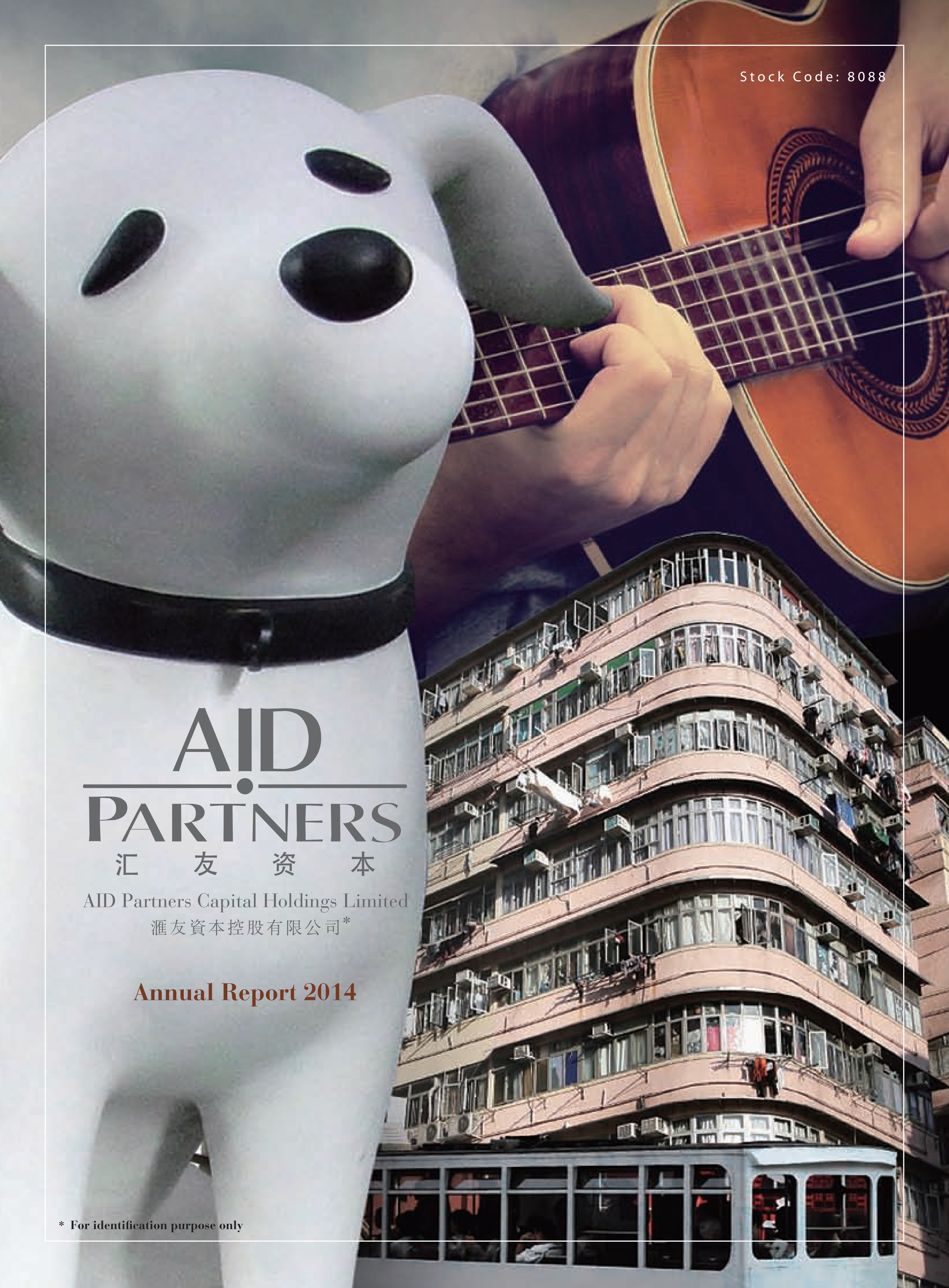

Stock Code: 8088

AID Partners Capital Holdings Limited
滙友資本控股有限公司*

Annual Report 2014

* For identification purpose only

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

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

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

Contents

Expressed in Hong Kong dollars ("HK$")

The Chinese version of this annual report is provided for reference only. In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.

This annual report is printed on environmentally friendly paper

About
AID Partners Capital Holdings Limited

AID Partners Capital Holdings Limited ("AID Partners" or the "Company" and, together with its subsidiaries, the "Group") is an independent asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088).

The Group is engaged in the businesses of asset management and strategic investment.

Highlights

Revenue

HK$56.1 million

(2013: HK$13.9 million)

(2012: HK$19.1 million) of which was from continuing operations

Loss attributable to owners of the Company

HK$89.7 million

(2013: HK$80.4 million)

(2012: HK$35.1 million) of which was from continuing operations

Equity attributable to owners of the Company

HK$0.2 million

(2013: total equity of HK$7.2 million)

(2012: Capital deficiency of HK$137.4 million)

Management Discussion and Analysis

OVERVIEW

During the year under review, the Group has continued to operate its asset management and strategic investment businesses. Through mergers and acquisitions, transactions and partnerships, the Group aims to utilize global intellectual properties via its own channels, namely, its music, games, lifestyle as well as TV and film channels to create a "Pan-entertainment" platform.

BUSINESS REVIEW

The Group has completed the aggregate acquisition of 100% equity interest in HMV Ideal Limited and its subsidiaries (the "HMV Ideal Group"). The HMV Ideal Group has an operation management contract for the HMV retail store located on the 3rd and 4th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong (the "Central Retail Store"). The management contract has a term of thirty years commencing from 1 January 2014. The HMV Ideal Group also operates the e-commerce business under the domain www.hmv.com.hk and the Group has been actively developing its digital music platform, including the launch of HMV mobile music streaming App through partnership and HMV e-commerce App to complement the existing HMV's website. In addition, the Group continued to transform the HMV brand into a lifestyle brand, in which an in-store café has been introduced in the Central Retail Store and lifestyle products like video and audio devices, books and magazines as well as other latest technology products. The revenue and expenses of the Central Retail Store were recorded in the consolidated financial statements of the Group for the year under review accordingly.

The Group has also completed the acquisition of 70% equity interest in Complete Star Limited and its subsidiaries (the "Complete Star Group"). The Complete Star Group owns the smartphone, tablet and personal computer applications of the game franchise named "Star Girl". Star Girl is an award-winning and one of the most popular female centric mobile game. It is being distributed in the Apple's App Store, Google's Play Store, Amazon's App store and other digital platforms covering over 120 countries.

The Group will continue to monitor its existing investments and businesses and will focus its resources to synergizes its portfolio to achieve the aim to create a "Pan-entertainment" platform.

FINANCIAL REVIEW

Financial Results

The Group reported a loss attributable to owners for the year under review of HK$89.7 million as compared to a loss attributable to owners of HK$84.5 million last year, HK$89.7 million and HK$80.4 million of which are the losses from continuing operations for the year under review and last year, respectively. Excluding the impairment of intangible assets and the loss on financial liabilities at fair value through profit or loss, the loss attributable to owners for the year under review was increased to HK$83.7 million as compared to that of HK$46.7 million last year.

Management Discussion and Analysis

Revenue from continuing operations increased to HK$56.1 million for the year under review, compared to that of HK$13.9 million last year. The increase in revenue was mainly due to the sales of goods and food and beverages from HMV Ideal Group and the revenue derived from Complete Star Group as a result of the acquisitions during the year under review. Total operating expenses (being distribution and selling expenses, administrative expenses plus other operating expenses) from continuing operations for the year under review increased to HK$126.8 million as compared to HK$38.1 million last year. The increase in total operating expenses was mainly attributable to the operating expenses of HMV Ideal Group of approximately HK$28.9 million, share-based compensation expenses of HK$19.5 million and amortisation of intangible assets of HK$19.3 million incurred for the year under review.

Loss on financial liabilities at fair value through profit or loss of HK$6.0 million for the year under review, as compared to a loss of HK$7.0 million last year, arose from the recognition of the embedded derivatives in the 2014 Convertible Bonds, the Tranche 1 and Tranche 2 Convertible Bonds, the warrants issued on the repurchase of the old 5-year Zero Coupon Convertible Bonds as well as the redeemable convertible preference shares issued with the rights issue as set out in Note 29 to the financial statements.

Segment Results

The major reportable operating segments are asset management and strategic investment for the year under review. The segment result from asset management for the year under review was a loss of HK$7.4 million as compared with a loss of HK$7.8 million last year. The segment result from strategic investment for the year under review was a loss of HK$20.8 million (2013: Nil). An analysis of the results by operating segments is provided in Note 5 to the financial statements.

Finance Costs

The finance costs from continuing operations were HK$12.3 million for the year under review compared to HK$24.0 million last year. This represents mainly the notional effective interest expenses on the 2014 Convertible Bonds and Tranche 1 and Tranche 2 Convertible Bonds. The decrease in finance costs is mainly due to the decrease in Tranche 1 and Tranche 2 Convertible Bonds as a result of conversion in last year.

Non-controlling Interests

The credit to non-controlling interests in the consolidated statement of profit or loss for the year under review of HK$14.1 million (2013: HK$0.5 million) mainly represented 35.46% non-controlling shareholders' share of losses in HMV Ideal Group and 30% non-controlling shareholder's share of profit in Complete Star Group for the year under review.

Financial Position and Resources

Significant Capital Assets and Investments

The Group's office premises in AXA Centre in Wanchai, Hong Kong, which were purchased in March 2011, represented the major capital asset. The net carrying amount of this leasehold land and building as at 31 December 2014 was HK$69.5 million (2013: HK$71.6 million) as set out in Note 15 to the financial statements.

Management Discussion and Analysis

On 17 February 2015, the Company sold the entire issued share capital of Crosby Capital (Holdings) Limited, holding the office premises in AXA Centre, at a consideration of HK$37,000,000. Details are set out in Note 44(d) to the financial statements.

As at 31 December 2014, the Group had investments, mainly available-for-sale investments of HK$0.8 million (2013: HK$10.0 million). Details of the Group's investments, risk management objectives and policies and exposure to market risk, are set out in Notes 17, 19, 23 and 42 to the financial statements.

As of the date of this report, other than the acquisition of equity interest in Honestway Global Group Limited as mentioned in Note 44(a) to the financial statements, the Group has no existing commitments to acquire any further significant capital assets and/or investments in the forthcoming year.

Liquidity

As at 31 December 2014, the Group had cash and cash equivalents of HK$102.1 million (2013: HK$18.7 million) and net current assets of HK$22.6 million (2013: net current liabilities of HK$53.7 million). The change from net current liabilities to net current assets as at 31 December 2014 was mainly due to the issuance of the 2014 Convertible Bonds during the year under review. Further details of the Group's current assets and current liabilities, risk management objectives and policies and exposure to liquidity risk are set out in Notes 21 to 30 and 42 to the financial statements.

Gearing

As allowed under the terms of the old 5-year Zero Coupon Convertible Bonds issued in 2006, the Company entered into a Deed of Settlement with the holders of these old Convertible Bonds to repurchase the outstanding balance of US$20 million, for a consideration of US$20 million in cash financed by the issue of new 5-year Zero Coupon Convertible Bonds as detailed below and an aggregate of 60,000,000 warrants issued by the Company. All these outstanding old Convertible Bonds were then cancelled in October 2010.

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place new 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK$250 million, comprising Tranche 1 and Tranche 2 of principal amounts up to HK$160 million and HK$90 million respectively, subject to certain conditions. On 4 October 2010, with the fulfilment of all conditions required, the Company issued the Tranche 1 Convertible Bonds, HK$156 million of which was used to finance the repurchase of the old 5-year Zero Coupon Convertible Bonds as described above. On 30 March 2011, with the fulfilment of all conditions required, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises in AXA Centre in Wanchai together with the mortgage loan.

The terms and conditions of the Tranche 1 and Tranche 2 Convertible Bonds are detailed in Note 30 to the financial statements. During the year under review, in accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011, 4 April 2013, 24 February 2014 and the prevailing conversion price is HK$0.12 per share as reset upon the completion of bonus issue as set out in Note 44(b) on 27 January 2015.

Management Discussion and Analysis

The embedded derivatives in Tranche 1 and Tranche 2 Convertible Bonds and the warrants issued on the repurchase of the old Convertible Bonds were disclosed as financial liabilities at fair value through profit or loss as set out in Note 29 to the financial statements.

In March 2011, a mortgage bank loan of principal amount of HK$30 million was drawn to finance the purchase of office premises as mentioned above. Another mortgage bank loan of principal amount of HK$10 million was drawn during the year under review. The mortgage bank loans are secured by the office premise in AXA Centre, Wanchai, Hong Kong and corporate guarantee of unlimited amount by the Company. As at 31 December 2014, the outstanding amount was approximately HK$33.0 million.

In October and November 2013, promissory notes of the total principal amount of HK$6,840,000 were issued as incentive fee payable to bondholders who exercised their rights to convert the Convertible Bonds into ordinary shares of the Company on or before 30 November 2013. The principal amounts of the promissory notes was arrived at based on 4% of the principal values of the Convertible Bonds. The promissory notes are due in 12 months period from date of issuance.

In April 2014, the Company entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of HK$175,000,000 (the "2014 Convertible Bonds"). On 13 June 2014, with the fulfillment of all conditions required, the Company issued the 2014 Convertible Bonds and part of the proceeds were used in the HMV Ideal Group, the acquisition of Complete Star Limited and general working capital of the Group, the remaining will be used for general working capital and future acquisitions.

In October 2014, the Group acquired 70% equity interest of Complete Star Limited. The fair value of the total consideration was HK$88,702,000, in which HK$22,532,000 and HK$2,246,000 were settled by cash and the issue and allotment of 1,627,795 ordinary shares of the Company, respectively. The contingent consideration payable of HK$64,198,000 remained outstanding.

As at 31 December 2014, the Group had no other significant debt.

Details of the Group's financial risk management objectives and policies and exposure to capital risk are set out in Note 42 to the financial statements.

Charges
At 31 December 2014, there are no significant charges on the Group's investments and assets other than those on the office premises in AXA Centre as detailed above.

Commitments and Contingent Liabilities
At 31 December 2014, the Group had no significant commitments, other than those under operating leases for the rental of land and buildings and acquisition of 70% of the issued share capital of Honestway Global Group Limited, as set out in Note 36 to the financial statements, and no contingent liabilities, including pension obligations, other than those as set out in Note 37 to the financial statements.

Management Discussion and Analysis

Equity Structure

An analysis of the movements in equity during the year under review is set out in the consolidated statement of changes in equity on pages 41 to 42 of the financial statements.

As at 31 December 2014, the total issued share capital of the Company was 473,173,057 ordinary shares, increased from 384,561,967 ordinary shares as at 31 December 2013 due to (i) issue of consideration shares upon the acquisition of subsidiaries during the year under review, (ii) conversion of convertible bonds, (iii) conversion of Redeemable Convertible Preference Shares ("RCPS"), (iv) exercise of warrants and (v) exercise of share options, and 9,799,790 RCPS, decreased from 10,019,790 RCPS as at 31 December 2013 due to conversion of 220,000 RCPS into ordinary shares of the Company during the year under review. Details of the movement in total share capital are set out in Note 32 to the financial statements.

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

Non-controlling Interests

The balance at 31 December 2014 represents 30% non-controlling interests in Complete Star Limited. No non-controlling interests were shown in the consolidated statement of financial position at 31 December 2013.

EMPLOYEE INFORMATION

As at 31 December 2014, the Group had 53 full-time employees (2013: 21). Employee remuneration (including Directors' remuneration) totaled HK$49.0 million (2013: HK$29.5 million), HK$49.0 million (2013: HK$26.3 million) of which arose from continuing operations. The remuneration packages of the Group's Directors and employees are kept at a competitive level to attract, retain and motivate Directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. Options are either struck at or out-of the money. The Group's remuneration policies and practices are reviewed annually and benchmarked against a peer group of international financial institutions.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes is set out in Note 3(q)(ii) to the financial statements.

FOREIGN CURRENCY EXPOSURE

Details of the Group's financial risk management objectives and policies and exposure to foreign currency risk are set out in Note 42 to the financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year under review, other than the acquisition of HMV Ideal Group and Complete Star Group and the disposal of VS Media Co Limited and its subsidiaries as detailed in Notes 40 and 41 to the financial statements respectively, the Group made no significant acquisition or disposal of subsidiaries or affiliated companies.

Profiles of Directors

Wu King Shiu, Kelvin

Mr. Wu, aged 45, joined the Board in May 2014, and was appointed as the Chief Executive Officer and Executive Director. He also acts as director of certain subsidiaries of the Group. He has over 17 years of experience in the finance and investment industries. He is the co-founder and the principal partner of AID Partners Capital Limited ("AID Partners") and the director of board of Shunwei Capital Partners. He was formerly the chief executive officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (Stock Code: 1132), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), one of the leading film entertainment companies in Asia, from 2009 to 2011 and the chief executive officer of Legendary East Ltd.. Prior to founding AID Partners, Mr. Wu was the president of Investec Asia Limited from 2005 to 2007, where he managed its direct investment business involving energy-related, consumer-related and finance-related industries. Mr. Wu also worked for other investment banks, including as managing director of China Everbright Capital Ltd., head of corporate finance for Grand Cathay Securities (Hong Kong) Limited, director of corporate finance department of Core Pacific-Yamaichi Capital Limited and held senior position in BNP Prime Peregrine Capital Limited. Besides, Mr. Wu also served as chief operating officer of Sega.com Asia Networks Limited in year 2000.

Mr. Wu received his bachelor degree majored in business administration from the Chinese University Of Hong Kong. He also has a post graduate diploma from Osaka University of Foreign Studies (Renamed Osaka University), Japan.

Ho Gilbert Chi Hang

Mr. Ho, aged 38, joined the Board in May 2014, and was appointed as the Chief Investment Officer and Executive Director. He also acts as director of certain subsidiaries of the Group. He is the managing partner of AID Partners. He has extensive experience in the area of corporate management, investments, corporate finance, merger and acquisition transactions and international brand and retail management. Prior to joining AID Partners, he was the vice president of ITC Corporation Limited (Stock Code: 372), a company listed on the Stock Exchange, the senior investment director of New World Development Company Limited (Stock Code: 17), a company listed on the Stock Exchange, an executive director of New World Strategic Investment Limited and a partner of an international law firm Fried, Frank, Harris, Shriver and Jacobson LLP. He is a committee member of the Chinese People's Political Consultative Conference of Shenyang, Liaoning Province (中國人民政治協商會議遼寧省瀋陽市委員會), a Standing Committee Member of the Youth Federation of Inner Mongolia (內蒙古自治區青年聯合會) and the Vice Chairman of Inner Mongolia & Hong Kong Youth Exchange Association (蒙港青年交流促進會). Mr. Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and is a solicitor admitted in New South Wales, Australia and England and Wales and a solicitor and barrister admitted in the High Court of Australia.

