from those involving estimations 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.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group annually reviews the useful life of an asset and its residual value, if any. The useful life is based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

Valuation of inventories

Inventories are stated at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The directors estimate the net realisable value for raw materials and finished goods based primarily on the latest invoice prices and current market conditions. In addition, the directors perform an inventory review on a product-by-product basis at the end of each reporting period and assess the need for write down of inventories.

Allowance for impairment of doubtful debts

The impairment of trade and other receivables are based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment. From time to time, the Group may experience delays in collection. Where recoverability of trade and other debtor balances are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivable to the consolidated statement of comprehensive income. Changes in the collectability of trade and other receivables for which provisions are not made could affect our results of operations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Impairment losses for property, plant and equipment

Property, plant and equipment are assessed at the end of each reporting period to identify indications that they may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated. The recoverable amount of the property, plant and equipment is based on value-in-use calculations. These calculations are determined based on cash flow projections with reasonable assumptions that represent management's best estimate of the range of economic conditions over the remaining useful life of the assets. Changes in facts and circumstances may result in revisions to whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit of loss in future years.

Income taxes

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment of intangible assets

Determine whether intangible assets are impaired requires estimation of the value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of intangible asset at the end of the year was approximately HK$161,869,000 (2013: nil) and no impairment loss was recognised for the year. Details of the impairment testing on intangible asset are provided in Note 16 to the consolidated financial statements.

5. SEGMENT INFORMATION

Information reported to executive director and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

- Manufacturing and sales of environmental friendly air-conditioners and related products ("Sales of air-conditioners")
- Trading of metal products and related products ("Trading of metal products")
- Income from Carbon Emission Trading Platform and related services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

	Sales of air-conditioners		Trading of metal products		Income from Carbon Emission Trading Platform and related services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**8,162**	6,975	**200,283**	–	**1,702**	–	**210,147**	6,975
Segment result	**(3,444)**	(7,742)	**(3,297)**	–	**(2,901)**	–	**(9,642)**	(7,742)
Other revenue							**196**	126
Central administrative costs							**(14,858)**	(7,672)
Finance costs							**(14)**	(20)
Loss before taxation							**(24,318)**	(15,308)

All of the segment revenue reported above is generated from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statement. Segment results represent the loss recorded by each segment without allocation of other revenue, central administrative costs including directors' remuneration, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	Sales of air-conditioners		Trading of metal products		Income from Carbon Emission Trading Platform and related services		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment assets	**29,153**	30,887	**47,795**	–	**169,993**	–	**246,941**	30,887
Unallocated assets							**48,570**	45,107
Total assets							**295,511**	75,994
Segment liabilities	**14,995**	14,072	**423**	–	**54**	–	**15,472**	14,072
Unallocated liabilities							**734**	14,865
Total liabilities							**16,206**	28,937

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than assets held by the Company and its subsidiaries which the role are investment holding company; and

– all liabilities are allocated to reportable segments other than liabilities held by the Company and its subsidiaries which the role are investment holding company.

Other segment information

For the year ended 31 December 2014

	Sales of air-conditioners HK$'000	Trading of metal products HK$'000	Income from Carbon Emission Trading Platform and related services HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	**264**	**765**	**145**	**750**	**1,924**
Capital expenditure	**–**	**7,084**	**1,990**	**5,553**	**14,627**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2013

	Sales of air-conditioners HK$'000	Trading of metal products HK$'000	Income from Carbon Emission Trading Platform and related services HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	265	–	–	168	433

In addition to the depreciation reported above, impairment losses of HK$nil (2013: HK$387,000), HK$1,639,000 (2013: HK$1,611,000) and HK$nil (2013: HK$5,508,000) were recognised in respect of trade receivables, inventories and goodwill respectively. These impairment losses were attributable to the reportable segment of sales of air-conditioners.

Revenue from major products and operation

The Group's revenue from its major products and operation is set out in Note 6.

Geographical information

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
PRC	**210,052**	6,975	**7,684**	1,782
Hong Kong	**95**	–	**168,653**	183
Total	**210,147**	6,975	**176,337**	1,965

The geographical location of customers is based on the location at which the services were rendered or the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION *(Continued)*

Information about major customers

For the year ended 31 December 2014, approximately HK$153,217,000 or 72.9% (2013: HK$5,191,000 or 74.4%) of the Group's revenue generated from three customers (the trading of metal products segment) (2013: three (sales of air-conditioners segment)). Each customer has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2014 (2013: Nil).

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2014 **HK$'000**	2013 HK$'000
Customer A (Note)	**92,259**	–
Customer B	**–**	3,243
Customer C	**–**	1,029
Customer D	**–**	919
Customer E (Note)	**33,147**	–
Customer F (Note)	**27,811**	–

Note:

No information on revenue for the year ended 31 December 2013 is disclosed for these customers since none of them contributed 10% or more to the Group's revenue for the year ended 31 December 2013.

6. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties in connection with sales of air-conditioners, trading of metal products, and income from Carbon Emission Trading Platform and related services. Revenue and other revenue recognised during the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Revenue		
Sales of air-conditioners	**8,162**	6,975
Trading of metal products	**200,283**	–
Income from Carbon Emission Trading Platform and related services	**1,702**	–
	210,147	6,975
Other revenue		
Interest income	**193**	1
Sundry income	**3**	125
	196	126

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. OTHER GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000
Impairment loss recognised on inventories	**(1,639)**	(1,611)
Impairment loss recognised on trade receivables (Note 20)	**–**	(387)
Impairment loss recognised on goodwill	**–**	(5,508)
Reversal of impairment loss on trade receivables (Note 20)	**390**	1,944
Reversal of impairment loss on inventories	**509**	660
	(740)	(4,902)

8. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Borrowings		
– wholly repayable within one year	**14**	20

9. LOSS BEFORE TAXATION

	2014 HK$'000	2013 HK$'000
Loss before taxation is arrived at after charging:		
Auditors' remuneration	**360**	280
Depreciation of owned assets	**1,924**	433
Cost of inventories recognised as an expense	**207,382**	5,315
Operating lease rentals in respect of rented premises	**6,638**	4,394
Loss on disposal of property, plant and equipment	**192**	–
Employee benefit expenses (excluding director and chief executive's remuneration (Note 13)		
Salaries allowances and benefits in kind	**6,302**	3,120
Contributions to retirement benefits scheme	**470**	261

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. TAXATION

The Company is not subject to taxes in profits, income or dividends in Bermuda. Its subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rates of 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

No provision for taxation has been made in the financial statements as the subsidiaries in Hong Kong had no assessable profit for the year (2013: Nil).

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25% (2013: 25%).

	2014 **HK$'000**	2013 HK$'000
Current tax:		
PRC enterprise income tax	**8**	4

A reconciliation of the tax expenses applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

	2014 **HK$'000**	2013 HK$'000
Loss before taxation	**(24,318)**	(15,308)
Tax loss before taxation, calculated at the rates applicable to loss in the tax jurisdiction concerned	**(4,582)**	(3,184)
Tax effect of non-deductible expenses	**131**	2,348
Tax effect of non-taxable income	**(27)**	(815)
Tax effect of unused tax losses not recognised	**4,486**	1,655
Income tax for the year	**8**	4

Deferred Taxation

Deferred taxation is calculated in full on temporary difference under the liabilities method using a principal taxation rate of 16.5% (2013: 16.5%). During the years ended 31 December 2014 and 2013, no deferred taxation was recognised by the Company.

Unrecognised deferred tax assets

As at 31 December 2014, the Group and the Company has obtained the tax assessment in regarding to the accumulated tax losses. In accordance to the tax assessment, no tax losses can be brought forward to offset the future taxable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

11. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$25,134,000 (2013: HK$23,835,000) has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

On 24 January 2014, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent, pursuant to which the Company issued 250,960,000 new ordinary shares at the price of HK$0.39 per placing share on 7 February 2014 (the "Placing Shares").

On 8 May 2014, the Company entered into a sales and purchase agreement (the "S&P Agreement") for the acquisition of entire interest in Vax Limited, pursuant to which the Company issued 425,806,000 new ordinary shares on 9 June 2014 (the "Consideration Shares").

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company HK$22,930,000 (2013: HK$14,859,000) and on the weighted average number are 2,394,994,926 ordinary shares (2013: 1,429,120,586) in issue during the year.

Diluted loss per share for the year ended 2014 and 2013 were the same as the basic loss per share. Because the effect of the Company's outstanding warrants was anti-dilutive during the year ended 31 December 2013 and there was no diluted event during the year.

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Total HK$'000
2014				
Executive directors				
Mr. Chan Kwok Wing				
(Chief executive officer)	–	814	17	831
Ms. Ge Yan Hong (a)	–	300	–	300
Mr. Chen Hong Bo (b)	–	417	–	417
Mr. Zhang Shi Min (c)	–	43	2	45
Mr. Qie Bing Bing (d)	–	1	–	1
Mr. Lu Zhi Qiang (e)	–	88	–	88
	–	1,663	19	1,682
Independent non-executive director				
Mr. Leung Wah	120	–	–	120
Mr. Yeung Chun Wai, Anthony (f)	100	–	–	100
Mr. Wei Zhi Hong (g)	44	–	–	44
Mr. Fung Hoi Wing, Henry (h)	80	–	–	80
Mr. Gao Jin Lu (i)	20	–	–	20
	364	–	–	364
Total	364	1,663	19	2,046

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Total HK$'000
2013				
Executive directors				
Mr. Zhang Shi Min (c)	–	320	14	334
Mr. Chan Kwok Wing (Chief executive officer)	–	111	3	114
Mr. Qie Bing Bing (d)	–	320	14	334
Mr. Zhao Yan Jie (j)	–	285	–	285
	–	1,036	31	1,067
Independent non-executive director				
Mr. Leung Wah	120	–	–	120
Mr. Fung Hoi Wing, Henry (h)	120	–	–	120
Mr. Gao Jin Lu (i)	94	–	–	94
Mr. Cheung Chung Leung, Richard (k)	26	–	–	26
	360	–	–	360
Total	360	1,036	31	1,427

Notes:

a) Ms. Ge Yan Hong has been appointed as executive director with effective from 3 January 2014.

b) Mr. Chen Hong Bo has been appointed as executive director with effective from 3 January 2014.

c) Mr. Zhang Shi Min has resigned as executive director and chief executive officer from 10 May 2014.

d) Mr. Qie Bing Bing has resigned as executive director with effective from 3 January 2014.

e) Mr. Lu Zhi Qiang has been appointed as executive director with effective from 28 November 2014.