Mr. Ho was a non-executive director of Renhe Commercial Holdings Company Limited (Stock Code: 1387), a non-executive director of Capital Environment Holdings Limited (Stock Code: 3989) and an independent non-executive director of Infinity Chemical Holdings Company Limited (Stock Code: 640) and is an independent non-executive director of Kam Hing International Holdings Limited (Stock Code: 2307) and Hailiang International Holdings Limited (Stock Code: 2336), all of the above-mentioned companies are listed on the Stock Exchange.

Profiles of Directors

Chang Tat Joel

Mr. Chang, aged 46, joined the Board in May 2014, and was appointed as an Executive Director. He also acts as director of certain subsidiaries of the Group. He has considerable strategic, financial and advisory experience. He is the co-founder of AID Partners. He is currently an investment committee member of AID Partners, and is responsible for its strategic investment planning. He is currently an independent non-executive director of China Mobile Games and Entertainment Group Limited, a company listed on the NASDAQ stock market (NASDAQ: CMGE). He is an independent director of Dragonite International Limited (Stock Code: 329), a non-executive director of Kong Sun Holdings Ltd. (Stock Code: 295), and is an independent non-executive director of Hailiang International Holdings Limited (Stock Code: 2336), all of the above-mentioned companies are listed on the Stock Exchange. He was formerly an independent non-executive director of Kingsoft Corporation Limited (Stock Code: 3888), and was an executive director and chief financial officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (Stock Code: 1132), both companies are listed on the Stock Exchange. Prior to founding AID Partners, he was the chief investment officer of Investec Asia Limited and a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is also a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in Economics from Monash University in 1990.

Wang Dayong

Mr. Wang, aged 48, joined the Board in October 2014, and was appointed as an Executive Director. He is an executive director and the chairman of Huili Resources (Group) Limited (Stock Code: 1303). Mr. Wang has 26-year experience in investment, finance and management, and is familiar with corporate merger & acquisition and direct investment. From 1 July 2009 to 31 January 2013, Mr. Wang worked was an executive director and chief executive officer of King Stone Energy Group Limited (Stock Code: 663). From 16 September 2004 to 5 June 2007, he was an executive director and chief executive officer of China Best Group Holding Limited (Stock Code: 370). From November 2003 to December 2008, Mr. Wang served as the managing director of China Coal and Coke Investment Fund L.P. and China Coal and Coke Investment Holding Company Limited. He also worked for China State Farm Agribusiness Group Corp. (中國農墾集團總公司). Mr. Wang graduated from the University of Nanjing (南京大學) with a Bachelor degree in Economics. He also holds a Master degree in Commerce and Economics granted by Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) and a Doctor degree in Economics granted by the Business School of Jilin University (吉林大學).

Huang Kenian

Mr. Huang, aged 39, joined the Board in October 2014, and was appointed as an Executive Director. He is the chief operating officer of Huili Resources (Group) Limited (Stock Code: 1303). Mr. Huang has 17-year experience in the field of direct investment and corporate finance. From November 2003 to October 2009, Mr. Huang served as a vice president of China Coal and Coke Investment Fund L.P. (the "Partnership") and China Coal and Coke Investment Holding Company Limited. He was one of the responsible persons in charge of the foundation of the Partnership. On behalf of the Partnership, Mr. Huang had been heavily involved in the investment in Fortune Dragon Group Limited, a company mainly participating in coking coal mine operations in Shanxi China, and the post-investment management and exit. During the period from 1998 to 2003, he worked for Guofu Investment Management Co. Ltd. (國富投資管理有限公司), Beijing Xintong Media & Cultural Investment Co. Ltd. (北京信通傳之媒文化投資有限公司) and Beijing Jianhao Industrial Co. Ltd. (北京建昊實業有限公司). Mr. Huang graduated from The University of Chicago Booth School of Business with a degree of Master of Business Administration. He also holds a Bachelor degree in Economics from University of International Business and Economics (對外經濟貿易大學).

Profiles of Directors

Stephen Shiu Junior

Mr. Shiu, aged 40, joined the Board in March 2013, and was appointed as an Executive Director on 19 March 2013 and was re-designated as Non-executive Director on 1 June 2014. He is the Chairman of the board of China 3D Digital Entertainment Limited, which is listed on the Growth Enterprise Markets of the Stock Exchange of Hong Kong. Mr. Shiu has 20 years of investment experience and possesses extensive business networks in Greater China. Mr. Shiu is also highly experienced in entertainment, advertising, promotion and communication, film distribution and movies production and is on the boards of various private companies which are engaged in the business of entertainment and movies production.

Yuen Kwok On

Mr. Yuen, aged 49, joined the Board in July 2013, and was appointed as an Independent Non-executive Director and the chairman of the Audit Committee and the Remuneration Committee of the Board. Mr. Yuen is also a member of the Nomination Committee of the Board. He has extensive experience in financial analysis, risk control and mergers and acquisitions. Prior to joining the Company, Mr. Yuen is the chief financial officer and company secretary of Orange Sky Golden Harvest Entertainment (Holdings) Limited ("OSGH"). Mr. Yuen joined OSGH in October 1996 and has in-depth knowledge of operations of OSGH and its subsidiaries. OSGH's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (1132.HK).

Mr. Yuen is a member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. He obtained a master's degree of business administration from Hong Kong Baptist University.

Shi Jinsheng

Mr. Shi, aged 50, joined the Board in July 2013, and was appointed as an Independent Non-executive Director and the chairman of the Nomination Committee of the Board. Mr. Shi is also a member of the Audit Committee and the Remuneration Committee of the Board. He was appointed as General Manager of the No.3 department of the investment bank department of Capital Securities in January 2007. Mr. Shi has over 15 years of investment banking experience and processes extensive business networks in Greater China. Prior to Capital Securities, Mr. Shi was the Vice General Manager of the investment bank department at Minsheng Securities during 2005–2007, the Assistant General Manager at Changjiang BNP Paribas Peregrine Securities during 2003–2005, the General Manager of the Shanghai investment bank department at Changjiang Securities during 2001–2003, and Senior Project Manager at United Securities during 1997–2001.

Mr. Shi obtained his master degree major in International Business from School of Economics and Management at Tsinghua University and his bachelor degree major in Management from Management Engineering Department at Changchun University of Technology.

Profiles of Directors

Sin Hendrick

Mr. Sin, aged 40, joined the Board in July 2013, and was appointed as an Independent Non-executive Director. Mr. Sin is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Mr. Sin is the Vice Chairman of China Mobile Games and Entertainment Group Limited, shares of which are listed on the NASDAQ market in United States (NASDAQ:CMGE.). Between 2009 and 2012, Mr. Sin was an executive director and the chief financial officer of the VODONE Limited ("VOD"), a listed company on the Main Board of the Stock Exchange of Hong Kong Limited (82.HK). Mr. Sin has over 16 years of extensive experience in investment banking, finance and management. Prior to joining VOD, Mr. Sin was a director of Investment Banking Advisory at HSBC and had advised on a wide range of notable equity fund raisings and merger & acquisition transactions involving the People's Republic of China and Hong Kong corporations, including leading companies in the telecoms/technology, shipping, real estates, retail, energy & resources and health care sectors.

Mr. Sin graduated from Stanford University with a Master of Science degree in Engineering Economic Systems and Operations Research. He also holds three Bachelor of Science degrees in Computer Science/Mathematics, Economics and Industrial Management (with college honors) from Carnegie Mellon University. Mr. Sin is a member of The Hong Kong Institute of Directors.

Directors' Report

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the holding company of the Group. The Group is principally engaged in the businesses of asset management and strategic investment. The principal activities of the Company's principal subsidiaries as at 31 December 2014 are set out in Note 43 to the financial statements.

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 in the financial statements on pages 35 to 44.

The Directors do not recommend the payment of a dividend for the year.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 32 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the financial statements on pages 116 to 117 and 118 respectively.

DISTRIBUTABLE RESERVE

There is no reserve available for distribution to shareholders as at 31 December 2014 and 31 December 2013.

CONVERTIBLE BONDS

Details of the movements in convertible bonds of the Company during the year are set out in Note 30 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 153.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the years ended 31 December 2014 and 31 December 2013. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the years ended 31 December 2014 and 31 December 2013.

SHARE OPTION SCHEMES

Details of the Share Option Schemes are set out in Note 34 to the financial statements.

Directors' Report

DONATIONS

During the year, no donation has been made (2013: HK$31,200).

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Chairman and Executive Director:

Clive Ng Cheang Neng	(resigned on 20 June 2014)

Executive Directors:

Wu King Shiu, Kelvin	(appointed on 23 May 2014)
Chang Tat Joel	(appointed on 23 May 2014)
Ho Gilbert Chi Hang	(appointed on 23 May 2014)
Huang Kenian	(appointed on 31 October 2014)
Liu Guanghe	(resigned on 31 October 2014)
Wang Dayong	(appointed on 31 October 2014)
Stephen Shiu Junior	(re-designated as Non-Executive Director on 1 June 2014)
Nelson Tong Naiyi	(resigned on 31 October 2014)

Non-Executive Director:

Stephen Shiu Junior	(re-designated from Executive Director on 1 June 2014)

Independent Non-Executive Directors:

Shi Jinsheng
Sin Hendrick
Yuen Kwok On

Besides, Messrs Stephen Shiu Junior, Shi Jinsheng and Sin Hendrick retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting in accordance with article 87 of the Company's Articles of Association.

In accordance with article 86(3) of the Company's Articles of Association, Messrs. Chang Tat Joel, Ho Gilbert Chi Hang, Huang Kenian, Wang Dayong, Wu King Shiu, Kelvin will hold office until the forthcoming annual general meeting (the "Annual General Meeting") and will be eligible for re-election.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("the GEM Listing Rules"). The Company considers all of the Independent Non-Executive Directors are independent.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Company's Directors' remuneration are set out in Note 14(a) to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal interest	Family interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue %
Wu King Shiu, Kelvin	2,400,000	27,600,000	30,000,000	6.34
Ho Gilbert Chi Hang	44,000	–	44,000	0.01
Yuen Kwok On	450,000	–	450,000	0.09

Note: Mr. Wu King Shiu, Kelvin owns 2,400,000 shares and HMV Asia Limited ("HMV Asia") owns 27,600,000, shares. 93.75% of the issued share capital of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu King Shiu, Kelvin is deemed to be interested in the shares held by HMV Asia.

Directors' Report

(ii) Interests in the underlying shares of the Company

(a) Outstanding options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price HK$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2014
Chang Tat Joel	15/05/2014	0.98	15/05/2014 to 14/05/2024	–	4,564,000	(100,000)	–	4,464,000
Ho Gilbert Chi Hang	15/05/2014	0.98	15/05/2014 to 14/05/2024	–	4,564,000	(100,000)	–	4,464,000
Wu King Shiu, Kelvin	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	4,576,000	–	–	4,576,000
Stephen Shiu Junior	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	500,000	–	–	500,000
Shi Jinsheng	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	450,000	–	–	450,000
Sin Hendrick	20/06/2014	0.94	20/06/2014 to 19/06/2024	–	450,000	–	–	450,000

(b) Outstanding convertible bonds

Name of Directors	Conversion price HK$	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Chang Tat Joel (Note 1)	0.80	218,750,000	46.23
Ho Gilbert Chi Hang (Note 1)	0.80	218,750,000	46.23
Wu King Shiu, Kelvin (Note 1)	0.80	218,750,000	46.23
Stephen Shiu Junior (Note 2)	0.76	27,631,578	5.83

Directors' Report

Notes:

1. Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") own 125,000,000 and 93,750,000 underlying shares of the Company, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum HK$100,000,000 and HK$75,000,000, respectively.

   Mr. Wu King Shiu, Kelvin, Mr. Ho Gilbert Chi Hang and Mr. Chang Tat Joel are deemed to have interest in 218,750,000 underlying shares of the Company of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly owned 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

2. Mr. Stephen Shin Junior owns 27,631,578 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK$21,000,000.

(c) Other underlying shares

Mr. Wu King Shiu, Kelvin also owns 14,700,000 underlying shares of the Company by virtue of an agreement entered between Mr. Wu King Shiu, Kelvin and an independent third party.

(iii) Short positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company 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 SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

Directors' Report

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2014, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and 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 is expected, directly or indirectly, to be 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 member of the Group.

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Aggregate long position in ordinary shares of the Company	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue %
Substantial Shareholders			
Wu King Shiu, Kelvin (Notes 1 and 7)	30,000,000	238,026,000	56.64
Li Mau (Notes 1 and 7)	30,000,000	238,026,000	56.64
Ho Gilbert Chi Hang (Notes 2 and 7)	44,000	223,214,000	47.18
Able Supreme Management Limited (Note 3)	15,818,745	126,152,658	30.00
Billion Pine International Limited (Note 3)	15,818,745	126,152,658	30.00
Hu Yin (Note 3)	15,818,745	126,152,658	30.00
Main Wealth Enterprises Limited (Note 4)	66,195,221	–	13.98
Feng Yuantao (Note 4)	66,195,221	–	13.98
Legend Vantage Limited (Note 5)	57,874,051	–	12.23
Li Guangrong (Note 5)	57,874,051	–	12.23
HMV Asia Limited (Note 1)	27,600,000	–	5.83
Chang Tat Joel (Notes 6 and 7)	–	223,214,000	47.17
AID Partners Capital II, L.P. (Note 7)	–	218,750,000	46.23
AID Partners GP2, Ltd. (Note 7)	–	218,750,000	46.23
Billion Power Management Limited (Note 7)	–	218,750,000	46.23
Elite Honour Investments Limited (Note 7)	–	218,750,000	46.23
Genius Link Assets Management Limited (Note 7)	–	218,750,000	46.23
Leader Fortune International Limited (Note 7)	–	218,750,000	46.23
Abundant Star Ventures Limited (Note 7)	–	125,000,000	26.41
Vantage Edge Limited (Note 7)	–	93,750,000	19.81
Yang Shengrong (Note 8)	–	47,886,075	10.12
Stephen Shiu Junior (Note 9)	–	28,131,578	5.94

Directors' Report

Notes:

1. Mr. Wu King Shiu, Kelvin ("Mr. Wu"), the Chief Executive Officer and Executive Director of the Company, owns 2,400,000 ordinary shares of the Company and HMV Asia Limited ("HMV Asia") owns 27,600,000 ordinary shares of the Company. 93.75% of the shares of HMV Asia are held by Ms. Li Mau, the spouse of Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the shares held by HMV Asia. Mr. Wu is interested in 4,576,000 options at an exercise price of HK$0.94 per share to subscribe for ordinary shares of the Company. Mr. Wu is deemed to have interest in 218,750,000 underlying shares as mentioned in note 7 below. Mr. Wu is also interested in 14,700,000 underlying shares. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these shares and underlying shares for the purpose of the SFO.

2. Mr. Ho Gilbert Chi Hang ("Mr. Ho"), the Chief Investment Officer and Executive Director of the Company, owns 44,000 ordinary shares of the Company and is interested in 4,464,000 options at an exercise price of HK$0.98 per share to subscribe for ordinary shares of the Company. Mr. Ho is also deemed to have interest in 218,750,000 underlying shares as mentioned in note 7 below.

3. Able Supreme Management Limited ("Able Supreme") held 15,818,745 ordinary shares of the Company and 126,152,658 ordinary shares of the Company which will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK$0.79 per Share (reset on 14 March 2014). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin ("Mr. Hu"). Accordingly, Mr. Hu is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.

4. Main Wealth Enterprises Limited ("Main Wealth") owns 66,195,221 ordinary shares of the Company. The entire issued share capital of Main Wealth is held by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% interest in Main Wealth.

5. Legend Vantage Limited ("Legend Vantage") owns 57,874,051 ordinary shares of the Company. Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.

6. Mr. Chang Tat Joel ("Mr. Chang"), an Executive Director of the Company, is interested in 4,464,000 options at an exercise price of HK$0.98 per share to subscribe for ordinary shares of the Company. Mr. Chang is also deemed to have interest in 218,750,000 underlying shares as mentioned in note 7 below.

7. Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") own 125,000,000 and 93,750,000 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK$100,000,000 and HK$75,000,000, respectively.

   Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interest in 218,750,000 underlying shares of the Company of which Abundant Star and Vantage Edge were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

8. Ms. Yang Shengrong owns 2,425,000 RCPS of which can be converted into 47,886,075 shares at conversion price of HK$0.79 per share (reset on 14 March 2014).

9. Mr. Stephen Shiu Junior ("Mr. Shiu") owns 27,631,578 underlying Shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK$21,000,000. Mr. Shiu is interested in 500,000 options at an exercise price of HK$0.94 per share to subscribe for ordinary shares of the Company.

Directors' Report

(ii) Short positions

No person held short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 31 December 2014, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and 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.

Save as disclosed above, as at 31 December 2014, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

POTENTIAL COMPETITION FROM HMV HONG KONG LIMITED

HMV Hong Kong Limited ("HMV HK") is indirect wholly-owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd, which is ultimately controlled by Mr. Wu and in which Mr. Ho and Mr. Chang are directors. HMV HK has been granted an exclusive license by HMV (IP) Limited, a third party independent of the Group, to use the well-known brand name "HMV" within the territory of the PRC, Hong Kong Special Administrative Region, Macau Special Administrative Region, Taiwan and Singapore. HMV HK also operates retail stores in Hong Kong selling music, movie and television series related contents and products.

The Directors do not consider that there is a material overlap of the Group's business of managing the HMV retail store in Central in Hong Kong and the business of HMV HK as set out above, except that the Group and/or HMV HK may benefit from any increase in popularity of the brand name "HMV", which may be contributed by the Group or HMV HK.

The Directors are of the view that any potential conflict of interest would be effectively mitigated given that the operations of the Group and HMV HK are operated separately and independently by the respective board of directors, performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. In the event of any conflict of interests, Mr. Wu, Mr. Ho and Mr. Chang would be required to abstain from voting on the relevant resolution(s) at meetings of the Board and/or general meetings of the Company (as the case may be), in accordance with the articles of association of the Company, which complies with the GEM Listing Rules.

As at 31 December 2014, save as disclosed above and so far as the Directors were aware, none of the other Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

MAJOR CLIENTS AND SUPPLIERS

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchase were attributable to the Group's five largest customers and five largest supplier, respectively.

Directors' Report

CONNECTED TRANSACTIONS

Non-exempted Continuing Connected Transactions up to 31 December 2014

On 9 October 2014, a subsidiary of the Company has entered into a Service Agreement with Outblaze Ventures Holdings Limited ("Outblaze") and an Advertising Service Agreement with Totally Apps Holdings Limited ("Totally Apps"), a wholly-owned subsidiary of Outblaze, pursuant to which (i) Outblaze agreed to arrange and provide at all times personnel to be seconded to Complete Star Limited ("Complete Star") and its subsidiary for an initial 2-year period from 1 October 2014 to 30 September 2016 under the Service Agreement and (ii) Complete Star agreed to appoint Totally Apps to provide advertising services to Complete Star and its subsidiary on a non-exclusive basis for an initial term from 1 October 2014 to 30 September 2016.

Parties to the transactions

Service provider	Service recipient	Nature of transaction	Basis of consideration	Applicable annual cap(s)	Total amount paid for the year ended 31 December 2014
Outblaze	Complete Star and its subsidiary	Provision for personnel	US$25,300 per month and payable on a monthly basis	US$75,900 (equivalent to approximately HK$592,020)	US$75,900 (equivalent to approximately HK$592,020)
Totally Apps	Complete Star and its subsidiary	Commission	30% of net revenue	US$175,000 (equivalent to approximately HK$1,365,000)	NIL
		Advertising expense	Actual cost incurred	US$523,000 (equivalent to approximately HK$4,079,400)	US$194,624 (equivalent to approximately HK$1,518,067)

During the year, the above continuing connected transactions were carried out within their respective annual caps. The Independent Non-Executive Directors have reviewed and confirmed that during the year, the above continuing connected transactions were conducted and entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing it on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Directors' Report

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 20.56 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Full details of the above connected transactions are set out in the announcements as aforesaid and are available in the Stock Exchange's website and the Company's website at www.aid8088.com.

Details of other related party transactions are set out in Note 35 to the consolidated financial statements.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As at 31 December 2014, the Group had no advances outstanding which were non-trading in nature and exceeded 8% of the total assets of the Group as at 31 December 2014 which was required to be disclosed under Rule 17.18 of the GEM Listing Rules.

FULL NAME AND QUALIFICATIONS OF COMPANY SECRETARY AND THE COMPLIANCE OFFICER

The Company Secretary of the Company is Chan Suet Ngan. She holds a bachelor's degree in commerce, major in accounting and finance. She is a member of CPA Australia and is also a member of the Hong Kong Institute of Certified Public Accountants.

The Compliance Officer of the Company is Ho Gilbert Chi Hang. He holds a Bachelor of Commence degree and a Bachelor of Laws degree from the University of Sydney, Australia and is a solicitor admitted in New South Wales, Australia and England and Wales and a solicitor and barrister admitted in the High Court of Australia.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of these financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

OTHER MATTERS

Details of events after the reporting date are set out in Note 44 to the financial statements.

Directors' Report

AUDITOR

The financial statements for the year ended 31 December 2014 were audited by BDO Limited who will retire from office and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

For and on behalf of the Board
Wu King Shiu, Kelvin
Executive Director
27 March 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2014, the Company has complied with the code provisions ("Code Provisions") as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

Following the step down of Mr. Clive Ng Cheang Neng from the office of Chairman and an Executive Director of the Company on 20 June 2014, the Company has not appointed Chairman, and the roles and functions of the Chairman have been performed by all the Executive Directors of the Company collectively.

Mr. Wu King Shiu, Kelvin has been appointed as the CEO of the Company with effect from 23 May 2014.

RULE 5.05A OF THE GEM LISTING RULES

Rule 5.05A of the GEM Listing Rules provides that an issuer must appoint independent non-executive directors representing at least one-third of the board.

Following the appointment of Mr. Wu King Shiu, Kelvin, Mr. Chang Tat Joel and Mr. Ho Gilbert Chi Hang as Executive Directors of the Company on 23 May 2014, the number of Independent Non-Executive Directors of the Company fell below one-third of the total number of directors in the board of the Company.

After the resignation of Mr. Clive Ng Cheang Neng as Chairman and Executive Director of the Company on 20 June 2014, the Company has fulfilled the requirement on the number of independent non-executive directors of the Company as required under Rules 5.05A of the GEM Listing Rules.

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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company's code of conduct regarding Directors' securities transactions.

BOARD OF DIRECTORS

Composition

The Board comprises nine Directors, of which three are Independent Non-Executive Directors, as follows:

Executive Directors:
Chang Tat Joel
Ho Gilbert Chi Hang
Huang Kenian
Wang Dayong
Wu King Shiu, Kelvin

Corporate Governance Report

Non-Executive Director:
Stephen Shiu Junior

Independent Non-Executive Directors:
Shi Jinsheng
Sin Hendrick
Yuen Kwok On

The biographies of the Directors are set out under the "Profiles of Directors" on pages 9 and 12, and are posted on the Company's website (www.aid8088.com).

The principal role of the Board is to provide strategic leadership to the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, oversees the allocation of financial and human resources and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to shareholders and others are met and understood. The Board meets at least quarterly to review and discuss the Group's performance, strategy and business opportunities available. The Board also reviews and approves the Quarterly, Interim and Annual Reports of the Company. The Board has delegated the day-to-day running of the Group to the Executive Directors/Chief Executive Officer and the Group's management team. However, the Board retains responsibility for:

- Approving annual operating and capital expenditure budgets and any material changes to them;
- Approving the remuneration of the Directors (based on the recommendations of the Remuneration Committee);
- Approving the appointment of Directors (based on recommendations of the Nomination Committee);
- Approving the Quarterly, Interim and Annual Reports (based on recommendations of the Audit Committee);
- Approving any decision to cease to operate all or any material part of the business;
- Approving any changes relating to the Group's capital structure, including the reduction of capital, share issues and share buy backs; and
- Approval of dividend policy and declaration of interim and final dividends.

The Company has complied with Rules 5.05(1) and (2) of the GEM Listing Rules relating to the appointment of sufficient number of Independent Non-Executive Directors. An Independent Non-Executive Director has appropriate professional qualifications, or accounting or related financial management expertise.

The Company considers that each of its Independent Non-Executive Directors are independent in accordance with the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules.

Corporate Governance Report

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Mr. Wu King Shiu, Kelvin, Mr Ho Gilbert Chi Hang and Mr. Chang Tat Joel are deemed to have interest in 218,750,000 underlying shares of the Company of which Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") were deemed to be interested by virtue of the SFO since they indirectly own 56% through Billion Power Management Limited, 23% through Elite Honour Investments Limited and 21% through Genius Link Assets Management Limited, respectively, of the issued share capital in AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II L.P.. AID Partners Capital II L.P. is a private equity fund interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Abundant Star and Vantage Edge.

Save as disclosed herein, the Company considers that there is no relationship (including financial, business, family or other material/relevant relationship) among the members of the Board.

Term of Appointment and Re-election

The Non-Executive Directors were appointed for fixed terms of one year and thereafter are terminable on three month's written notice from either party. Every Director is subject to retirement by rotation at least once every three years. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment.

Training and Support for Directors

All the Directors, including Non-Executive Directors and Independent Non-Executive Directors, are briefed on regular basis to have a proper understanding of their collective responsibilities as Directors and of the operations and business of the Group. The Group assists in arranging professional development training to all the Directors to develop and refresh the Directors' knowledge and skills, and continuously updates all the Directors on latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

Board Meetings

There have been 28 meetings of the Board during the year.

Corporate Governance Report

Attendance of individual Directors at meetings of the Board held during the year was as follows:

	No. of board meetings attended
Clive Ng Cheang Neng (resigned on 20 June 2014)	2
Chang Tat Joel (appointed on 23 May 2014)	9
Ho Gilbert Chi Hang (appointed on 23 May 2014)	15
Huang Kenian (appointed on 31 October 2014)	4
Liu Guanghe (resigned on 31 October 2014)	10
Nelson Tong Naiyi (resigned on 31 October 2014)	11
Wang Dayong (appointed on 31 October 2014)	1
Wu King Shiu, Kelvin (appointed on 23 May 2014)	8
Stephen Shiu Junior (re-designated as non-executive Director on 1 June 2014)	2
Shi Jinsheng	12
Sin Hendrick	12
Yuen Kwok On	24

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Following the step down of Mr. Clive Ng Cheang Neng from the office of Chairman and Executive Director on 20 June 2014, up to the date of this report, the Board has not appointed an individual to take up the vacancy of Chairman of the Company, and the roles and functions of the Chairman have been performed by the five Executive Directors of the Company collectively.

Mr. Wu King Shiu, Kelvin was appointed as the Chief Executive Officer of the Company on 23 May 2014.

REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

The Company established a Remuneration Committee on 11 August 2005. The Committee meets at least once a year. The terms of reference of the Remuneration Committee are posted on the Company's website (www.aid8088.com). The principal functions of the Remuneration Committee include: recommending to the Board the policy and structure for the remuneration of the Chairman, Executive Director and senior management (as determined by the Board), determining the specific remuneration packages of the Chairman, Executive Directors and senior management, reviewing and approving performance-based remuneration and compensation for loss or termination of office payable to Chairman, Executive Directors and senior management, ensuring no Director is involved in deciding his or her own remuneration, and approving the service contracts of Directors. The Remuneration Committee also fulfils the role of an Options Committee for the Share Option Scheme and its main duty in this context is to approve the grant of options to relevant eligible participants.

The Remuneration Committee, comprising all Independent Non-Executive Directors, is chaired by Mr. Yuen Kwok On, and its membership includes Messrs. Shi Jinsheng and Sin Hendrick.

Corporate Governance Report

There was 3 Remuneration Committee meetings during the year.

Attendance of individual members at meetings of the Remuneration Committee held during the year was as follows:

	No. of remuneration committee meetings attended
Yuen Kwok On	3
Shi Jinsheng	3
Sin Hendrick	1

The Remuneration Committee determined the specific remuneration packages of all the Executive Directors and senior management.

NOMINATION COMMITTEE AND NOMINATION OF DIRECTORS

The Company established a Nomination Committee on 11 August 2005. The terms of reference of the Nomination Committee are posted on the Company's website (www.aid8088.com). The principal function of the Nomination Committee is the consideration and nomination of candidates to fill casual vacancies to the Board.

The Company acknowledges that the diversification of the members of the Broad has positive effects on enhancing the Group's performance. The Company sees the diversification of the members of the Board as an important supporting factor for the Group to achieve its strategic goal and maintain sustainable growth. In deciding the composition of the Board, the Company will consider the Board diversity from various perspectives, including but not limited to sex, age, cultural and academic background, race, professional experience, skills, knowledge and terms of services. All of our Directors are appointed according to the principle of meritocracy while all candidates are being selected objectively, and the benefit of Board diversity will also be taken into full consideration.

The Nomination Committee comprised a majority of Independent Non-Executive Directors, is chaired by Mr. Shi Jinsheng and its membership includes Messrs. Sin Hendrick and Yuen Kwok On.

There was 3 Nomination Committee meetings during the year.

Corporate Governance Report

Attendance of individual members at meetings of the Nomination Committee held during the year was as follows:

	No. of nomination committee meetings attended
Shi Jinsheng	3
Sin Hendrick	1
Yuen Kwok On	3

AUDIT COMMITTEE

The Company established an Audit Committee on 31 March 2000 with the written terms of reference. The terms of reference are available on the Company's website (www.aid8088.com). The Audit Committee comprises three Independent Non-Executive Directors, Messrs. Yuen Kwok On (Chairman), Shi Jinsheng and Sin Hendrick. The duties of the Audit Committee include: managing the relationship with the Group's external auditor, reviewing the financial information of the Company, and overseeing the Company's financial reporting process and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

The Audit Committee met 4 times during the year ended 31 December 2014.

Attendance of individual members at meetings of the Audit Committee during the year was as follows:

	No. of audit committee meetings attended
Yuen Kwok On	4
Shi Jinsheng	1
Sin Hendrick	4

The Audit Committee has met with the Auditor and the Accounting Manager during the year to review the 2013 Annual Report and the Quarterly Report for the quarters ended 31 March 2014 and 30 September 2014, and the Interim Report for the six months ended 30 June 2014. The Audit Committee has also met to review these annual figures and was satisfied with the outcome of its review.

The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules.

Corporate Governance Report

AUDITOR'S REMUNERATION

Auditor's remuneration in respect of audit and non-audit services provided by external auditor from continuing operations for the year ended 31 December 2014 amounted to HK$653,000 (2013: HK$396,000) and HK$175,000 (2013: HK$101,000) respectively. The non-audit services included the review of the Quarterly and Interim Reports of the Company during the year.

INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control and risk management to safeguard shareholders' investments and the Group's assets. The definition of internal control applied by the Board is that, stated in "Internal Control – Integrated Framework", issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSCO") in the United States in 1992 as recommended by the Hong Kong Institute of Certified Public Accountants, of a process designed to provide reasonable assurance regarding the achievement of objectives in relation to the following:

(i) Effectiveness and efficiency of operations;

(ii) Reliability of financial reporting; and

(iii) Compliance with applicable laws and regulations.

The Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, but not an absolute, assurance in this respect. In addition, it cannot guarantee against material misstatement or loss.

Through the Group's risk management framework, there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group, including business, financial, compliance, legal and operating risks. As part of this process, the Company conducted a review of the effectiveness of its system of internal control during the year ended 31 December 2014. The Board, based on recommendations of the Audit Committee, has concluded that the internal control systems are effective and adequate, and that there are no significant areas of concern which may affect shareholders. The review covered all material controls including financial, operational and compliance controls, and risk management. The criteria the Board use to assess the effectiveness of the system of internal control included:

(i) The nature and extent of the risks facing the Group;

(ii) The extent and categories of risk that the Board regards as acceptable for the Group to bear;

(iii) The likelihood of the risks materialising and the financial impact of the risks;

(iv) The Group's ability to reduce the incidence and impact on the business of risks that do materialise; and

Corporate Governance Report

(v) The costs of operating particular controls relative to the benefit thereby obtained.

The Board will review the risk management framework and the effectiveness of internal control on at least on annual basis.

The Board, based on the recommendations of the Audit Committee, has considered the need for an Internal Audit function during the year and has decided, after taking into account of the size of the Group, the scale, diversity and complexity of its activities, the number of employees, the level of external oversight that companies within the Group receive from regulatory bodies, as well as cost/benefit considerations, that an Internal Audit function is not yet justified. This decision will be reviewed annually.

SHARE INTERESTS OF SENIOR MANAGEMENT

The number of shares held by senior management are set out in the Directors' Report on pages 18 to 19.

DIRECTORS' AND OFFICERS' INSURANCE

The Company arranges appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

SHAREHOLDERS

The Board recognises its responsibility to represent the interest of all shareholders and to maximise shareholder value and this section of the Corporate Governance Report details the Group's policies and actions in this respect.

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding not less than one-tenth of the paid up share capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an Extraordinary General Meeting ("EGM") to be convened, stating the objects of the meeting, and deposited with our Company Secretary at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong. The meeting shall be held within two months after the deposit of such requisition.

The procedures for shareholders to put forward proposals at an Annual General Meeting ("AGM") or EGM require that a written notice of those proposals be submitted by the shareholders to the Company Secretary at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong. The detailed procedures vary according to whether the proposal constitutes an ordinary resolution or a special resolution.

Enquiries to be put to the Board should be made in writing and directed to the Company Secretary at Units 1&2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no change in the Company's constitutional documents.

Corporate Governance Report

The most recent shareholders meetings were as follows:

EGM held at 10:30 a.m. on 17 March 2015 at 3/F., Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong. The major items discussed were:

(i) Approval of the Sale and Purchase Agreement dated 1 December 2014 (as supplemented by the Supplemental Agreement dated 17 February 2015) in relation to the acquisition of 70% of the issued share capital of Honestway Global Group Limited.

(ii) Approval of the issue of Consideration Shares and 2015 Profit Bonus Shares (as defined in the Circular of the Company dated 2 March 2015) under specific mandate.

All the above resolutions received sufficient votes to be duly carried.

As at 31 December 2014, the public float capitalisation was approximately HK$789,515,000 and the number of issued shares on the public float, represents 67.33% of the outstanding issued share capital of the Company.