f) Mr. Yeung Chun Wai, Anthony has been appointed as independent non-executive director with effective from 28 February 2014.

g) Mr. Wei Zhi Hong has been appointed as independent non-executive director with effective from 19 August 2014.

h) Mr. Fung Hoi Wing, Henry has resigned as independent non-executive director with effective from 31 August 2014.

i) Mr. Gao Jin Lu has resigned as independent non-executive director with effective from 28 February 2014.

j) Mr. Zhao Yan Jie has resigned as executive director and chief executive officer on 8 November 2013.

k) Mr. Cheung Chung Leung, Richard has resigned as independent non-executive director with effective from 19 March 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals during the year included three (2013: two) directors whose emoluments are disclosed in above. The details of the emoluments of the remaining two (2013: three) highest paid individuals are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries and allowances	**905**	1,789
Retirement benefits scheme contributions	**31**	69
	936	1,858

All of the above two highest paid individuals (2013: three) received individual emoluments below HK$1 million.

	2014 Number of Individuals	2013 Number of individuals
Nil to HK$1,000,000	**2**	3

The emoluments paid or payable to member of senior management (excluding the Directors as disclosed in above) are within the following brands:

	2014 Number of senior management	2013 Number of senior management
Nil to HK$1,000,000	**3**	3

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to any of the senior management as an inducement to join or upon joining the Group or as compensation for loss of office. No senior management waived or to waive any emoluments during both years.

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement HK$000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:				
Balance at 1 January 2013	1,000	357	1,290	2,647
Exchange alignment	18	11	30	59
Balance at 31 December 2013 and 1 January 2014	1,018	368	1,320	2,706
Acquisition of subsidiaries	–	–	6	6
Additions	3,062	6,236	5,329	14,627
Disposal written off	(1,015)	–	(390)	(1,405)
Exchange alignment	(4)	(5)	(5)	(14)
Balance at 31 December 2014	3,061	6,599	6,260	15,920
Accumulated depreciation and impairment:				
Balance at 1 January 2013	461	24	439	924
Charge for the year	206	56	171	433
Exchange alignment	8	2	8	18
Balance at 31 December 2013 and 1 January 2014	675	82	618	1,375
Charge for the year	759	507	658	1,924
Disposal written off	(855)	–	(358)	(1,213)
Exchange alignment	(2)	(1)	(1)	(4)
Balance at 31 December 2014	577	588	917	2,082
Carrying amount:				
Balance at 31 December 2014	**2,484**	**6,011**	**5,343**	**13,838**
Balance at 31 December 2013	343	286	702	1,331

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

The Company

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:			
Balance at 1 January 2013, 31 December 2013 and 1 January 2014	–	–	–
Additions	2,236	752	2,988
Balance at 31 December 2014	2,236	752	2,988
Accumulated depreciation and impairment:			
Balance at 1 January 2013 31 December 2013 and 1 January 2014	–	–	–
Charge for the year	371	125	496
Balance at 31 December 2014	371	125	496
Carrying amount:			
Balance at 31 December 2014	**1,865**	**627**	**2,492**
Balance at 31 December 2013	–	–	–

15. INTANGIBLE ASSET

The Group

During the year 2014, the Group acquired an intangible asset of the using right of carbon emission trading platform (the "CETP"). CETP is an intangible asset which is dedicated to a variety of carbon emission rights and carbon derivatives electronic trading systems integrated product transactions. The platform is including members of management, financial asset management, transaction prices showing, trading orders placed and cleared. It provides a communication channel for the carbon rights registration institutions and banks, offering management and tracking the whole life cycle from entering the carbon products into the system to trading until its maturity to written off.

	Carbon Emission Trading Platform HK$'000
Cost:	
Balance at 1 January 2013, 31 December 2013 and 1 January 2014	–
Acquisition	161,869
Balance at 31 December 2014	161,869
Accumulated impairment:	
Balance at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	–
Carrying amount:	
Balance at 31 December 2014	**161,869**
Balance at 31 December 2013	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

15. INTANGIBLE ASSET *(Continued)*

Note:

In the assumption of continuity or going concern convention, the CETP will create economic benefits for the Group continuously if maintenance expenses are paid periodically. The useful life of the CETP is indefinite as there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the Group. It will be tested for impairment annually, instead of amortising over its useful life, and whenever there is an indication that may be impaired. Particulars of the impairment testing are disclosed in Note 16.

16. IMPAIRMENT TESTING ON INTANGIBLE ASSET

CETP is an intangible asset which is dedicated to a variety of carbon emission rights and carbon derivatives electronic trading systems integrated product transactions. The platform is including members of management, financial asset management, transaction prices showing, trading orders placed and cleared. It provides a communication channel for the carbon rights registration institutions and banks, offering management and tracking the whole life cycle from entering the carbon products into the system to trading until its maturity to written off.

Carbon emission trading is an administrative approach used to control pollution by providing economic incentives for achieving the goal of reducing pollutant emission. National Development and Reform Commission sets a limit or cap on the amount of a pollutant. Enterprises are issued emission permits and are required to hold an equivalent number of allowance which represent the right to emit a specific amount.

Trading emission amount of carbon dioxide which has been certified and has trading platform for transaction is called carbon emission trading. Customer can trade certificated emission amount by the trading platform, the CETP can create the transaction liquidity.