Independent Auditor's Report

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To the shareholders of AID Partners Capital Holdings Limited
(formerly known as Crosby Capital Limited)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of AID Partners Capital Holdings Limited (formerly known as Crosby Capital Limited) ("the Company") and its subsidiaries (together "the Group") set out on pages 35 to 152, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of 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 International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the 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 International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Chiu Wing Cheung Ringo
Practising Certificate no. P04434

Hong Kong, 27 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Continuing operations			
Revenue	6	**56,115**	13,864
Cost of sales		**(26,225)**	496
Gross profit		**29,890**	14,360
Loss on financial liabilities at fair value through profit or loss	29	**(6,009)**	(6,993)
Other income	7	**10,017**	1,130
Distribution and selling expenses		**(28,870)**	–
Administrative expenses			
Amortisation of intangible assets	20	**(19,320)**	–
Other administrative expenses		**(72,992)**	(36,115)
		(92,312)	(36,115)
Impairment of intangible assets	20	**–**	(26,705)
Other operating expenses		**(5,653)**	(2,004)
Loss from operations		**(92,937)**	(56,327)
Finance costs	8	**(12,272)**	(24,009)
Loss before taxation	9	**(105,209)**	(80,336)
Taxation	10	**1,423**	(61)
Loss for the year from continuing operations		**(103,786)**	(80,397)
Discontinued operations			
Loss for the year from discontinued operations	11	**–**	(4,601)
Loss for the year		**(103,786)**	(84,998)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Attributable to:			
Owners of the Company	12		
Loss for the year from continuing operations		**(89,666)**	(80,397)
Loss for the year from discontinued operations		**–**	(4,055)
		(89,666)	(84,452)
Non-controlling interests			
Loss for the year from continuing operations		**(14,120)**	–
Loss for the year from discontinued operations		**–**	(546)
		(14,120)	(546)
Loss for the year		**(103,786)**	(84,998)
Loss per share attributable to owners of the Company during the year	13	**HK cents**	HK cents
Basic			
Continuing operations		**(0.03)**	(0.07)
Discontinued operations		**–**	(0.01)
		(0.03)	(0.08)
Diluted			
Continuing operations		**N/A**	N/A
Discontinued operations		**N/A**	N/A
		N/A	N/A

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK$'000	(Restated) 2013 HK$'000
Loss for the year		**(103,786)**	(84,998)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
Deficit on revaluation	19	**–**	(54)
Reclassification adjustment upon disposal of subsidiaries		**–**	(1,648)
Exchange differences on translating foreign operations of a subsidiary		**–**	181
Release of foreign exchange reserve upon deregistration of a subsidiary		**(231)**	–
Other comprehensive income for the year, net of tax		**(231)**	(1,521)
Total comprehensive income for the year, before and net of tax		**(104,017)**	(86,519)
Attributable to:			
Owners of the Company		**(89,897)**	(85,973)
Non-controlling interests		**(14,120)**	(546)
Total comprehensive income for the year, before and net of tax		**(104,017)**	(86,519)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	**As at 31 December 2014 HK$'000**	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	**82,677**	74,378	81,143
Interest in a joint venture	17	**–**	–	1,772
Note receivable	18	**–**	–	21,848
Available-for-sale investments	19	**818**	10,000	5,460
Intangible assets	20	**152,225**	–	26,698
		235,720	84,378	136,921
Current assets				
Inventories	21	**6,649**	–	–
Trade and other receivables	22	**24,925**	3,462	11,614
Financial assets at fair value through profit or loss	23	**–**	–	230
Cash and cash equivalents	24	**102,067**	18,694	23,558
		133,641	22,156	35,402
Current liabilities				
Trade and other payables	25	**68,666**	3,367	15,669
Note payable	26	**–**	6,472	–
Loan payable		**–**	–	479
Financial liabilities at fair value through profit or loss	29	**7,164**	11,878	46,339
Convertible bonds	30	**23,313**	44,511	195,876
Borrowings	27	**10,125**	9,611	17,518
Current tax liabilities		**1,765**	–	–
		111,033	75,839	275,881
Net current assets/(liabilities)		**22,608**	(53,683)	(240,479)
Total assets less current liabilities		**258,328**	30,695	(103,558)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Non-current liabilities				
Other payables	25	**24,089**	–	–
Financial liabilities at fair value through profit or loss	29	**21,021**	375	763
Convertible bonds	30	**160,018**	–	–
Borrowings	27	**30,327**	23,117	32,496
Deferred tax liabilities	31	**10,734**	–	–
		246,189	23,492	33,259
Net assets/(liabilities)		**12,139**	7,203	(136,817)
EQUITY				
Share capital	32	**36,907**	29,996	10,747
Reserves	33	**(36,721)**	(22,793)	(148,124)
Equity/(Capital deficiency) attributable to owners of the Company		**186**	7,203	(137,377)
Non-controlling interests		**11,953**	–	560
Total equity/(Capital deficiency)		**12,139**	7,203	(136,817)

Wu King Shiu, Kelvin
Director

Ho Gilbert Chi Hang
Director

Statement of Financial Position

As at 31 December 2014

	Notes	**As at 31 December 2014 HK$'000**	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	**1,127**	–	–
Interests in subsidiaries	16	**120,627**	9,783	105,389
		121,754	9,783	105,389
Current assets				
Other receivables	22	**5,597**	539	186
Cash and cash equivalents	24	**89,338**	7,722	486
		94,935	8,261	672
Current liabilities				
Other payables	25	**1,610**	979	4,908
Note payable	26	**–**	6,472	–
Financial liabilities at fair value through profit or loss	29	**7,164**	11,878	46,339
Convertible bonds	30	**23,313**	44,511	195,876
Borrowings	27	**7,502**	7,581	–
		39,589	71,421	247,123
Net current assets/(liabilities)		**55,346**	(63,160)	(246,451)
Total assets less current liabilities		**177,100**	(53,377)	(141,062)
Non-current liabilities				
Financial liabilities at fair value through profit or loss	29	**21,021**	375	763
Convertible bonds	30	**160,018**	–	–
Borrowings	27	**–**	–	7,496
		181,039	375	8,259
Net liabilities		**(3,939)**	(53,752)	(149,321)
EQUITY				
Share capital	32	**36,907**	29,996	10,747
Reserves	33	**(40,846)**	(83,748)	(160,068)
Capital deficiency		**(3,939)**	(53,752)	(149,321)

Wu King Shiu, Kelvin
Director

Ho Gilbert Chi Hang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	(Capital deficiency)/Total equity attributable to owners of the Company									Non-controlling interests	(Capital deficiency)/ Total equity
	Share capital (Restated) HK$'000	*Share premium (Restated) HK$'000	*Capital reserve (Restated) HK$'000	*Capital redemption reserve (Restated) HK$'000	*Employee share-based compensation reserve (Restated) HK$'000	*Investment revaluation reserve (Restated) HK$'000	*Foreign exchange reserve (Restated) HK$'000	*Accumulated losses (Restated) HK$'000	Total (Restated) HK$'000	(Restated) HK$'000	(Restated) HK$'000
At 1 January 2013	10,747	3,409	2,112	601	34,555	1,702	50	(190,553)	(137,377)	560	(136,817)
Employee share-based compensation	–	–	–	–	1,828	–	–	–	1,828	–	1,828
Lapse of share options	–	–	–	–	(274)	–	–	274	–	–	–
Placing of shares (Note 32(b))	2,149	16,586	–	–	–	–	–	–	18,735	–	18,735
Share issue expenses (Note 32(b))	–	(197)	–	–	–	–	–	–	(197)	–	(197)
Issue of shares upon conversion of bonds (Note 32(a))	17,100	193,087	–	–	–	–	–	–	210,187	–	210,187
Disposal of subsidiaries (Note 40(b))	–	–	–	–	–	–	–	–	–	(14)	(14)
Transactions with owners	19,249	209,476	–	–	1,554	–	–	274	230,553	(14)	230,539
Loss for the year	–	–	–	–	–	–	–	(84,452)	(84,452)	(546)	(84,998)
Other comprehensive income:											
Available-for-sale investments											
Deficit on revaluation	–	–	–	–	–	(54)	–	–	(54)	–	(54)
Reclassification adjustment upon disposal of subsidiaries	–	–	–	–	–	(1,648)	–	–	(1,648)	–	(1,648)
Exchange differences on translating foreign operations of a subsidiary	–	–	–	–	–	–	181	–	181	–	181
Total comprehensive income for the year	–	–	–	–	–	(1,702)	181	(84,452)	(85,973)	(546)	(86,519)
At 31 December 2013	29,996	212,885	2,112	601	36,109	–	231	(274,731)	7,203	–	7,203

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Total equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital HK$'000	*Share premium HK$'000	*Convertible bonds equity reserve HK$'000	*Capital reserve HK$'000	*Capital redemption reserve HK$'000	*Employee share-based compensation reserve HK$'000	*Foreign exchange reserve HK$'000	*Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2014	29,996	212,885	–	2,112	601	36,109	231	(274,731)	7,203	–	7,203
Share-based compensation	–	–	–	–	–	19,463	–	–	19,463	–	19,463
Issue of convertible bonds	–	–	8,061	–	–	–	–	–	8,061	–	8,061
Issue of consideration shares for acquisition of subsidiaries (Note 32(c) and (p))	4,807	40,639	–	–	–	–	–	–	45,446	–	45,446
Issue of shares upon conversion of redeemable convertible preference shares (Note 32(f), (g), (j), (k), (l) and (q))	338	3,162	–	–	–	–	–	–	3,500	–	3,500
Issue of shares upon exercise of warrants (Note 32(i))	160	2,924	–	–	–	–	–	–	3,084	–	3,084
Issue of shares upon exercise of share options (Note 32(m), (n), (o), (r), (s), (t) and (u))	272	5,854	–	–	–	(2,662)	–	–	3,464	–	3,464
Lapse of share options	–	–	–	–	–	(579)	–	579	–	–	–
Share issue expenses (Note 32(c))	–	(506)	–	–	–	–	–	–	(506)	–	(506)
Issue of shares upon conversion of bonds (Note 32(d), (e) and (h))	1,334	15,308	–	–	–	–	–	–	16,642	–	16,642
Non-controlling interests arising on business combination (Note 41)	–	–	–	–	–	–	–	–	–	24,667	24,667
Disposal of a subsidiary (Note 40(a))	–	–	–	–	–	–	–	–	–	79	79
Transactions with non-controlling interests (Note 41(a))	–	–	–	–	–	–	–	(16,274)	(16,274)	1,327	(14,947)
Transactions with owners	6,911	67,381	8,061	–	–	16,222	–	(15,695)	82,880	26,073	108,953
Loss for the year	–	–	–	–	–	–	–	(89,666)	(89,666)	(14,120)	(103,786)
Other comprehensive income:											
Release of foreign exchange reserve upon deregistration of a subsidiary	–	–	–	–	–	–	(231)	–	(231)	–	(231)
Total comprehensive income for the year	–	–	–	–	–	–	(231)	(89,666)	(89,897)	(14,120)	(104,017)
At 31 December 2014	36,907	280,266	8,061	2,112	601	52,331	–	(380,092)	186	11,953	12,139

* The total of these reserves amounts to a deficiency of HK$36,721,000 (2013 (Restated): HK$22,793,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Cash flows from operating activities			
Continuing operations			
Cash outflow from operations	38	**(62,129)**	(20,072)
Tax paid		**–**	(61)
Net cash outflow from operating activities from continuing operations		**(62,129)**	(20,133)
Discontinued operations			
Net cash inflow from operating activities from discontinued operations		**–**	117
Net cash outflow from operating activities		**(62,129)**	(20,016)
Cash flows from investing activities			
Continuing operations			
Acquisition of trademarks		**–**	(54)
Bank interest income received		**452**	–
Acquisition of available-for-sale investments		**(818)**	(10,117)
Proceeds from disposals of property, plant and equipment		**207**	2,156
Purchase of property, plant and equipment		**(17,051)**	(286)
Repayment from note receivable		**(6,472)**	–
Disposal of subsidiaries, net of cash disposed	40	**(79)**	(4,439)
Acquisition of subsidiaries	41	**(21,137)**	–
Net cash outflow from investing activities from continuing operations		**(44,898)**	(12,740)
Discontinued operations			
Net cash inflow from investing activities from discontinued operations		**–**	21,972
Net cash (outflow)/inflow from investing activities		**(44,898)**	9,232

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Cash flows from financing activities			
Continuing operations			
Issue of shares upon exercise of warrants		**2,250**	–
Issue of shares upon exercise of share options		**3,464**	–
Issue of shares upon conversion of RCPS, net of expenses		**2,753**	–
Proceeds from issue of convertible bond, net of expenses		**174,661**	–
Proceeds from issue of shares, net of share expenses		**–**	18,538
Interest paid on bank loan		**(497)**	(386)
Interest paid on other loan		**(369)**	–
Repayment of bank loan		**(2,197)**	(1,846)
Advance/(Repayment) of other loan		**11,600**	(15,440)
New bank loan raised		**10,000**	–
Redemption of convertible bond		**(11,351)**	–
Net cash inflow from financing activities from continuing operations		**190,314**	866
Discontinued operations			
Net cash inflow from financing activities from discontinued operations		**–**	5,054
Net cash inflow from financing activities		**190,314**	5,920
Net increase/(decrease) in cash and cash equivalents		**83,287**	(4,864)
Cash and cash equivalents as at 1 January		**18,694**	23,558
Effect of exchange rate changes on cash and cash equivalents		**86**	–
Cash and cash equivalents as at 31 December		**102,067**	18,694
Analysed into:			
Continuing operations		**102,067**	13,390
Discontinued operations		**–**	5,304
Total		**102,067**	18,694

Notes to the Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Units 1 & 2, 29/F., The Hennessy, 256 Hennessy Road, Wanchai, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the Group hereinafter.

Pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 22 December 2014, together with the approval of the Registrar of Companies in the Cayman Islands on 6 January 2015 and the approval of Registrar of Companies in Hong Kong on 27 January 2015, the name of the Company has been changed from "Crosby Capital Limited (高誠資本有限公司)" to "AID Partners Capital Holdings Limited (滙友資本控股有限公司)" with effect from 6 January 2015.

The Company acts as the holding company of the Group. The Group is principally engaged in the businesses of asset management and strategic investment.

The audited consolidated financial statements on page 35 to 44 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The financial statements for the year ended 31 December 2014 were approved by the board of directors (the "Directors") on 27 March 2015.

2. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the consolidated financial statements for the annual period beginning on 1 January 2014:

(a) Adoption of new/revised IFRSs – effective 1 January 2014

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
IFRIC 21	Levies

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF NEW OR AMENDED IFRSs (continued)

(a) Adoption of new/revised IFRSs – effective 1 January 2014 (continued)

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offset arrangements.

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of IFRIC 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New/revised IFRSs that have been issued but are not yet effective

The Group has not applied the following new/revised IFRSs, that have been issued, but are not yet effective in these financial statements.

Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[2]
Amendments to IAS 19 (2011)	Defined Benefit Plans: Employee Contributions[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
IFRS 9 (2014)	Financial Instruments[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
IFRS 14	Regulatory Deferred Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]

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

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF NEW OR AMENDED IFRSs (continued)

(b) New/revised IFRSs that have been issued but are not yet effective (continued)

Information on new/revised IFRSs that is potentially relevant to the Group's financial statements is as follows:

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF NEW OR AMENDED IFRSs (continued)

(b) New/revised IFRSs that have been issued but are not yet effective (continued)

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps 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 each performance obligation
Step 5:	Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Except for IFRS 9, the Directors anticipated that the application of other new or amended IFRSs will have no material impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new/revised IFRSs and the impacts on the financial statements, if any, are disclosed in Note 2 to the financial statements.

The audited consolidated financial statements have been prepared under historical cost basis except for certain financial instruments classified as available-for-sale and at fair value through profit or loss, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

In preparing the financial statements, the Directors have considered the operations of the Group as a going concern notwithstanding, the Group incurred a loss of approximately HK$103,786,000 (2013: HK$84,998,000) for the year despite net current assets of approximately HK$22,608,000 (2013: net current liabilities of HK$53,683,000) and total equity of approximately HK$12,139,000 (2013: HK$7,203,000) and the Company had net current assets of approximately HK$55,346,000 (2013: net current liabilities of HK$63,160,000) and capital deficiency of approximately HK$3,939,000 (2013: HK$53,752,000) as at 31 December 2014.

The Directors have prepared the financial statements based on the assumption that the Group can continue as a going concern and are of the view that the Group will have sufficient working capital and financial resources to finance its operations for twelve months from the end of the reporting period, after taking into consideration the following:

(i) The Group continues to implement measures to monitor its cost under various administrative expenses and to attain positive cash flow operations through newly acquired subsidiaries, comprising Complete Star Limited and its subsidiary;

(ii) Certain RCPS holders converted their RCPS into the Company's ordinary shares amounting to approximately HK$18,900,000 in February 2015; and

(iii) The Group disposed of the entire issued share capital of Crosby Capital (Holdings) Limited, which indirectly holds a property located in Hong Kong, at a consideration of HK$37,000,000 in February 2015 (Note 44(d)).

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Having regard to the cash flow projection of the Group, which has been prepared based on the above considerations, the Directors are of the opinion that, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital and financial resources to satisfy its future working capital and other financing requirements for the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis and are satisfied that the Group will have sufficient working capital and financial resources to finance its operations for twelve months from the end of the reporting period.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in Note 4 to the financial statements.

Changes in functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In prior years, the Company regarded United States dollars ("US$") as its functional currency. However, the Company and most of its major operating subsidiaries' business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on Hong Kong dollars ("HK$"). As such, effective from 24 February 2014, the Company and certain of its subsidiaries have changed their functional currency from US$ to HK$. The change in functional currency of the Company was applied prospectively from date of change in accordance with IAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into HK$ at the exchange rate on that date.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in presentation currency

HK$ have also been adopted as the presentation currency of the Group in the current year. The change in presentation currency of the Group has been applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the comparative figures have also been restated to HK$. Accordingly, a third statement of financial position as at 1 January 2013 has been presented.

The changes in presentation currency and the restatement of the comparative amounts from US$ to HK$ have had no significant impact on the financial positions of the Group and the Company as at 31 December 2013 and 31 December 2014, or the results and cash flows of the Group for the years presented.

(b) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combination and basis of consolidation

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is 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, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in non-controlling interest having a deficit balance.

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are classified as available-for-sale investments under IAS 39 "Financial Instruments: Recognition and Measurement" and are stated at fair value. Investments in subsidiaries that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at each reporting date subsequent to initial recognition. Details of the accounting policies in subsequent measurement of available-for-sale investments are set out in Note 3(h)(i) to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures

An associate is an entity over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which is neither a subsidiary nor joint venture.

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- *Joint ventures:* where the group has rights to only the net assets of the joint arrangement; or
- *Joint operations:* where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

In the consolidated financial statements, the Group's interests in associates or joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the results and movements of reserves of the associates or joint ventures. The consolidated financial statements include the Group's share of the post-acquisition, post-tax results for the year, including any impairment loss on goodwill relating to the interests in associates or joint ventures and movements of reserves of the associates or joint ventures on an equity accounting basis. Any goodwill or fair value adjustment attributable to the share in the associates or joint ventures is included in the amount recognised as interests in associates or joint ventures.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures (continued)

Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the interests. After the application of equity method, the Group determines whether it is necessary to recognise additional impairment loss on the Group's interests in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the interests in associates or joint ventures are impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associates or joint ventures and its carrying amount.

Unrealised gains arising from transactions with associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Group's share of losses in associates or joint ventures equals or exceeds its interests in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates or joint ventures. For this purpose, the Group's interests in associates or joint ventures are the carrying amounts of the investments under the equity method together with the Group's long-term interests that in substance form part of Group's net investment in the associates or joint ventures.

(e) Property, plant and equipment

(i) Measurement bases

Leasehold land and buildings

The land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. 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.