The valuation of the CETP is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a ten-year period, the expected service income deriving from the CETP in provision and design of carbon emission trading system and a pre-tax discount of 26.71%. The cash flows beyond the ten-year period are extrapolated using a steady 1.64% growth rate.

Because carbon emission trading market has just started in the PRC in 2013, it will be expected high growth rate. Owing to the high growth rate of operating revenue of the CETP, the management of the Company views that using a longer cash flow projection, ten years, can more reasonably reflect the recoverable amount of CETP.

Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted revenue and operating costs for the first-five years then using 4.5% growth rate for the revenue for the next five years. The revenue growth rate was provided with observation of the economy of the emerging countries. Such estimation is based on Management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CETP to exceed aggregate recoverable amount of the CETP.

Based on the business valuation report issued by China Intangible Asset Appraisement Company Limited of the CETP, the recoverable amount exceeds the carrying amount of the intangible asset, the Directors with careful consideration to decide that no impairment charge was necessary in relation to this cash-generating unit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

17. OTHER ASSET

	The Group HK$'000
At cost:	
Balance at 1 January 2013	614
Exchange alignment	20
Balance at 31 December 2013 and 1 January 2014	634
Exchange alignment	(4)
Balance at 31 December 2014	630
Accumulated impairment:	
Balance at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	–
Carrying amount:	
Balance at 31 December 2014	**630**
Balance at 31 December 2013	634

Note:

Other asset is a club membership which represent entrance fee paid to a golf club held on long-term basis.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2014 **HK$'000**	2013 HK$'000
Unlisted shares, at cost	**128**	128
Less: Impairment	**–**	–
	128	128
Amounts due from subsidiaries	**298,805**	45,725
Less: Provision for amounts due from subsidiaries	**(54,013)**	(37,584)
	244,792	8,141
	244,920	8,269

The carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from respective subsidiaries.

The amounts due from subsidiaries are unsecured, interest-free and not repayable within twelve months from 31 December 2014. In the opinion of the directors, the settlement of these amounts due from subsidiaries is neither planned nor likely to occur in the foreseeable future and in substance, these amounts are extensions of the Company's investments in these subsidiaries.

Notes to the Consolidated Financial Statements

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18. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries at 31 December 2014 are as follows:

Name of Subsidiary	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Percentage of issued capital held by the Company Indirectly	Principal activities and place of operations
8192 Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Provision of services in Hong Kong
China Glory International Holdings Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant
SINO CBM (Group) Holding Company Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant
Energy China Investment Company Limited	Hong Kong, limited liability company	50,000 ordinary shares of HK$50,000	100%	–	Investment holding
Global Environmental Engineering Company Limited	British Virgin Islands	10,000 shares of US$1 each	100%	–	Investment holding
蔚藍環保技術服務(深圳)有限公司	The PRC, limited liability company	Registered and paid up capital of RMB39,717,870	–	100%	Trading of metal products and provision of carbon emission trading and related services
Hong Kong Environmental Engineering Holdings Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	–	100%	Investment holding
Hong Kong Environmental Engineering & Services Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	–	100%	Dormant

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries at 31 December 2014 are as follows: *(Continued)*

Name of Subsidiary	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company		Principal activities and place of operations
			Directly	Indirectly	
Hong Kong Environmental Engineering Company Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	–	100%	Investment holding
中達博誠能源科技(深圳)有限公司	The PRC, limited liability company	Registered and paid up capital of RMB10,467,840	–	100%	Investment holding
深圳市順天運環保科技有限公司	The PRC, limited liability company	Registered and paid up capital of RMB20,000,000	–	51%	Sales of air-conditioners
深圳市瑞風節能環保設備有限公司	The PRC, limited liability company	Registered and paid up capital of RMB500,000	–	51%	Sales of air-conditioners
Wonderful Dream Limited	British Virgin Islands	1 share of US$1	100%	–	Investment holding
Vax Limited	British Virgin Islands	1,000 shares of US$1 each	–	100%	Investment holding
Hong Kong Carbon Emission Trading Limited	Hong Kong, Limited liabilities company	1 ordinary share of HK$1	–	100%	Operation of carbon emission trading platform

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

18. INTERESTS IN SUBSIDIARIES *(Continued)*

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year. The financial statements of the above subsidiaries have been audited by HLB Hodgson Impey Cheng Limited, Hong Kong for statutory purpose and/or for the purpose of group consolidation.

Details of non-wholly owned subsidiary that has material non-controlling interests.

Name of Company	Place of incorporation registration and operation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2014	2013	**2014**	2013
			HK$'000	HK$'000	**HK$'000**	HK$'000
深圳市順天運環保科技有限公司	The PRC	49%	**(983)**	130	**9,218**	10,175

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	2014	2013
	HK$'000	HK$'000
Current assets	**22,918**	21,261
Non-current assets	**6,057**	6,174
Current liabilities	**(7,713)**	(4,956)
Equity attributable to owners of the Company	**12,044**	12,304
Non-controlling interests	**9,218**	10,175

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For the year ended 31 December 2014

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiary that has material non-controlling interests. *(Continued)*

	2014 HK$'000	2013 HK$'000
Revenue	**3,369**	6,587
Expenses	**(5,375)**	(6,322)
(Loss)/profit for the year	**(2,006)**	265
(Loss)/profit attributable to owners of the Company	**(1,023)**	135
(Loss)/profit attributable to owners of the non-controlling interests	**(983)**	130
(Loss)/profit for the year	**(2,006)**	265
Other comprehensive income attributable to owners of the Company	**27**	235
Other comprehensive income attributable to owners of the non-controlling interests	**26**	226
Other comprehensive income for the year	**53**	461
Total comprehensive (loss)/income attributable to owners of the Company	**(996)**	370
Total comprehensive (loss)/income attributable to owners of the non-controlling interests	**(957)**	356
Total comprehensive (loss)/income for the year	**(1,953)**	726
Dividend paid to the non-controlling interests	**–**	–
Net cash outflow from operating activities	**(158)**	(547)
Net cash inflow from investing activities	**–**	–
Net cash inflow from financing activities	**–**	–
Net cash outflow	**(158)**	(547)

Significant restriction

Cash at bank and in hand dominated in RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide restrictions provide restriction on exporting capital from the PRC, other than through normal dividend.

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For the year ended 31 December 2014

19. INVENTORIES

	The Group	
	2014	2013
	HK$'000	HK$'000
Raw materials	**6,161**	6,209
Semi-finished products	**840**	846
Finished goods	**2,757**	3,832
	9,758	10,887

20. TRADE RECEIVABLES

	The Group	
	2014	2013
	HK$'000	HK$'000
Trade receivables	**20,420**	5,265

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

For the year ended 31 December 2014, the Group allows a credit period of 30-180 days (2013: 30-180 days) to its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting period based on the invoice date and net of provision:

	2014	2013
	HK$'000	HK$'000
0–90 days	**19,949**	1,477
91–180 days	**11**	2,667
181–365 days	**107**	577
Over 365 days	**353**	544
	20,420	5,265

Trade receivables disclosed as below which are past due but not impaired. The directors considered that those amounts have not significant change in credit quality and the amounts are still recoverable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

20. TRADE RECEIVABLES *(Continued)*

The aging analysis of trade receivables that are past due but not impaired:

	2014 HK$'000	2013 HK$'000
181–365 days	**107**	577
Over 365 days	**353**	544
	460	1,121

Movement in the impairment losses recognised on trade receivables:

	2014 HK$'000	2013 HK$'000
Balance at beginning	**349**	1,906
Add: Impairment loss recognised on trade receivables	**–**	387
Add: Exchange alignment	**41**	–
Less: Reversal of impairment loss on trade receivables	**(390)**	(1,944)
	–	349

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		**The Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Deposits paid and prepayments to suppliers	**34,725**	13,607	**–**	–
Prepayment for the R&D Center	**2,500**	–	**–**	–
Other deposits and receivables	**2,106**	855	**1,189**	1,125
Value added tax receivables	**77**	236	**–**	–
	39,408	14,698	**1,189**	1,125

22. CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash at bank and in hand	**49,588**	43,179	**20,709**	42,601

The effective interest rates of the bank balances of the Group and the Company ranged from 0.001% to 0.35% (2013: 0.5% to 1.1%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

22. CASH AND CASH EQUIVALENTS *(Continued)*

Included in bank and cash balances of the Group is HK$4,193,000 (2013: HK$302,000) of bank balances dominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

23. AMOUNT DUE TO A SUBSIDIARY

The amount due was unsecured, interest-free and repayable on demand.

24. TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 30 to 180 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
0–90 days	**1,826**	25
91–180 days	**15**	15
181–365 days	**761**	780
Over 365 days	**–**	251
	2,602	1,071

25. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**1,073**	1,258	**728**	1,086
Receipt in advances	**185**	3	**–**	–
Other payables	**7,466**	6,948	**–**	20
	8,724	8,209	**728**	1,106

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26. AMOUNTS DUE TO RELATED PARTIES

As at 31 December 2014, include in amounts due to related parties, the details were presented as follows:

	2014 **HK$'000**	2013 HK$'000
Mr. Zhang Shi Min (Former executive director)	**–**	1,267
Mr. Chan Kowk Wing	**–**	7
Mr. Lu Zhi Qiang	**63**	–
A director of a subsidiary of the Company	**4,817**	4,603
	4,880	5,877

The amounts due to related parties are unsecured, interest-free and repayable on demand.

27. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable on demand.

28. BORROWINGS

	The Group and the Company	
	2014 **HK$'000**	2013 HK$'000
Borrowings – unsecured	**–**	2,300
Carrying amount repayable within one year	**–**	2,300

The contractual fixed interest rate per annum is respect of borrowing was within the following:

	The Group and the Company	
	2014	2013
A fixed three-month term	**–**	10%

The fair value of the borrowings approximates their carrying amount.

During the year ended 31 December 2014, a borrowing of approximately HK$1,533,000 was acquired from acquisition of subsidiaries, the contractual fixed interest rate per annum is respect of the borrowing is 1.5% per month.

As at 31 December 2014, the Group and the Company had repaid all the borrowings.