Gain or loss arising from retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the assets, and is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold land and buildings	2% or over the terms of the lease, whichever is shorter
Computer hardware and software	33 $^{1}/_{3}$%
Furniture and fixtures	20%
Leasehold improvements	20% or over the terms of the lease, whichever is shorter
Office equipment	33 $^{1}/_{3}$%

The assets' estimated residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(f) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges as the lessee

Where the Group has the rights to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currencies

The financial statements are presented in HK$, which is also 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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates 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 at 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 HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into the HK$ 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 foreign exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

(h) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets

The Group classifies its financial assets other than hedging instruments into one of the following categories: financial assets at fair value through profit or loss, available-for-sale investments and loans and receivables. Regular way purchases or sales of financial assets are recognised on trade date. 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 every reporting date. The accounting policies adopted for each category are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

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

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in Note 3(o) to the financial statements.

Available-for-sale investments

Available-for-sale investments include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in fair value, excluding any dividend and interest income, is recognised in other comprehensive income and accumulated separately in the investment revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss. Interest calculated using effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. Change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

When a decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals of impairment losses in respect of investments in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised in the other comprehensive income.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition. Such impairment loss will not reverse in subsequent periods.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment losses on loans and receivables are provided for when objective evidence is received that the Group will not be able to collect amounts due to it in accordance with the original terms of the receivables. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of loss is recognised in profit or loss for the period in which the impairment occurs.

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 default or delinquency in interest or principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a 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.

If, in subsequent period, the amount of 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 been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss in the period in which the reversal occurs.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity

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

Finance lease liabilities

Finance lease liabilities are measured at the initial fair value of the leased asset or, if lower, the present value of the minimum lease payments less the capital element of lease repayments (see Note 3(f) to the financial statements).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include embedded derivatives which have been separated from their host contracts and financial liabilities that are designated by the Group to be carried at fair value through profit or loss upon initial recognition.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or

- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

- the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities included in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial liabilities originally designated as financial liabilities at fair value through profit or loss may not subsequently be reclassified.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Convertible bonds

Convertible bonds contain liability and conversion option derivative

Convertible bonds issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of convertible bond is carried at amortised cost using effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the bonds are converted, the carrying amount of the liability portion together with the fair value of the conversion derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bonds are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Convertible bonds contain liability and equity components

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

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Convertible bonds (continued)

Convertible bonds contain liability and equity components (continued)

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

Transaction costs that relate to the issue of the bonds are allocated amongst the liability component and the equity/conversion option derivative in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the bonds using effective interest method. Transaction costs relating to the conversion option derivative are expensed as incurred.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Redeemable convertible preference shares

Redeemable convertible preference shares issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

Preference shares, which are redeemable on a specific date or at the option of the shareholders, are classified as liabilities.

In subsequent periods, the liability component is carried at amortised cost using effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the preference shares are converted, the carrying amount of the liability portion together with the fair value of the conversion derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the preference shares are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the redeemable convertible preference shares are allocated to the liability and conversion option components in proportion to the allocation of proceeds. Transaction costs relating to the conversion option derivative is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the preference shares using effective interest method.

Other financial liabilities

Other financial liabilities include trade and other payables, accrued charges and advances from a director. They are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

Equity instruments

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash in hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(k) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGU that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

(ii) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Trademark licence	5 years
Platform	2 years
Content agreement	2 years
Intellectual property	5 years

(l) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, interests in subsidiaries, interests in a joint venture and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income taxes

Income tax for the year comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(n) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition

Revenue, which is the fair value of consideration received or receivable, is recognised when it is probable that economic benefits will flow to the Group, when the revenue can be measured reliably, and the stage of completion of the transaction and the costs incurred for the transaction as well as the costs to complete the transaction can be measured reliably, and on the following bases:

– Advertising income is recognised when services are rendered or substantially performed in accordance with the terms of the contract.

– Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

– Revenue from the sale of food and beverages is recognised in profit or loss at the point of sale to customers. Revenue is after deduction of any sale discounts.

– Revenue from sale of in-app purchase items is recognised on a per transaction basis upon the successful download of the in-app purchase items.

– Fund management fee income is recognised in accordance with the substance of the relevant agreements.

– Interest income is recognised as it accrues, taking into account the effective yield on the asset.

– Dividend income is recognised when the right to receive payment is established.

The policies on financial assets at fair value through profit or loss are dealt with in Note 3(h)(i) to the financial statements.

(p) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to long service payment and annual leave are recognised when they accrue to employees. Provision is made for the estimated liabilities for long service payment and annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences are not recognised until the time of leave.

(ii) Retirement benefit schemes

The Group participates in the following retirement benefit schemes and pays contributions to independently administered funds on a mandatory or contractual basis. The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant Group companies. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense on accrual basis.

All eligible employees have participated in the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong. Under the MPF Scheme, the eligible employees are required to contribute 5% of their relevant income with a maximum monthly contribution of HK$1,500 and the Group's contribution will be 5% of the relevant income with a maximum monthly contribution of HK$1,500. There is no voluntary contribution from the Group nor the employees and there are no other legal or constructive obligations to the Group.

(iii) Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 that had not vested on 1 January 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans to remunerate its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(iii) Share-based employee compensation (continued)

All share-based compensation is ultimately recognised as an expense in profit or loss unless it qualifies for recognition as asset, with a corresponding credit to employee share-based compensation reserve in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than vested.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital and the amount previously recognised in employee share-based compensation reserve is transferred out with any excess being recorded as share premium.

When the share options have vested and then lapsed, the amount previously recognised in the employee share-based compensation reserve is transferred to the accumulated losses.

(iv) Short term employee benefits

These are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

These are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

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

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties (continued)

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

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

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

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(t) Segment information

In identifying the Group's operating segments, management generally follows the Group's service lines which represent the main service lines provided by the Group.

The Group has identified the following reportable operating segments:

(i) Asset Management – provision of fund management and asset management. The business of asset management service engaged by certain subsidiaries was disposed of during the year ended 31 December 2013 and the comparatives were re-presented as discontinued operations.

(ii) Strategic Investment – acquiring controlling stakes in companies engaging in among others O2O (Online to Offline) lifestyle and e-commerce business.

(iii) Direct Investment – holding of available-for-sale investments (excluding investments in funds managed by the Group), loans to investee and related companies and financial assets at fair value through profit or loss. The business of direct investment ceased upon disposals of certain subsidiaries during the year ended 31 December 2013 and the comparatives were re-presented as discontinued operations.

Each of these operating segments is managed separately as each of them requires different resources. All inter-segment transfers are carried out at arm's length prices.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segment information (continued)

The chief operating decision makers, which are collectively the five Executive Directors of the Company, assess the performance of the operating segments based on a measure of operating profit. The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that:

- gain on disposal of subsidiaries;
- loss on financial liabilities at fair value through profit or loss;
- amortisation and impairment of intangible assets;
- finance costs;
- taxation; and
- certain other unallocated income and expenses.

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but available-for-sale investments as well as corporate assets unrelated to the business activities of any operating segment.

Segment liabilities include all liabilities but exclude financial liabilities at fair value through profit or loss, convertible bonds, borrowings, deferred tax liabilities and corporate liabilities unrelated to the business activities of any operating segment.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below:

Valuation of intangible assets and estimated useful lives

The Group has made estimations and assumptions in relation to the potential future cash flows of identifiable intangible assets acquired as part of business combinations. This assessment involves estimations and assumptions relating to potential future revenues, appropriate discount rates and the estimated useful lives of such assets. These estimations and assumptions impact the income statement over the estimated useful life of the intangible asset.

Notes to the Financial Statements

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(i) Critical accounting estimates and assumptions (continued)

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the CGUs to which goodwill and the intangible assets have been allocated. The value in use calculation requires the Group to estimate the present value of the future cash flows expected to arise from the CGUs containing goodwill and the intangible assets using suitable discount rates. Where the expected future cash flows arising from the relevant CGUs differ from the original estimation, an impairment loss may arise. Details of the recoverable amount calculation and the impairment loss made for the year are disclosed in Note 20.

Fair values of financial instruments

Financial instruments such as available-for-sale investments, financial assets and liabilities at fair value through profit or loss, redeemable convertible preference shares and convertible bonds are initially measured at fair value. Certain financial instruments as described in Note 3(h) to the financial statements are remeasured at fair value at subsequent reporting dates. The best evidence of fair value is quoted prices in an active market. Where quoted prices are not available for a particular financial instrument, the Group uses the values determined by the internal or external valuation techniques to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities requires varying degrees of judgement by management, which may result in different fair values and results. The assumptions with regard to the fair value of available-for-sale investments, financial assets at fair value through profit or loss, redeemable convertible preference shares, financial liabilities at fair value through profit or loss and convertible bonds, detailed in Notes 19, 23, 28, 29 and 30 to the financial statements respectively, have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year.

Valuations of share options granted

The fair value of share options granted was calculated using the Binomial Option Pricing Model which requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the Directors of the Company, the existing model will not always necessarily provide a reliable single measure of the fair value of the share options. Details of the inputs are set out in Note 34 to the financial statements.

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(i) Critical accounting estimates and assumptions (continued)

Impairment of trade and other receivables

Management determines impairment of trade and other receivables on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. Further information on the impairment of trade and other receivables is included in Note 22 to the financial statements.

Current taxation and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which the final tax outcome is determined.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

Contingent considerations

As part of the consideration transfer in business combinations as set out in Note 41, contingent consideration is valued at fair value at the acquisition date with the best estimates of the future outcome of the future events, such as earn-outs arrangement. Where the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at the end of each reporting period. The determination of the fair value is based on the expected adjustment on consideration shares to be issued. The key assumptions take into consideration the probability of meeting each profit target.

(ii) Critical judgements in applying the Group's accounting policies

Going concern

The financial statements have been prepared on going concern basis, further details of which are provided in Note 3(a) to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION

Revenue generated, losses incurred from operations, total assets and liabilities by each of the Group's operating segments are summarised as follows:

	Asset management		Strategic investment		Total	
		(Restated)		(Restated)		(Restated)
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**3,736**	13,864	**52,379**	–	**56,115**	13,864
Total segment loss from operations	**(7,446)**	(7,839)	**(20,770)**	–	**(28,216)**	(7,839)
Other income not allocated					**758**	370
Gain on disposal of subsidiaries					**8,684**	–
Loss on financial liabilities at fair value through profit or loss					**(6,009)**	(6,993)
Impairment of intangible assets					**–**	(26,705)
Amortisation of intangible assets					**(19,320)**	–
Depreciation					**(3,734)**	(4,619)
Unallocated corporate expenses					**(45,100)**	(10,541)
Loss from operations					**(92,937)**	(56,327)
Finance costs					**(12,272)**	(24,009)
Loss before taxation					**(105,209)**	(80,336)
Taxation					**1,423**	(61)
Loss for the year from continuing operations					**(103,786)**	(80,397)
Loss for the year from discontinued operations (Note 11)					**–**	(4,601)
Loss for the year					**(103,786)**	(84,998)

Unallocated corporate expenses mainly comprise legal and professional fees, rent and rates and salaries and allowances.

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION (continued)

	Asset management		Strategic investment		Total	
		(Restated)		(Restated)		(Restated)
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**1,497**	12,830	**196,316**	–	**197,813**	12,830
Unallocated property, plant and equipment					**70,634**	74,187
Available-for-sale investments					**818**	10,000
Unallocated corporate assets					**100,096**	9,517
Total assets					**369,361**	106,534

All assets are allocated to reportable segments other than unallocated assets (mainly comprising available-for-sale investments, certain other receivables and cash and cash equivalents).

	Asset management		Strategic investment		Total	
		(Restated)		(Restated)		(Restated)
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment liabilities	**38**	1,302	**24,095**	–	**24,133**	1,302
Note payable					**–**	6,472
Financial liabilities at fair value through profit or loss					**28,185**	12,253
Convertible bonds					**183,331**	44,511
Borrowings					**40,452**	32,728
Deferred tax liabilities					**10,734**	–
Unallocated corporate liabilities					**70,387**	2,065
Total liabilities					**357,222**	99,331

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising contingent consideration payables as set out in Note 25(a)).

Notes to the Financial Statements

For the year ended 31 December 2014

5. SEGMENT INFORMATION (continued)

	Asset management		Strategic investment	
		(Restated)		(Restated)
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other segment information				
Additions to non-current assets	**–**	235	**15,502**	–
Depreciation of property, plant and equipment	**51**	116	**3,512**	–
Share-based payment	**126**	363	**128**	–
Income tax expense	**–**	–	**1,765**	–

Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
		(Restated)		(Restated)
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**52,379**	13,864	**234,902**	74,378
Other countries	**3,736**	–	**–**	–
	56,115	13,864	**234,902**	74,378

No one single customer contributed more than 10% of the Group's total revenue during the years ended 31 December 2013 and 2014.

Notes to the Financial Statements

For the year ended 31 December 2014

6. REVENUE – CONTINUING OPERATIONS

Revenue, which is also the Group's turnover, represents the (i) net invoiced value of goods and food and beverages sold, net of discounts, (ii) net receipts from sales of in-app purchases items and (iii) service fees earned. An analysis of revenue is as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
Sale of goods	34,411	–
Sale of food and beverages	1,100	–
Sales of in-app purchase items	10,027	–
Advertising income	6,841	–
Fund management fee income	3,736	13,864
	56,115	13,864

7. OTHER INCOME – CONTINUING OPERATIONS

	2014 HK$'000	(Restated) 2013 HK$'000
Bank interest income (Note 38)	452	–
Gain on deregistration of a subsidiary (Note 38)	231	–
Gain on disposal of property, plant and equipment (Note 38)	5	72
Gain on disposal of subsidiaries (Note 40(a))	8,684	–
Foreign exchange gains, net	25	–
Others	620	1,058
	10,017	1,130

Notes to the Financial Statements

For the year ended 31 December 2014

8. FINANCE COSTS – CONTINUING OPERATIONS

	2014 HK$'000	(Restated) 2013 HK$'000
Effective interest expense on convertible bonds – wholly repayable within five years (Note 30)	**11,044**	16,980
Interest on bank loan – not wholly repayable within five years	**497**	386
Effective interest expense on redeemable convertible preference shares (Note 28)	**88**	85
Other interest expense – wholly repayable within five years	**643**	6,558
	12,272	24,009

9. LOSS BEFORE TAXATION – CONTINUING OPERATIONS

	2014 HK$'000	(Restated) 2013 HK$'000
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
– audit services	**653**	396
– other services	**175**	101
Cost of inventories recognised as expense	**21,219**	–
Depreciation of property, plant and equipment (Note 15, 38)	**7,297**	4,735
Amortisation of intangible assets (Note 20, 38)	**19,320**	–
Employee benefit expense (including directors' remuneration) (Note 14(d))	**49,003**	26,323
Foreign exchange losses, net (Note 38)	**–**	6
Impairment of intangible assets (Note 20, 38)	**–**	26,705
Impairment of inventories	**356**	–
Share-based payment	**128**	–
Write off of property, plant and equipment (Note 15, 38)	**1,415**	116
Operating leases charges in respect of leased premises	**16,270**	1,271
After crediting:		
Foreign exchange gains, net	**25**	–
Gain on disposal of property, plant and equipment	**5**	72

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For the year ended 31 December 2014

10. TAXATION – CONTINUING OPERATIONS

	2014 HK$'000	(Restated) 2013 HK$'000
Current tax charge		
Hong Kong:		
– Under provision in prior years	–	61
– Current year charge	1,765	–
	1,765	61
Deferred tax (Note 31)		
– Current year	(3,188)	–
Total	(1,423)	61

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2014. No Hong Kong profits tax was provided in the financial statements for the year ended 31 December 2013 as the Group did not make any assessable profit. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the year.

Reconciliation between tax charge and accounting loss at applicable rates is as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
Loss before taxation		
Continuing operations	(105,209)	(80,336)
Discontinued operations	–	(4,601)
	(105,209)	(84,937)
Tax at the domestic income tax rates	(17,359)	(14,015)
Tax effect of prior year's tax losses utilised this year	(335)	–
Tax effect of non-taxable income	(1,984)	(112)
Tax effect of non-deductible expenses	7,538	10,581
Tax effect of unrecognised temporary differences	547	287
Tax effect of unrecognised tax losses	10,170	3,259
Under provision in prior years	–	61
Tax charge	(1,423)	61

Notes to the Financial Statements

For the year ended 31 December 2014

11. DISCONTINUED OPERATIONS

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Revenue		–	208
Cost of sales		–	–
Gross profit		–	208
Loss on financial assets at fair value through profit or loss		–	(37)
Other income		–	1,966
Administrative expenses		–	(5,106)
Other operating expenses		–	(2,373)
Loss from operations		–	(5,342)
Finance costs		–	(23)
Share of profit of a joint venture	17	–	265
Loss before taxation	(i)	–	(5,100)
Taxation		–	–
Loss after taxation		–	(5,100)
Gain on disposal of subsidiaries	40(b)	–	499
Loss for the year		–	(4,601)

Notes to the Financial Statements

For the year ended 31 December 2014

11. DISCONTINUED OPERATIONS (continued)

Note:

(i) Loss before taxation – Discontinued operations

	2014 HK$'000	(Restated) 2013 HK$'000
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
– audit services	–	72
Depreciation of property, plant and equipment	–	15
Employee benefit expense (including directors' remuneration) (Note 14(d))	–	3,128
Foreign exchange losses, net	–	178
Impairment of available-for-sale investments (Note 19)	–	1,028
Operating lease charges in respect of leased premises	–	289

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company, a loss of HK$48,697,000 (2013 (Restated): HK$134,709,000) has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	(Restated) 2013
(HK$'000)		
Consolidated loss attributable to owners of the Company		
Continuing operations	**(89,666)**	(80,397)
Discontinued operations	**–**	(4,055)
	(89,666)	(84,452)
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**2,698,916,334**	1,072,012,320

Notes to the Financial Statements

For the year ended 31 December 2014

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

(a) Basic loss per share (continued)

The comparative figure for basic loss per share for the year ended 31 December 2013 is restated to take into account of the effect of the Company's bonus issue subsequent to the year ended 31 December 2014 (Note 44(b)) retrospectively as if they had taken place since the beginning of the comparative period.