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29. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.0005 each at 1 January 2013	40,000,000	20,000
Less: Every ten shares consolidated into one share	(36,000,000)	–
Ordinary share of HK$0.005 each at 31 December 2013, 1 January 2014 and 31 December 2014	**4,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.0005 each at 1 January 2013	12,548,000	6,274
Every ten shares consolidated into one share	(11,293,200)	–
Open offer shares (Note 1)	627,400	3,137
Ordinary share of HK$0.005 each at 31 December 2013 and 1 January 2014	1,882,200	9,411
Issue of the placing new shares (Note 2)	250,960	1,255
Issue of the consideration shares (Note 3)	425,806	2,129
Ordinary share of HK$0.005 each at 31 December 2014	**2,558,966**	**12,795**

Notes:

(1) On 11 November 2013, the Company entered into an underwriting agreement with underwriter by issuing 627,400,000 offer shares on the basis of one offer share for every two shares at subscription price of HK$0.07. All conditions set out in the underwriting agreement have been fulfilled on 27 December 2013, and the dealings in the offer shares were commenced on the Stock Exchange on 2 January 2014. For the detail, please refer to the Company's announcement dated 30 December 2013.

(2) Pursuant to the Placing Agreement, the Company issued 250,960,000 new ordinary shares on 7 February 2014.

(3) Pursuant to the Sales and Purchases Agreement, the Company issued 425,806,000 new ordinary shares on 9 June 2014. The closing market price per share of immediately preceding business date of issue is HK$0.38 which approximate the fair value per share of the shares issued. The difference between the fair value of shares issued net of issuing cost and the nominal value of the shares issued was credited to the share premium account.

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30. SHARE OPTION SCHEME

The Share Option Scheme

The share options scheme has been adopted and adopted by the shareholders of the Company at the annual general meeting on 9 May 2012 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest.

The number of shares which may be issued under the Share Option Scheme is subject to the following limited:

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the total number of Shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue for the time being. Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company.

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each grantee (the "Option Period"), save that such period shall end in any event not later than ten years from the date of grant of the option and subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

No option has been granted or remained outstanding for the year ended 31 December 2014 and 2013.

On 8 January 2015, 125,480,000 of share options were granted to certain eligible participants, subject to acceptance of the eligible participants, under the share option scheme adopted by the Company. Details please refer to the announcement of the Company dated 8 January 2015.

31. WARRANTS

At 27 April 2012, the Company entered into the placing agreement to place 1,000,000,000 warrants conferring rights to subscribe for HK$150,000,000 in aggregate in cash, for 1,000,000,000 new shares at the exercise price of HK$0.15 per share warrants. The warrants entitle the holders to subscribe for the subscription shares at HK$0.15 per subscription share for a period of 24 months commencing from the date of issue of the warrants. The placing was completed on 10 May 2012. Details of the completion have been disclosed in the announcement dated 10 May 2012.

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31. WARRANTS *(Continued)*

At 31 December 2012, the Company had outstanding warrants 1,000,000,000 and their exercise in would result in the issuance of 1,000,000,000 shares. Subsequent to the end of the reporting period, the Company has completed a share consolidation on 7 February 2013. The exercise price of the warrants has been adjusted to HK$1.50 per consolidated share. Accordingly, the warrants will entitle the holders thereof to subscribe for a total of 100,000,000 consolidated shares upon full exercise of the warrants instead of the 1,000,000,000 shares.

The open offer has become effective on 31 December 2013. Pursuant to the terms and conditions of the non-listed warrants, the exercise price and number of shares issuable of the outstanding non-listed warrants has been adjusted from HK1.50 per share to HK$1.00 per share and from 100,000,000 shares to 150,000,000 shares respectively.

At 31 December 2013, the Company had outstanding 150,000,000 warrants and their exercise would result in the issuance of 150,000,000 shares.

During a period of 24 months commencing from the completion date of the subscription of the Warrants, no warrants were exercised and the Warrants had lapsed on 10 May 2014. Accordingly, the net proceeds from the Warrants placing of approximately HK$4,752,000 which was recorded as a component of shareholders' equity in warrant reserve, was transferred to accumulated losses.

32. RESERVES

The Company

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	70,009	1,030	742	4,752	(63,611)	12,922
Open offer of ordinary shares	40,781	–	–	–	–	40,781
Transaction costs attributable to open offer of ordinary shares	(1,961)	–	–	–	–	(1,961)
Transaction costs attributable to shares consolidation	(264)	–	–	–	–	(264)
Net loss for the year	–	–	–	–	(23,835)	(23,835)
At 31 December 2013 and 1 January 2014	108,565	1,030	742	4,752	(87,446)	27,643
Placing new shares	96,619	–	–	–	–	96,619
Transaction costs attributable to placing new shares	(2,536)	–	–	–	–	(2,536)
Equity-settled share-based acquisition	159,677	–	–	–	–	159,677
Transaction costs attributable to equity-settled share-based acquisition	(530)	–	–	–	–	(530)
Expiry of non-listed warrant	–	–	–	(4,752)	4,752	–
Net loss for the year	–	–	–	–	(25,134)	(25,134)
At 31 December 2014	**361,795**	**1,030**	**742**	**–**	**(107,828)**	**255,739**

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation in 2002 and the nominal amount of the Company's shares issued for the acquisition.

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33. OPERATING LEASE COMMITMENTS

As at 31 December 2014, the total future minimum lease payments of the Group under non-cancellable operating lease in respect of rented premises are payable as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**5,958**	3,815
In the second to fifth years inclusive	**2,707**	1,912
	8,665	5,727

The Group leases an office premise under operating leases. The leases run for an initial period from two to five years, without any option to renew the lease terms at the expiry date and do not include any contingent rentals.