	2014	(Restated) 2013
	HK cents	HK cents
Basic loss per share		
Continuing operations	**(0.03)**	(0.07)
Discontinued operations	**–**	(0.01)
	(0.03)	(0.08)

(b) Diluted loss per share

No diluted loss per share is shown for 2014 and 2013 as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.

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For the year ended 31 December 2014

14. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

	Fees HK$'000	Salaries and allowances HK$'000	Retirement fund contributions HK$'000	Share-based compensation expense* HK$'000	Total HK$'000
2014					
Executive Directors:					
Wu King Shiu, Kelvin (appointed on 23 May 2014)	–	1,093	12	3,497	4,602
Chang Tat Joel (appointed on 23 May 2014)	–	1,093	12	3,718	4,823
Ho Gilbert Chi Hang (appointed on 23 May 2014)	–	1,093	12	3,718	4,823
Huang Kenian (appointed on 31 October 2014)	–	–	–	–	–
Wang Dayong (appointed on 31 October 2014)	–	–	–	–	–
Clive Ng Cheang Neng (resigned on 20 June 2014)	–	–	–	–	–
Liu Guanghe (resigned on 31 October 2014)	119	–	–	–	119
Nelson Tong Naiyi (resigned on 31 October 2014)	119	–	–	–	119
Non-Executive Director:					
Stephen Shiu Junior (redesignated on 1 June 2014)	50	–	–	382	432
Independent Non-Executive Directors:					
Shi Jinsheng	100	–	–	344	444
Sin Hendrick	100	–	–	344	444
Yuen Kwok On	100	–	–	344	444
	588	3,279	36	12,347	16,250

Notes to the Financial Statements

For the year ended 31 December 2014

14. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' remuneration (continued)

	Fees (Restated) HK$'000	Salaries and allowances (Restated) HK$'000	Contractual and discretionary bonuses (Restated) HK$'000	Retirement fund contributions (Restated) HK$'000	Termination payments (Restated) HK$'000	Share-based compensation expense* (Restated) HK$'000	Total (Restated) HK$'000
2013							
Executive Directors:							
Clive Ng Cheang Neng (appointed on 8 August 2013)	–	–	–	–	–	–	–
Liu Guanghe (appointed on 2 July 2013)	–	–	–	–	–	–	–
Stephen Shiu Junior (appointed on 19 March 2013)	–	–	–	–	–	–	–
Nelson Tong Naiyi (appointed on 2 July 2013)	–	–	–	–	–	–	–
Johnny Chan Kok Chung (resigned on 18 March 2013)	–	604	–	4	–	228	836
Jeffrey Lau Chun Hung (resigned on 27 September 2013)	–	1,329	–	17	–	231	1,577
Ulric Leung Yuk Lun (resigned on 27 September 2013)	–	2,440	1,700	22	945	215	5,322
Douglas Craham Morin (resigned on 2 July 2013)	–	693	–	7	–	–	700
Sophie Mak Suk Fan (appointed on 10 May 2013 and resigned on 2 July 2013)	18	–	–	–	–	–	18
Non-Executive Director:							
Robert John Richard Owen (resigned on 8 August 2013)	94	–	–	–	–	409	503
Independent Non-Executive Directors:							
Raymond Chan Chi Chuen (appointed on 10 May 2013 and resigned on 19 September 2013)	36	–	–	–	–	–	36
David John Robinson Herratt (resigned on 2 July 2013)	78	–	–	–	–	58	136
Johnny Fok Ka Chi (appointed on 10 May 2013 and resigned on 19 September 2013)	36	–	–	–	–	–	36
Shi Jinsheng (appointed on 2 July 2013)	50	–	–	–	–	–	50
Sin Hendrick (appointed on 2 July 2013)	50	–	–	–	–	–	50
Joseph Tong Tze Kay (resigned on 31 May 2013)	155	–	–	–	–	58	213
Daniel Yen Tzu Chen (resigned on 10 May 2013)	155	–	–	–	–	58	213
Anthony Yuen Koon Tung (appointed on 31 May 2013 and resigned on 19 September 2013)	31	–	–	–	–	–	31
Yuen Kwok On (appointed on 2 July 2013)	50	–	–	–	–	–	50
	753	5,066	1,700	50	945	1,257	9,771

* The amount of equity-settled share-based compensation expenses is measured according to the Group's accounting policies for share-based employee compensation transactions as set out in Note 3(q)(iii) to the financial statements. Particulars of share options granted to the Directors under the Company's share option scheme are set out in Note 34 to the financial statements.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2014 and 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

14. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three Directors (2013: one former Director) whose emoluments are reflected in the analysis presented above. Emoluments payable to the remaining two (2013: four) individuals during the year are as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
Salaries, allowances and benefits in kind	**2,022**	7,264
Contractual and discretionary bonuses	**160**	350
Retirement fund contributions	**14**	58
Share-based compensation expense	**2,292**	253
	4,488	7,925

The emoluments fell within the following bands:

	Number of individuals 2014	2013
Emolument bands		
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**2**	2
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**3**	–

Except as disclosed above, no emoluments were paid by the Group to the Directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2014 and 31 December 2013.

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For the year ended 31 December 2014

14. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(c) Senior management

Members of senior management during the year comprised the Directors whose remuneration as set out in Note 14(a) above. The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
Nil to HK$1,000,000	**6**	18
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**3**	–
HK$5,000,001 to HK$5,500,000	**–**	–
HK$5,500,001 to HK$6,000,000	**–**	1

(d) Employee benefit expense (including directors' remuneration)

	2014	(Restated) 2013
	HK$'000	HK$'000
Fees	**588**	753
Salaries, allowances and benefits in kind	**27,872**	23,544
Bonus paid and payable	**779**	2,050
Termination payments	**–**	945
Retirement fund contributions *	**301**	331
Share-based compensation expense (Note 38)	**19,463**	1,828
Total	**49,003**	29,451
Analysed into:		
Continuing operations	**49,003**	26,323
Discontinued operations	**–**	3,128
Total	**49,003**	29,451

* There was no significant amount of forfeited contributions available to reduce future contributions payable by the Group as at 31 December 2014 and 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Computer hardware and software HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Total HK$'000
At 1 January 2013 (Restated)						
Cost	79,568	2,794	1,989	4,274	1,049	89,674
Accumulated depreciation	(3,662)	(2,114)	(726)	(1,432)	(597)	(8,531)
Carrying amount	75,906	680	1,263	2,842	452	81,143
Year ended 31 December 2013 (Restated)						
Opening carrying amount	75,906	680	1,263	2,842	452	81,143
Additions	–	54	232	–	–	286
Disposals	(2,083)	–	–	–	–	(2,083)
Disposal of subsidiaries (Note 40(b))	–	(102)	–	–	–	(102)
Write off (Note 9)	–	(19)	–	(87)	(10)	(116)
Depreciation	(2,187)	(443)	(398)	(1,440)	(282)	(4,750)
Closing carrying amount	71,636	170	1,097	1,315	160	74,378
At 31 December 2013 (Restated)						
Cost	77,338	1,845	1,929	3,559	921	85,592
Accumulated depreciation	(5,702)	(1,675)	(832)	(2,244)	(761)	(11,214)
Carrying amount	71,636	170	1,097	1,315	160	74,378
Year ended 31 December 2014						
Opening carrying amount	**71,636**	**170**	**1,097**	**1,315**	**160**	**74,378**
Additions	**–**	**1,247**	**1,991**	**11,733**	**2,080**	**17,051**
Disposals	**–**	**(69)**	**(129)**	**–**	**(4)**	**(202)**
Acquisition of subsidiaries (Note 41(a))	**–**	**124**	**38**	**–**	**–**	**162**
Write off (Note 9)	**–**	**(23)**	**(600)**	**(752)**	**(40)**	**(1,415)**
Depreciation	**(2,139)**	**(453)**	**(578)**	**(3,599)**	**(528)**	**(7,297)**
Closing carrying amount	**69,497**	**996**	**1,819**	**8,697**	**1,668**	**82,677**
At 31 December 2014						
Cost	**77,338**	**1,310**	**2,050**	**11,733**	**2,080**	**94,511**
Accumulated depreciation	**(7,841)**	**(314)**	**(231)**	**(3,036)**	**(412)**	**(11,834)**
Carrying amount	**69,497**	**996**	**1,819**	**8,697**	**1,668**	**82,677**

Notes to the Financial Statements

For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Computer hardware and software HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Total HK$'000
At 1 January 2013 and at 31 December 2013					
Cost	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–
Carrying amount	–	–	–	–	–
Year ended 31 December 2014					
Opening carrying amount	–	–	–	–	–
Additions	282	105	1,136	27	1,550
Depreciation	(87)	(15)	(315)	(6)	(423)
Closing carrying amount	195	90	821	21	1,127
At 31 December 2014					
Cost	**282**	**105**	**1,136**	**27**	**1,550**
Accumulated depreciation	**(87)**	**(15)**	**(315)**	**(6)**	**(423)**
Carrying amount	**195**	**90**	**821**	**21**	**1,127**

As at 31 December 2014, the Group's leasehold land and buildings were situated in Hong Kong, which was held under long-term lease.

Property, plant and equipment of the Group includes leasehold land and buildings of total carrying amount of HK$69,497,000 (2013 (Restated): HK$71,636,000) pledged to a bank to secure mortgage loans granted to a wholly owned subsidiary of the Company as at 31 December 2014 (Note 27(a)(ii)).

During the year ended 31 December 2013, certain land and buildings of the Group were disposed of to a former Director, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, and a company beneficially owned by him, at a total consideration of HK$2,155,000.

Notes to the Financial Statements

For the year ended 31 December 2014

16. INTERESTS IN SUBSIDIARIES

Company

	Notes	**As at 31 December 2014 HK$'000**	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Investments at cost				
— Unlisted shares, inside Hong Kong		**78,273**	75,569	66,373
— Unlisted shares, outside Hong Kong		**295,948**	296,169	324,193
Less: Impairment losses		**(366,436)**	(365,428)	(289,860)
	(i)	**7,785**	6,310	100,706
Amounts due from subsidiaries		**152,058**	43,486	53,281
Less: Impairment losses		**(27,865)**	(27,865)	(27,865)
	(ii)	**124,193**	15,621	25,416
Amounts due to subsidiaries	(ii)	**(11,351)**	(12,148)	(20,733)
		120,627	9,783	105,389

Notes:

(i) Investments in subsidiaries are stated at cost less impairment. The Directors are of the opinion that due to no quoted market price available in an active market, its fair value cannot be measured reliably accordingly. However, the Directors assessed the asset value of the Company's subsidiaries and made impairment loss of HK$366,436,000 (2013 (Restated): HK$365,428,000) at 31 December 2014. Details of principal subsidiaries are set out in Note 43 to the financial statements.

(ii) Amounts due from/(to) subsidiaries are interest-free, unsecured and have no fixed repayment terms. Impairment loss of HK$27,865,000 (Restated) was recognised in profit or loss in 2011 as the Directors were of the opinion that the amounts were unrecoverable from the subsidiaries. No impairment loss has been recognised during the years ended 31 December 2014 and 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

16. INTERESTS IN SUBSIDIARIES (continued)

Company (continued)

Notes: (continued)

(iii) Material non-controlling interests

Complete Star Limited ("CSL"), a 70% owned subsidiary of the Company, has material non-controlling interests ("NCI"):

Summarised financial information in relation to the NCI of CSL, before inter-group eliminations, is presented below:

	2014	2013
	HK$'000	HK$'000
For the year ended 31 December		
Revenue	**16,052**	N/A
Profit for the year	**7,443**	N/A
Total comprehensive income for the year	**–**	N/A
Profit allocated to NCI	**2,233**	N/A
Dividend paid to NCI	**–**	N/A
For the year ended 31 December		
Cash inflow from operating activities	**867**	N/A
Cash flow from investing activities	**–**	N/A
Cash inflow from financing activities	**1**	N/A
Net cash inflows	**868**	N/A
As at 31 December		
Current assets	**11,037**	N/A
Non-current assets	**37,069**	N/A
Current liabilities	**(2,129)**	N/A
Non-current liabilities	**(6,133)**	N/A
Net assets	**39,844**	N/A
Accumulated non-controlling interests	**11,953**	N/A

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17. INTEREST IN A JOINT VENTURE

Group

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Share of net assets	**–**	–	1,692
Amount due from a joint venture	**–**	–	80
	–	–	1,772

Movements in the Group's interest in a joint venture during the year are summarised as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
At 1 January	**–**	1,772
Share of profit (Note 11)	**–**	265
Net repayment during the year	**–**	(80)
Disposals of subsidiaries (Note 40(b))	**–**	(1,957)
At 31 December	**–**	–

Amount due from a joint venture was interest-free, unsecured and had no fixed repayment terms.

Particulars of the principal joint venture as at 1 January 2013 are as follows:

Name	Place of incorporation	Issued share capital	Percentage of interest held by the Company indirectly	Principal activities and place of operation
JAIC-CROSBY Investment Management Company Limited	Cayman Islands	100 ordinary shares at US$1 each	50%	Provision of fund management services in the Cayman Islands

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17. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information in respect of the Group's principal joint venture is set out below:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenue HK$'000	Profit HK$'000
2013 (Restated)					
100 per cent	**4,212**	**3,682**	**530**	**562**	**530**
Group's effective interest at date of disposal	**–**	**–**	**–**	**281**	**265**
2012 (Restated)					
100 per cent	3,462	78	3,384	3,556	3,384
Group's effective interest at 1 January 2013 (Restated)	1,731	39	1,692	1,778	1,692

The financial information above is based on the unaudited management accounts for the period up to date of disposal and year ended 31 December 2012.

18. NOTE RECEIVABLE

On 26 March 2012, the Group signed a subscription agreement to invest HK$20,000,000 in a note (the "Note") issued by Silver Pointer Limited ("Silver Pointer"), a wholly owned subsidiary of Shikumen Special Situations Fund ("SSSF"), an investment fund managed by AID Partners Asset Management Limited (formerly known as Shikumen Capital Management (HK) Limited) ("AIDAML"), a wholly owned subsidiary of the Company. Silver Pointer was established by SSSF to pursue private equity investment opportunities as permitted under its investment mandate.

The Note was unsecured, interest-bearing at 12% per annum and repayable after a fixed term of 3 years or earlier based on certain conditions. The Note was fully repaid on 12 March 2013.

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19. AVAILABLE-FOR-SALE INVESTMENTS

Group

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Unlisted investments, at fair value			
Equity securities	**–**	–	4,576
Less: Impairment losses	**–**	–	(116)
	–	–	4,460
Unlisted investments, at cost			
Equity securities	**818**	10,000	12,370
Less: Impairment losses	**–**	–	(11,370)
	818	10,000	1,000
Total	**818**	10,000	5,460

Movements in available-for-sale investments during the year are as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
At 1 January	**10,000**	5,460
Additions	**818**	10,117
Transfer to investment in a subsidiary (Note 41(a))	**(10,000)**	–
Disposal of subsidiaries (Note 40(b))	**–**	(4,495)
Impairment (Note 11)	**–**	(1,028)
Change in fair value recognised directly in other comprehensive income	**–**	(54)
At 31 December	**818**	10,000

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19. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Group (continued)

For the year ended 31 December 2013, including in the additions of HK$10,117,000 (Restated) during above was an amount of HK$10,000,000 representing an investment of 11.36% in HMV Ideal Limited (formerly known as Billion Merit Investments Limited) ("HMV Ideal") acquired in December 2013. On 24 February 2014, the Group further acquired approximately 53.18% interest in HMV Ideal which has been disclosed in the acquisition of subsidiaries (Note 41(a)) and accordingly, the Group has reclassified its investment in HMV Ideal from available-for-sale investments to investment in subsidiaries.

The fair value of the unlisted investments was not disclosed as there was no open market on the unlisted investments and the fair value cannot be measured reliably.

20. INTANGIBLE ASSETS

Group

	Goodwill	Trademarks	Trademark licence	Platform	Content agreement	Intellectual property	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note (a))	(Note (b))	(Note (c))	(Note (c))	(Note (c))	(Note (d))	
Carrying amount at 1 January 2013 (Restated)	25,828	870	–	–	–	–	26,698
Additions (Restated)	–	54	–	–	–	–	54
Disposal of subsidiaries (Restated) (Note 40(b))	–	(47)	–	–	–	–	(47)
Impairment loss (Restated) (Note 9)	(25,828)	(877)	–	–	–	–	(26,705)
Carrying amount at 31 December 2013 and 1 January 2014 (Restated)	–	–	–	–	–	–	–
Acquisition of subsidiaries (Note 41(a) and (b))	**92,009**	**–**	**14,400**	**27,400**	**9,000**	**38,822**	**181,631**
Amortisation	**–**	**–**	**(2,400)**	**(11,417)**	**(3,750)**	**(1,753)**	**(19,320)**
Disposal of subsidiaries (Note 40(a))	**(4,836)**	**–**	**–**	**–**	**(5,250)**	**–**	**(10,086)**
Carrying amount at 31 December 2014	**87,173**	**–**	**12,000**	**15,983**	**–**	**37,069**	**152,225**

Notes to the Financial Statements

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20. INTANGIBLE ASSETS (continued)

Group (continued)

Notes:

(a) Goodwill acquired through acquisition of subsidiaries during the year ended 31 December 2014 (Note 41(a) and (b)) and is allocated to the Group's CGU. A summary of goodwill allocation is presented below:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
AIDAML	**–**	–	25,828
HMV Ideal	**21,151**	–	–
CSL	**66,022**	–	–
	87,173	–	25,828

The recoverable amount of the above CGUs to which the goodwill relates has been determined based on a value in use calculation. The calculation is based on financial budgets covering a five-year period approved by management and followed by an extrapolation of expected cash flows with nil growth rate. Key assumptions are based on past performance, management estimation on market development and general inflation based on the growth rates which did not exceed the long-term average growth rates for the business in which the CGU operates. The discount rate used for value in use calculations are pre-tax and reflect specific risks relating to the relevant CGU.

The key assumptions used for value in use calculations are as follows:

	HMV Ideal		**CSL**	
	2014	2013	**2014**	2013
Growth rate	**3%**	N/A	**4%**	N/A
Discount rate	**30%–33%**	N/A	**19%**	N/A

Apart from the considerations described above in determining the value in use of the CGUs, management is not aware of any other probable changes that would necessitate changes in the key assumptions. Management determines that the CGUs containing goodwill does not suffer any impairment.