34. ACQUISITION OF SUBSIDIARIES

On 8 May 2014, Wonderful Dream Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire from Young Mountain Limited (a company wholly-owned by Mr. Chiu Piao) and Target Garden Limited (a company wholly-owned by Ms. Liu Qingqin) for the 100% of the equity interest in Vax Limited, which holds the entire equity interest in Hong Kong Carbon Emission Trading Limited for an aggregate consideration of approximately HK$198,000,000 which was satisfied by the issue of 425,806,000 new ordinary shares of the Company at the price of HK$0.465 per consideration share (the "Acquisition"). The completion of the Acquisition was took place on 9 June 2014. As at the date of completion, the market value per consideration share was HK$0.38, the aggregate consideration was approximately HK$161,806,000. Details of the consideration shares issued are set out in note 29 to the consolidated financial statements of this report. The initial accounting for the intangible asset arising from the acquisition of the Vax Group, in the following business combination, was determined by reference to the fair value of the Carbon Emission Trading Platform of the Vax Group performed by an independent professionally qualified valuer.

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For the year ended 31 December 2014

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

The net assets acquired and recognised at the date of acquisition as follows:

	Notes	**HK$'000**
Property, plant and equipment	14	**6**
Cash balance		**1,504**
Accruals and other payables		**(40)**
Short-term loan	28	**(1,533)**
Total identifiable net liabilities at fair value		**(63)**
Intangible asset	15	**161,869**
		161,806
Satisfied by:		
Allotment of new ordinary shares		**161,806**
Net cash inflow in respect of acquisition of subsidiaries:		
Cash consideration paid		**–**
Less: Cash balance acquired		**1,504**
		1,504

The acquisition of Vax Group did not constitute a business. In accordance with HKFRS 3, such acquisition did not give rise to goodwill. Therefore, the Company recognised the intangible asset individually at the date of acquisition. Details of the acquisition were set out in the Company's announcements dated 8 May 2014, 29 May 2014 and 9 June 2014.

35. CAPITAL COMMITMENT

	2014 **HK$'000**	2013 HK$'000
Contracted but not provided for:		
Establishment of a China International Carbon Sequestration Trading Platform	**10,086**	–

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36. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following party transaction during the reporting period.

	2014 HK$'000	2013 HK$'000
Total remuneration of directors and other members of key management during the year was as follows:		
Retirement benefit, scheme contribution		
Short term benefits	3,201	3,185
Post-employment benefit	60	100
	3,261	3,285

37. CONTINUING CONNECTED TRANSACTION

a) Pursuant to the S&P Agreement, on 6 June 2014 Vax Limited and Mr. Chiu Piao entered into a consultancy agreement (the "Consultancy Agreement") in relation to the provision of services in relation to, among others, the operation of the CETP and relevant personnel training by Mr. Chiu for a term of two years. The completion of the acquisition took place on 9 June 2014, Young Mountain Limited (a company wholly-owned by Mr. Chiu) has become a substantial shareholder holding approximately 15.56% of the issued share capital of the Company. Thus, Mr. Chiu was a connected person to the Company under the GEM Listing Rules. The Consultancy Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to the Consultancy Agreement, the total service fee under the Consultancy Agreement was HK$1.00 for the entire term. Thus, the entering into of the Consultancy Agreement and the transactions contemplated thereunder were de minimis transaction under Rule 20.31(2) of the GEM Listing Rules and were exempted from all the reporting, announcement and independent shareholders' approval requirements.

b) On 29 December 2014, Shenzhen Shun Tian Yun Environmental Technology Limited "Shun Tian Yun", an indirect non-wholly owned subsidiary of the Company, entered into (i) the Exclusivity Agreement with Shenzhen Li Bing Air-conditioners Limited "Li Bing", an indirect wholly owned company of a shareholder of Shun Tian Yun, whereby Shun Tian Yun is conditionally granted an exclusivity right in respect of the Energy-Saving Air-Conditioners manufactured by Li Bing; and (ii) the Purchase Agreement whereby Shun Tian Yun conditionally agrees to purchase from Li Bing Energy-Saving Air-Conditioners up to an annual cap of RMB150,000,000 (equivalent to approximately HK$188,775,000) for the year ending 31 December 2015. Details could be referred to the Company's announcements dated 29 December 2014, 20 January 2015, 10 February 2015, 27 February 2015 and 18 March 2015. The entering into of the agreements constitute continuing connected transactions of the Group and it is subject to the reporting, announcement and independent shareholders' approval requirements of the rule 20.65(4) of the GEM Listing Rules.

38. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014 (2013: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest risk and certain other price risks, which result from both its operating and investing activities. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether these changes are caused by factors specific to the individual financial instrument or its issuers, or factors affecting all similar financial instrument traded in the market. The Group does not have written risk management policies and guidelines. However, the directors closely monitor and focus on actively securing the Group's short to medium term cash flows by minimising the exposure to financial market.

The Group does not actively involve in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

(i) Interest rate risk

The Group's exposure to changes in interest rates mainly due to cash and cash equivalents which earn interest at floating rates. However, the directors are of the opinion that the sensitivity of the Group's result for the year to the reasonably possible change in interest rate in the coming twelve months is considered as minimal.

(ii) Foreign currency risk

The Group mainly operates in Hong Kong and the PRC. The functional currencies of the Company and its subsidiaries are mainly HK$ and RMB with certain of their business transactions being settled in RMB. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As the functional currency of the PRC subsidiary is also RMB, thus, the management considered the foreign exchange exposure is minimal.

(iii) Credit risks

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfil its obligation which results in financial loss. The carrying amounts of cash and cash equivalents and trade and other receivables included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arises when the Group has significant exposure to individual customers. At the end of the reporting period, there was no trade receivables was due from the Group's largest customer (2013: nil).

(iv) Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for longterm financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs are identified monthly.

The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

As at 31 December 2014 and 31 December 2013, the remaining contractual maturities of the Group's and the Company's financial liabilities which are based on contractual undiscounted cash flows are summarised below:

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iv) Liquidity risk *(Continued)*

The Group

	Weighted average effective interest rate %	Total carrying amount HK$'000	Total undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
At 31 December 2014					
Trade payables	**–**	**2,602**	**2,602**	**2,602**	**–**
Accruals and other payables	**–**	**8,539**	**8,539**	**8,539**	**–**
Amounts due to related parties	**–**	**4,880**	**4,880**	**4,880**	**–**
		16,021	**16,021**	**16,021**	**–**
At 31 December 2013					
Trade payables	–	1,071	1,071	1,071	–
Accruals and other payables	–	8,206	8,206	8,206	–
Amounts due to related parties	–	5,877	5,877	5,877	–
Amount due to a Shareholder	–	11,480	11,480	11,480	–
Borrowings	10	2,300	2,300	2,300	–
		28,934	28,934	28,934	–

The Company

	Weighted average effective interest rate %	Total carrying amount HK$'000	Total undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
At 31 December 2014					
Amount due to a subsidiary	**–**	**48**	**48**	**48**	**–**
Accruals and other payables	**–**	**728**	**728**	**728**	**–**
		776	**776**	**776**	**–**
At 31 December 2013					
Amount due to a shareholder	–	11,480	11,480	11,480	–
Amount due to a subsidiary	–	55	55	55	–
Accruals and other payables	–	1,106	1,106	1,106	–
Borrowings	10	2,300	2,300	2,300	–
		14,941	14,941	14,941	–

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(v) Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at 31 December 2014 and 2013 may be categorised as follows. See Note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

(i) Financial assets

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables:				
Cash and cash equivalents	**49,588**	43,179	**20,709**	42,601
Trade receivables	**20,420**	5,265	**–**	–
Other receivables	**1,311**	2,143	**869**	–
Amounts due from subsidiaries	**–**	–	**244,792**	8,141
	71,319	50,587	**266,370**	50,742

(ii) Financial liabilities

Financial liabilities at amortised cost:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities:				
Trade payables	**2,602**	1,071	**–**	–
Accruals and other payables	**8,539**	8,206	**728**	1,106
Amounts due to related parties	**4,880**	5,877	**–**	–
Amount due to a shareholder	**–**	11,480	**–**	11,480
Amount due to a subsidiary	**–**	–	**48**	55
Borrowings	**–**	2,300	**–**	2,300
	16,021	28,934	**776**	14,941

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40. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern;

(ii) to provide an adequate return to the owners of the Company;

(iii) to support the Group's sustainable growth; and

(iv) to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners of the Company; return capital to owners of the Company; issue new shares; or sell assets to reduce debt.

Management regards total equity presented below as capital, for capital management purpose.

	2014 **HK$'000**	2013 HK$'000
Total equity	**279,305**	47,057

Gearing ratio

The directors reviewed the capital structure on an annual basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

	2014 **HK$'000**	2013 HK$'000
Debts (Note 1)	**4,880**	19,657
Cash and cash equivalents	**(49,588)**	(43,179)
Net debt	**(44,708)**	(23,522)
Equity (Note 2)	**268,705**	34,990
Net debt to equity ratio	**N/A**	N/A

Notes:

1. Debt comprises amounts due to related parties, amount due to a shareholder and borrowings as detail in Notes 26, 27 and 28 respectively.

2. Equity includes all capital and reserves attributable to owners of the Company.

41. CONTINGENT LIABILITIES

As at 31 December 2014 and 2013, the Group and the Company had no material contingent liabilities.

42. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 January 2015, 125,480,000 of share options were granted to certain eligible participants, subject to acceptance of the eligible participants, under the share option scheme adopted by the Company. Details please refer to the announcement of the Company dated 8 January 2015.

(b) On 5 February 2015, the Company proposes to raise approximately HK$127.95 million by issuing 1,279,483,000 Offer Shares at the Subscription Price of HK$0.10 per Offer Share on the basis of one Offer Share for every two Shares held on the Record Date and payable in full upon application. Detail of the Open offer are set out in the Companys' announcements dated 5 February 2015 and 18 February 2015, 3 March 2015 and 18 March 2015.

(c) On 9 March 2015, the Board received legal advice from its Bermuda lawyer that the appointment of Mr. Zhao Liang ("Mr. Zhao") as executive Director of the Company on 28 November 2014 was invalid. The Company, according to the opinion of the Bermuda lawyer, shall put the appointment of Mr. Zhao to a vote at the next annual general meeting of the Company for the shareholders to rectify his appointment. For further details, please refer to the announcement of the Company dated 9 March 2015 and 12 March 2015.

43. COMPARATIVE

Certain comparative amounts have been reclassified to conform with current year's presentation.

44. AUTHORISATION OF ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2015.