During the year ended 31 December 2013, the Directors anticipated that there would be a curtailment in the asset management business presently engaged by AIDAML and AIDAML was in the process of assessing other new business initiatives. Therefore, its revenue was expected to decrease and it would likely not generate positive operating cash flows. Due to this change in circumstances, full provision for impairment on goodwill was recognised for the year ended 31 December 2013.

(b) During the year ended 31 December 2013, the Group had disposed of certain subsidiaries which carried out business to which the trademarks was relevant and as of the date of disposal, the Directors consider that minimal amount of cash flows, if any, would arise from the usage of the trademarks by the existing business of the Group. As a result, full provision for impairment was recognised for the year ended 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

20. INTANGIBLE ASSETS (continued)

Group (continued)

Notes: (continued)

(c) Trademark licence, platform and content agreement arose from further acquisition of 53.18% equity interest in HMV Ideal, which increased the Group's ownership to 64.54%, on 24 February 2014 (Note 41(a)). Trademark licence represents the rights to operate the Central Retail store using the brand name "HMV" and the exclusive use of the domain www.hmv.com.hk to conduct the e-commerce business of retailing music, films, games and portable digital technology products in Hong Kong through the use of the name of "HMV", the licensed marks and the domain names.

Platform represents a form of data-processing-related intangible asset under domain name www.vissible.com, http://viss.me and mobile application "VISS" on iOS and Android operated smartphones to provide technology and online platforms for its users to share information of fashion and lifestyle products.

Content agreement refers to a content hosting services and provider sell-through agreement entered into between VS Media Limited, an indirect wholly-owned subsidiary of HMV Ideal at the time of signing the agreement, and Google Ireland Limited, which enables VS Media Limited to publish its video contents through the Google platform (YouTube) and share the advertising revenue with Google.

All of the intangible assets were valued as of the date of acquisition by LCH (Asia-Pacific) Surveyors Limited, a firm of professional valuer, on the following basis:

Trademark licence:	The Relief from Royalty method under the Income Approach
Platform:	The Multi-period Excess Earnings method under the Income Approach
Content agreement:	The Multi-period Excess Earnings method under the Income Approach

(d) Intellectual property represents a series of interactive role-playing game Apps available on the three major global digital distribution platforms, namely Apple's App Store, Google's Play Store and Amazon's App Store which arose from the acquisition of CSL on 9 October 2014 (Note 41(b)).

The intellectual property was valued as of the date of acquisition by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of professional valuer, using the Relief from Royalty method under the Income Approach.

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For the year ended 31 December 2014

21. INVENTORIES

Group

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Finished goods for resale	**6,649**	–	–

During the year, the Group wrote down the carrying values of inventories of HK$356,000 (2013: Nil).

22. TRADE AND OTHER RECEIVABLES

		Group			Company		
	Notes	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Trade receivables	(i)	**380**	314	6,516	**–**	–	–
Other receivables	(ii)	**18,912**	1,513	969	**4,875**	200	–
Deposits and prepayments		**5,633**	1,635	4,129	**722**	339	186
Total		**24,925**	3,462	11,614	**5,597**	539	186

The fair value of trade and other receivables is considered by the Directors not to be materially different from carrying amounts.

Notes to the Financial Statements

For the year ended 31 December 2014

22. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(i) At 31 December 2014, the ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
0–30 days	**244**	148	3,994
31–60 days	**95**	166	1,240
61–90 days	**41**	–	1,282
	380	314	6,516

Sales of goods and food and beverages are normally made on a cash basis. Credit card receivables from financial institutions in respect of those sales are aged within 45 days.

The Group allows a credit period ranging from 15 to 45 days (2013: 15 to 45 days) to its asset management clients. The credit period for asset management contracts can be extended under special circumstances.

Ageing analysis of trade receivables, based on due date, which are past due but not impaired is as follows:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Less than 30 days past due	**339**	314	5,234
31–60 days past due	**41**	–	1,282
	380	314	6,516

Trade receivables that were past due but not impaired related to a customer (2013: Nil) that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

(ii) All other receivables as at 31 December 2014 and 31 December 2013 were aged less than 30 days past due, based on the due date.

Notes to the Financial Statements

For the year ended 31 December 2014

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Held for trading			
Listed securities, at fair value:			
— Equity securities — Australia	**–**	–	158
— Equity securities — Japan	**–**	–	72
Total	**–**	–	230

Movements in financial assets at fair value through profit or loss during the year are as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
At 1 January	**–**	230
Loss on financial assets at fair value through profit or loss		
— Discontinued operations	**–**	(37)
Disposal of subsidiaries (Note 40(b))	**–**	(193)
At 31 December	**–**	–

Notes to the Financial Statements

For the year ended 31 December 2014

24. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, none of cash and bank balances of the Group are denominated in Renminbi ("RMB") (2013 (Restated): HK$138,000). RMB is not freely convertible into other currencies. Under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through the banks which are authorised to conduct foreign exchange business.

25. TRADE AND OTHER PAYABLES

	Group			Company		
		(Restated)	(Restated)		(Restated)	(Restated)
	As at 31 December 2014 HK$'000	As at 31 December 2013 HK$'000	As at 1 January 2013 HK$'000	**As at 31 December 2014 HK$'000**	As at 31 December 2013 HK$'000	As at 1 January 2013 HK$'000
Trade payables	**9,237**	–	–	**–**	–	–
Other payables (Note (a))	**64,198**	834	2,697	**–**	–	–
Accrued charges (Note (b))	**7,720**	2,533	12,972	**1,610**	979	4,908
Advances from a director (Note (c))	**11,600**	–	–	**–**	–	–
	92,755	3,367	15,669	**1,610**	979	4,908
Categorised as:						
Current portion	**68,666**	3,367	15,669	**1,610**	979	4,908
Non-current portion	**24,089**	–	–	**–**	–	–
	92,755	3,367	15,669	**1,610**	979	4,908

Notes to the Financial Statements

For the year ended 31 December 2014

25. TRADE AND OTHER PAYABLES (continued)

Details of the trade and other payables including the ageing analysis of trade payables based on invoice date are as follows:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
0–30 days			
31–60 days	**3,305**	–	–
61–90 days	**5,616**	–	–
90–120 days	**316**	–	–
More than 120 days	**–**	–	–
	9,237	–	–

Notes:

(a) The balance represented contingent consideration payable by the Group of HK$64,198,000 (2013: Nil) for the acquisition of CSL (Note 41(b)) to be paid in two instalments comprising HK$40,809,000 payable during the year ending 31 December 2015 and HK$23,389,000 payable during the year ending 31 December 2016.

(b) The balance included the provision for store reinstatement costs of HK$700,000 (2013: Nil) the Group is presently obligated to make under a non-cancellable operating lease contract.

(c) The advances are in the principal amounts of HK$1,600,000, HK$2,500,000 and HK$7,500,000, and are unsecured, non-interest bearing, and repayable on 24 March 2015, 27 April 2015 and 28 May 2015 respectively.

26. NOTE PAYABLE

The balance at 31 December 2013 represented the carrying amount of the promissory notes of total principal amount of HK$6,472,000 (Restated) issued as incentive fee payable to bondholders who exercised their rights to convert the convertible bonds (Note 30) into ordinary shares of the Company on or before 30 November 2013. The principal amount was arrived at based on 4% of the principal value of the convertible bonds.

Notes to the Financial Statements

For the year ended 31 December 2014

27. BORROWINGS

	Group			Company		
		(Restated)	(Restated)		(Restated)	(Restated)
	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	**As at 31 December 2014**	As at 31 December 2013	As at 1 January 2013
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000	HK$'000
Current liabilities						
Bank loans — secured (Note (a))	**2,623**	2,030	1,993	**–**	–	–
Other loan — secured (Note (b))	**–**	–	15,525	**–**	–	–
Redeemable convertible preference shares (Note 28)	**7,502**	7,581	–	**7,502**	7,581	–
	10,125	9,611	17,518	**7,502**	7,581	–
Non-current liabilities						
Bank loans — secured (Note (a))	**30,327**	23,117	25,000	**–**	–	–
Redeemable convertible preference shares (Note 28)	**–**	–	7,496	**–**	–	7,496
	30,327	23,117	32,496	**–**	–	7,496
Total	**40,452**	32,728	50,014	**7,502**	7,581	7,496

	Group			Company		
		(Restated)	(Restated)		(Restated)	(Restated)
	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	**As at 31 December 2014**	As at 31 December 2013	As at 1 January 2013
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000	HK$'000
Borrowings are repayable as follows:						
Within one year	**10,125**	9,611	17,518	**7,502**	7,581	–
In the second year	**2,510**	1,904	1,872	**–**	–	–
In the third to fifth years	**7,793**	5,882	13,276	**–**	–	7,496
After the fifth year	**20,024**	15,331	17,348	**–**	–	–
Total	**40,452**	32,728	50,014	**7,502**	7,581	7,496

Notes to the Financial Statements

For the year ended 31 December 2014

27. BORROWINGS (continued)

Notes:

(a) Bank loans

(i) Bank property instalment loans totaling HK$30,000,000 and HK$10,000,000 were raised in 2011 and 2014 which are interest-bearing at 1.25% over 1-month HIBOR per annum and 2.25% over 1-month HIBOR per annum respectively and are repayable by 180 monthly instalments. The maturity date, on which the last instalment shall be due for repayment, will be 31 March 2026 and 29 May 2029 respectively.

(ii) The bank loans are secured by:

— mortgage over leasehold land and building of the Group situated in Hong Kong with a net carrying amount of HK$69,497,000 as at 31 December 2014 (2013 (Restated): HK$71,636,000) (Note 15); and

— corporate guarantee of unlimited amount given by the Company (2013: corporate guarantees of unlimited amount and an amount up to HK$30,000,000 given by the Company and AIDAML, a wholly owned subsidiary of the Company, respectively).

(iii) Amounts due are based on the scheduled repayment dates set out in the loan agreement. The banking facilities are subject to the fulfilment of certain covenants, as are commonly found in the lending arrangement with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with those covenants, is up to date with the scheduled repayments of the bank loans, and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: Nil).

(b) Other loan

(i) Interest rate was charged on other loan at 0.1% per day (i.e. 36.5% per annum) and the effective interest rate was 43.06% per annum. The balance was fully repaid on 4 January 2013.

(ii) The other loan was secured by personal guarantee from a former substantial shareholder of the Company.

Notes to the Financial Statements

For the year ended 31 December 2014

28. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

Group and Company

On 14 September 2011 ("issue date"), the Company issued 10,019,790 redeemable convertible preference shares ("RCPS") of par value of US$0.10 each (before the capital reduction with effect from 31 May 2012) at subscription price of US$2.00 per RCPS, of which US$0.10 per RCPS was paid on subscription and the remaining balance of US$1.90 per RCPS will be paid immediately prior to the conversion of the RCPS into ordinary shares of the Company.

Each holder of the RCPS has the option to convert the RCPS into shares at an initial conversion price of HK$1.23 per share, subject to the conversion price reset scheme. At the end of 6-month period from the issue date and at the end of every 6-month period thereafter, the conversion price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company. The conversion price shall not be lower than the par value of the ordinary shares of the Company. The RCPS mature five years from the issue date at an amount equals to the initial RCPS subscription price of the RCPS redeemed or can be convertible into shares on and after the issue date up to 7 September 2016 at the holder's option upon the payment of the remaining balance of US$1.90 per share. The RCPS holders may request the Company to redeem the RCPS (in whole or in part) on or after the third anniversary of the issue date of the RCPS. The RCPS are not entitled to any dividend and may be redeemed by the Company after the issue date at the early redemption amount provided that the closing market price of the ordinary shares of the Company is at least 150% of the conversion price for 30 consecutive trading days.

In accordance with the terms and conditions thereof, the conversion price was reset on 14 March 2012, 14 March 2013 and 14 September 2013, 14 March 2014 and the prevailing conversion price is HK$0.13 per share as reset upon the completion of bonus issue as set out in Note 44(b) on 27 January 2015.

The residual amount of the proceeds of the RCPS over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component and is included in borrowings.

The carrying value of the liability component of the RCPS recognised in the statement of financial position at the end of the reporting period are as follows:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Net carrying amount at 1 January	**7,581**	7,496	7,411
Exercise of redeemable convertible preferences shares	**(167)**	–	–
Effective interest expense for the year (Note 8)	**88**	85	85
Net carrying amount at 31 December (Note 27)	**7,502**	7,581	7,496

Interest expense on the RCPS is calculated using effective interest method by applying the effective interest rate of 1.14% (2013: 1.14%) per annum.

Notes to the Financial Statements

For the year ended 31 December 2014

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group and Company

	2014 HK$'000	(Restated) 2013 HK$'000
Derivatives embedded in the convertible bonds issued:		
Balance at 1 January	**11,053**	46,339
Conversion of bonds	**(3,061)**	(41,842)
Redemption of bonds	**(826)**	–
Issue of bonds (Note 30)	**14,718**	–
Loss on financial liabilities at fair value through profit or loss	**2,480**	6,556
Balance at 31 December	**24,364**	11,053
Derivatives embedded in the warrants issued:		
Balance at 1 January	**375**	560
Exercise of warrants	**(834)**	–
Loss/(Gain) on financial liabilities at fair value through profit or loss	**459**	(185)
Balance at 31 December	**–**	375
Derivatives embedded in the redeemable convertible preference shares issued:		
Balance at 1 January	**825**	203
Exercise of redeemable convertible preference shares	**(74)**	–
Loss on financial liabilities at fair value through profit or loss	**3,070**	622
Balance at 31 December	**3,821**	825
Total	**28,185**	12,253

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Categorised as:			
Current liabilities	**7,164**	11,878	46,339
Non-current liabilities	**21,021**	375	763
Total	**28,185**	12,253	47,102
Losses/(Gains) recognised in profit or loss relating to financial instruments held by the Group	**6,009**	6,993	(19,375)

Notes to the Financial Statements

For the year ended 31 December 2014

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

In October 2010, the Company repurchased the convertible bonds previously issued in March 2006 at a consideration comprising cash of HK$156,000,000 financed by the issue of Tranche 1 Convertible Bonds (Note 30) and an aggregate of 60,000,000 warrants issued. The fair values of warrants issued were valued by an independent professional valuer upon initial recognition.

During the year ended 31 December 2014, principal amount of HK$13,000,000 (2013: HK$171,000,000) of convertible bonds was converted into 17,105,262 (2013: 219,230,761) ordinary shares of the Company (Note 32(d), (e) and (h)) (2013: Note 32(a)) at the conversion price of HK$0.76 (2013: HK$0.78) per share, with fair value of derivatives embedded therein of HK$3,061,000 (2013 (Restated): HK$41,842,000) at the dates of conversion, as calculated using the Binomial Option Pricing Model.

During the year ended 31 December 2014, warrants with an amount of HK$2,250,000 were exercised at the exercise price of HK$1.096 per share and 2,052,919 ordinary shares of the Company were allotted and issued (Note 32(i)), with fair value of derivatives embedded therein of HK$834,000 at the date of exercise, as calculated using the Binomial Option Pricing Model.

During the year ended 31 December 2014, 4,344,301 ordinary shares of the Company were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$3,432,000 at the exercise price of HK$0.79 per share, with fair value of derivatives embedded therein of HK$74,000 at the date of exercise, as calculated using the Binomial Option Pricing Model.

The fair values at 31 December 2014 and 31 December 2013 are calculated using the Binomial Option Pricing Model for the derivatives embedded in the convertible bonds, the RCPS and the warrants issued respectively. The inputs into the model are as follows:

	Derivatives embedded in the 2014 Convertible Bonds issued		Derivatives embedded in the Tranche 1 and Tranche 2 Convertible Bonds issued		Warrants issued		Derivatives embedded in the redeemable convertible preference shares issued	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Expected volatility	**68%**	N/A	**64.92%**	65.33%	**N/A**	65.33%	**61.05%**	70.68%
Expected life	**2.45 years**	N/A	**0.76 year**	1.76 years	**N/A**	1.76 years	**1.70 years**	2.70 years
Risk-free rate	**1.37%**	N/A	**0.101%**	0.30%	**N/A**	0.30%	**0.44%**	0.56%
Spot price	**HK$2.48**	N/A	**HK$2.48**	HK$0.79	**N/A**	HK$0.79	**HK$2.48**	HK$0.79
Expected dividend yield	**0%**	N/A	**0%**	0%	**N/A**	0%	**0%**	0%

The Binomial Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share price, therefore the changes in subjective input assumptions can materially affect the fair value estimates.

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For the year ended 31 December 2014

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Increased volatility by 6.5% would increase the fair value of embedded derivatives in 2014 Convertible Bonds by approximately HK$1,826,000. Lower volatility by 6.5% would decrease the fair value of embedded derivatives in 2014 Convertible Bonds by approximately HK$246,000. Increased or decreased volatility by 6.5% would not increase or decrease the value of the embedded derivatives in Tranche 1 Convertible Bonds and redeemable convertible preference shares.

30. CONVERTIBLE BONDS

Group and Company

(a) Tranche 1 and Tranche 2 Convertible Bonds

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK$250,000,000, comprising Tranche 1 of principal amount up to HK$160,000,000 ("Tranche 1 Convertible Bonds") and Tranche 2 of principal amount of up to HK$90,000,000 ("Tranche 2 Convertible Bonds"), subject to certain conditions. In October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK$156,000,000 of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company's 2010 Annual Report. On 30 March 2011, with the fulfilment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the bank loan (Note 27).

Tranche 1 and Tranche 2 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder(s) at any time after the date of issuance up to and including the date which is seven days prior to the maturity date of 4 October 2015, into new shares of the Company at a price of HK$0.18 per share initially, subject to the conversion price reset where at the end to 6-month period from the date of issuance and at the end of every 6-month period thereafter, the conversion price shall be adjusted to 110% of the one-month volume weighted average price with a floor of HK$0.78 per share and provided that the conversion price shall not in any event be higher than the lower of HK$1.80 per share and the previous adjusted conversion price reset. Tranche 1 and Tranche 2 Convertible Bonds are transferable without restriction and may be redeemed by the Company after the date of issuance at the early redemption amount, which shall result in an annual yield equal to 3.5% per annum compound on a semiannual basis, provided that the closing market price of the shares is at least 150% of the conversion price for 30 consecutive trading days. The bondholder(s) of Tranche 1 and Tranche 2 Convertible Bonds may request the Company to redeem at the aforesaid early redemption amount on or after the third anniversary of 4 October 2010.

In accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011 and 4 April 2013, 24 February 2014, and the prevailing conversion price is HK$0.12 per share which was adjusted upon the completion of bonus issue as set out in Note 44(b) on 24 February 2014.

The residual amounts of the proceeds of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, are assigned as the liability component.

Notes to the Financial Statements

For the year ended 31 December 2014

30. CONVERTIBLE BONDS (continued)

Group and Company (continued)

(b) 2014 Convertible Bonds

In April 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Abundant Star Ventures Limited ("Abundant Star") and Vantage Edge Limited ("Vantage Edge") pursuant to which Abundant Star and Vantage Edge agreed to subscribe the convertible bonds in principal amount of HK$100,000,000 and HK$75,000,000, respectively, bearing a compound interest rate of 5% per annum (the "2014 Convertible Bonds"). On 13 June 2014, all the conditions precedent set out in the Subscription Agreement have been fulfilled and that the issue of the 2014 Convertible Bonds has been completed.

The 2014 Convertible Bonds are convertible at the option of the bondholders at any time during the period commencing from the date of issue of the convertible bonds up to and including the date falling seven days prior to the third anniversary of the date of issue of the 2014 Convertible Bonds (the "Maturity date") at a price of HK$0.80 per share initially. The prevailing conversion price is HK$0.13 per share which was adjusted upon the completion of bonus issue as set out in Note 44(b) on 27 January 2015. The 2014 Convertible Bonds are only transferable with the prior notification to the Company and the 2014 Convertible Bonds may be transferred in integral multiples of HK$1,000,000. The Company may, having given not less than thirty days' notice to the bondholders, redeem the 2014 Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2014 Convertible Bonds, in integral multiples of HK$1,000,000 at any time prior to the Maturity Date and subject to bondholder's agreement. The bondholders may also by written notice to the Maturity Date elect to extend the term of the 2014 Convertible Bonds then outstanding, in whole or in part, for a term of one year and thereafter for a further one year.

The conversion option embedded in the 2014 Convertible Bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the 2014 Convertible Bonds liability component. Other embedded derivative (i.e. the call option of the Company and the 2014 Convertible Bonds holder's extension option) is separated from the host debt because its economic characteristics and risks are not closely related to those of the host debt and is accounted for as financial liabilities at fair value through profit or loss.

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30. CONVERTIBLE BONDS (continued)

Group and Company (continued)

(b) 2014 Convertible Bonds (continued)

The 2014 Convertible Bonds liability component is initially recognised at its fair value and is subsequently measured at amortised cost. The 2014 Convertible Bonds recognised in the statement of financial position at the date of issuance on 13 June 2014 are calculated as follows:

	2014 Convertible bonds HK$'000
Face value of the 2014 Convertible Bonds issued	175,000
Transaction costs	(339)
Net proceeds	174,661
Equity component (Note 33)	(8,061)
	166,600
Financial liabilities at fair value through profit or loss (Note 29)	(14,718)
Liability component on initial recognition upon issuance of the 2014 Convertible Bonds	151,882

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30. CONVERTIBLE BONDS (continued)

Group and Company (continued)

The carrying values of the liability component of the convertible bonds recognised in the statement of financial position at the end of the reporting period are as follows:

	2014 HK$'000	(Restated) 2013 HK$'000
Net carrying amounts at 1 January	**44,511**	195,876
Effective interest expense for the year (Note 8)	**11,044**	16,980
Conversion of Tranche 1 and Tranche 2 Convertible Bonds	**(13,581)**	(168,345)
Redemption of Tranche 1 Convertible Bonds during the year	**(10,525)**	–
Issue of 2014 Convertible Bonds during the year	**151,882**	–
Net carrying amounts at 31 December	**183,331**	44,511

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Categorised as:			
Current liabilities	**23,313**	44,511	195,876
Non-current liabilities	**160,018**	–	–
	183,331	44,511	195,876

During the year ended 31 December 2014, principal amount of HK$13,000,000 (2013: HK$171,000,000) of the convertible bonds was converted into 17,105,262 (2013: 219,230,761) ordinary shares of the Company (Note 32(d), (e) and (h)) (2013: Note 32(a)) at the conversion price of HK$0.76 (2013: HK$0.78) per share, with the carrying value of the liability component of the convertible bonds of HK$13,581,000 (2013 (Restated): HK$168,345,000) at the date of conversion.

Interest expense of the 2014 Convertible Bonds, the Tranche 1 and Tranche 2 Convertible Bonds for the year ended 31 December 2014 is calculated using effective interest method by applying an effective interest rate of 10.08% (2013: Nil), 9.43% (2013: 9.43%) and 10.95% (2013: 10.95%) per annum to the liability component respectively.

Notes to the Financial Statements

For the year ended 31 December 2014

31. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on temporary differences under liability method using the rates of taxation prevailing in the countries in which the Group operates.

Group

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value adjustments arising from the acquisition of subsidiaries HK$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Acquisition of subsidiaries (Note 41)	14,788
Credited to profit or loss (Note 10)	(3,188)
Disposal of subsidiaries (Note 40(a))	(866)
At 31 December 2014	**10,734**

The amount credited to profit or loss relating to the amortisation of intangible assets.

The major deferred tax assets not recognised in the consolidated statement of financial position are as follows:

	Accelerated tax depreciation HK$'000	Unutilised tax losses* HK$'000	Total HK$'000
At 31 December 2014	**(8,912)**	**78,516**	**69,604**
At 31 December 2013 (Restated)	(8,365)	68,346	59,981

* The tax losses can be carried forward indefinitely if certain criteria can be met under the respective tax jurisdictions.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

Company

No deferred tax has been provided in the financial statements of the Company as the recoverability of the potential deferred tax assets is uncertain.

Notes to the Financial Statements

For the year ended 31 December 2014

32. SHARE CAPITAL

Group and Company

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US$'000	Equivalent nominal value HK$'000
Authorised				
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014 (par value of US$0.01 each)	19,000,000,000	1,000,000,000	200,000	1,560,000
Issued and fully paid				
At 1 January 2013 (Restated) (par value of US$0.01 each)	137,779,206	10,019,790	1,378	10,747
Conversion of convertible bonds (Note (a))	219,230,761	–	2,192	17,100
Placing of shares (Note (b))	27,552,000	–	276	2,149
At 31 December 2013 and 1 January 2014 (Restated) (par value of US$0.01 each)	**384,561,967**	**10,019,790**	**3,846**	**29,996**
Consideration shares issued for the acquisition of HMV Ideal (Note (c))	**60,000,000**	**–**	**600**	**4,680**
Consideration shares issued for the acquisition of CSL (Note (p))	**1,627,795**	**–**	**16**	**127**
Conversion of convertible bonds (Note (d), (e) and (h))	**17,105,262**	**–**	**171**	**1,334**
Exercise of redeemable convertible preference shares (Note (f), (g), (j), (k), (l) and (q))	**4,344,301**	**(220,000)**	**43**	**338**
Exercise of warrants (Note (i))	**2,052,919**	**–**	**21**	**160**
Exercise of share options (Note (m), (n), (o), (r), (s), (t) and (u))	**3,480,813**	**–**	**35**	**272**
At 31 December 2014 (par value of US$0.01 each)	**473,173,057**	**9,799,790**	**4,732**	**36,907**

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For the year ended 31 December 2014

32. SHARE CAPITAL (continued)

Group and Company (continued)

Notes:

(a) On 18 October 2013 and 29 November 2013, principal amount of HK$129,000,000 and HK$42,000,000 of convertible bonds were converted into 165,384,609 and 53,846,152 ordinary shares at the conversion price of HK$0.78 per share, respectively.

(b) On 5 December 2013, pursuant to the placing agreement between the Company and a placing agent, the Company issued in aggregate 27,552,000 new ordinary shares at a price of HK$0.68 per share to independent third parties for a total cash consideration of HK$18,735,360 before issue expenses of HK$197,000, of which HK$2,149,000 and HK$16,586,000 were credit to share capital and share premium account respectively.

(c) On 24 February 2014, the Company's issued share capital was increased by HK$46,800,000 through the issue of 60,000,000 shares as part of the consideration to acquire HMV Ideal as set out in Note 41(a). The fair value of the consideration shares as determined by the closing market price of HK$0.72 per share on 24 February 2014 (being date of issue of shares) was HK$43,200,000. The premium on the issue of new shares amounting to HK$38,520,000 has been credited to the share premium account and direct issued costs was HK$506,000.

(d) On 5 May 2014, principal amount of HK$9,000,000 of Tranche 1 Convertible Bonds were converted into 11,842,105 ordinary shares at the conversion price of HK$0.76 per share.

(e) On 6 June 2014, principal amount of HK$1,000,000 of Tranche 2 Convertible Bonds were converted into 1,315,789 ordinary shares at the conversion price of HK$0.76 per share.

(f) On 23 July 2014, 394,936 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$312,000 at the exercise price of HK$0.79 per share.

(g) On 31 July 2014, 987,341 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$780,000 at the exercise price of HK$0.79 per share.

(h) On 4 July 2014, principal amount of HK$3,000,000 of Tranche 2 Convertible Bonds were converted into 3,947,368 ordinary shares at the conversion price of HK$0.76 per share.

(i) On 9 July 2014, 2,052,919 ordinary shares were allotted and issued upon exercise of 2,052,919 warrants for a total amount of HK$2,250,000 at the exercise price of HK$1.096 per share.

(j) On 7 August 2014, 592,405 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$468,000 at the exercise price of HK$0.79 per share.

(k) On 15 August 2014, 592,405 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$468,000 at the exercise price of HK$0.79 per share.

(l) On 18 August 2014, 1,757,468 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$1,388,400 at the exercise price of HK$0.79 per share.

(m) On 3 September 2014, 148,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$139,120 at the exercise price of HK$0.94 per share.

(n) On 23 September 2014, 446,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$419,240 at the exercise price of HK$0.94 per share.

Notes to the Financial Statements

For the year ended 31 December 2014

32. SHARE CAPITAL (continued)

Group and Company (continued)

Notes: (continued)

(o) On 23 September 2014, 700,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$686,000 at the exercise price of HK$0.98 per share.

(p) On 9 October 2014, the Company's issued share capital was increased by HK$127,000 through the issue of 1,627,795 shares as part of the consideration to acquire CSL as set out in Note 41(b). The fair value of the consideration shares as determined by the closing market price of HK$1.38 per share on 9 October 2014 (being the date of issue of shares) was HK$2,246,000. The premium on the issue of new shares amounting to HK$2,119,000 has been credited to the share premium account.

(q) On 13 October 2014, 19,746 ordinary shares were allotted and issued upon exercise of redeemable convertible preference shares for a total amount of HK$15,600 at the exercise price of HK$0.79 per share.

(r) On 17 November 2014, 548,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$515,120 at the exercise price of HK$0.94 per share.

(s) On 3 December 2014, 620,813 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$726,972 at the exercise price of HK$1.171 per share.

(t) On 12 December 2014, 496,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$486,080 at the exercise price of HK$0.98 per share.

(u) On 12 December 2014, 522,000 ordinary shares were allotted and issued upon exercise of share options for a total amount of HK$490,680 at the exercise price of HK$0.94 per share.

33. RESERVES

Group

	Note	**As at 31 December 2014 HK$'000**	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Share premium	a	**280,266**	212,885	3,409
Convertible bonds equity reserve (Note 30)	b	**8,061**	–	–
Capital reserve	c	**2,112**	2,112	2,112
Capital redemption reserve	d	**601**	601	601
Employee share-based compensation reserve	e	**52,331**	36,109	34,555
Investment revaluation reserve	f	**–**	–	1,702
Foreign exchange reserve	g	**–**	231	50
Accumulated losses		**(380,092)**	(274,731)	(190,553)
		(36,721)	(22,793)	(148,124)

33. RESERVES (continued)

Group (continued)

Details of the movements in the above reserves during the year are set out in the consolidated statement of changes in equity on pages 41 and 42. Nature and purpose of the reserves is as follows:

(a) **Share premium**

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) **Convertible bonds equity reserve**

This represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 3(h)(ii).

(c) **Capital reserve**

This represents a capital reserve arising from the acquisition of a subsidiary in 2000.

(d) **Capital redemption reserve**

This represents the repurchase of shares of the Company listed on the Stock Exchange. These repurchased shares were cancelled upon repurchase and, accordingly, the nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the accumulated losses and share premium accounts.

(e) **Employee share-based compensation reserve**

This relates to share options granted to employees and directors under the Company's Share Option Scheme. Further information about share-based payments to directors and employees is set out in Note 34.

(f) **Investment revaluation reserve**

This represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments have been disposed of, are determined to be impaired.

(g) **Foreign exchange reserve**

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 3(g).

Notes to the Financial Statements

For the year ended 31 December 2014

33. RESERVES (continued)

Company

	Share premium HK$'000	Convertible bonds equity reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013 (Restated)	3,409	–	2,112	601	35,145	(201,335)	(160,068)
Placing of shares	16,586	–	–	–	–	–	16,586
Share issue expenses	(197)	–	–	–	–	–	(197)
Issue of shares upon conversion of bonds	193,087	–	–	–	–	–	193,087
Employee share-based compensation	–	–	–	–	952	–	952
Employee share-based compensation granted to subsidiaries	–	–	–	–	601	–	601
Loss for the year	–	–	–	–	–	(134,709)	(134,709)
At 31 December 2013 (Restated) and at 1 January 2014	**212,885**	**–**	**2,112**	**601**	**36,698**	**(336,044)**	**(83,748)**
Share-based compensation	**–**	**–**	**–**	**–**	**18,241**	**–**	**18,241**
Issue of convertible bonds	**–**	**8,061**	**–**	**–**	**–**	**–**	**8,061**
Issue of consideration shares for acquisition of subsidiaries	**40,639**	**–**	**–**	**–**	**–**	**–**	**40,639**
Share issue expenses	**(506)**	**–**	**–**	**–**	**–**	**–**	**(506)**
Issue of shares upon conversion of bonds	**15,308**	**–**	**–**	**–**	**–**	**–**	**15,308**
Issue of shares upon conversion of redeemable convertible preference shares	**3,162**	**–**	**–**	**–**	**–**	**–**	**3,162**
Issue of shares upon exercise of warrants	**2,924**	**–**	**–**	**–**	**–**	**–**	**2,924**
Issue of shares upon exercise of share options	**5,854**	**–**	**–**	**–**	**(1,440)**	**–**	**4,414**
Lapse of share options	**–**	**–**	**–**	**–**	**(644)**	**–**	**(644)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(48,697)**	**(48,697)**
At 31 December 2014	**280,266**	**8,061**	**2,112**	**601**	**52,855**	**(384,741)**	**(40,846)**

Notes to the Financial Statements

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34. SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 27 March 2002 (the "2002 Share Option Scheme") was expired and a new share option scheme (the "2014 Share Option Scheme") was adopted by an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 15 April 2014 (the "Adoption Date"). The 2014 Share Option Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date.

Upon the expiry of the 2002 Share Option Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The Company operates both the 2002 Share Option Scheme and the 2014 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Pursuant to the 2014 Share Option Scheme, the directors of the Company may grant options to eligible participants persons (as defined in the 2014 Share Option Scheme) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

2002 Share Option Scheme

The remaining share options granted under the 2002 Share Option Scheme are for other eligible participants and are exercisable as follows:

(a) the first 30% of the options between the first and tenth anniversary of the date of grant;

(b) the next 30% of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

Notes to the Financial Statements

For the year ended 31 December 2014

34. SHARE OPTION SCHEME (continued)

2002 Share Option Scheme (continued)

The following table sets out information relating to the 2002 Share Option Scheme during the year:

			Number of share options					
Date of grant (dd/mm/yyyy)	Exercise price HK$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2014	Options exercisable as at 31 December 2014
24/03/2006	57.054	24/03/2007 to 23/03/2016	269,916	–	–	–	269,916	269,916
26/04/2006	57.054	26/04/2007 to 25/04/2016	809,756	–	–	–	809,756	809,756
29/01/2007	27.045	29/01/2008 to 28/01/2017	134,956	–	–	–	134,956	134,956
11/02/2008	13.337	11/02/2009 to 10/02/2018	708,543	–	–	–	708,543	708,543
29/12/2008	1.334	29/12/2009 to 28/12/2018	269,916	–	–	–	269,916	269,916
07/10/2010	1.171	07/10/2011 to 06/10/2020	2,321,300	–	(620,813)	(715,284)	985,203	985,203
16/03/2012	1.206	16/03/2013 to 15/03/2022	4,325,000	–	–	(925,000)	3,400,000	2,040,000
14/05/2012	1.136	14/05/2013 to13/05/2022	980,000	–	–	–	980,000	588,000
			9,819,387	–	(620,813)	(1,640,284)	7,558,290	5,806,290

The following table discloses movements in the outstanding options granted by the Company under the 2002 Share Option Scheme during the year:

					Number of share options				
Year	Date of grant (dd/mm/yyyy)	Grantees	Exercise period	Exercise Price HK$	Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2014
2014	24/03/2006	Former directors and former employees	24/03/2007 to 23/03/2016	57.054	269,916	–	–	–	269,916
	26/04/2006	Former directors and former employees	26/04/2007 to 25/04/2016	57.054	809,756	–	–	–	809,756
	29/01/2007	Former directors and former employees	29/01/2008 to 28/01/2017	27.045	134,956	–	–	–	134,956
	11/02/2008	Former directors and former employees	11/02/2009 to 10/02/2018	13.337	708,543	–	–	–	708,543
	29/12/2008	Former directors and former employees	29/12/2009 to 28/12/2018	1.334	269,916	–	–	–	269,916
	07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	1.171	2,321,300	–	(620,813)	(715,284)	985,203
	16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	1.206	4,325,000	–	–	(925,000)	3,400,000
	14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	1.136	980,000	–	–	–	980,000
				Total	9,819,387	–	(620,813)	(1,640,284)	7,558,290
				Weighted average exercise price	HK$8.565	–	HK$1.171	HK$1.191	HK$10.773

Notes to the Financial Statements

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34. SHARE OPTION SCHEME (continued)

2002 Share Option Scheme (continued)

					Number of share options				
Year	Date of grant (dd/mm/yyyy)	Grantee	Exercise period	Exercise Price HK$	Balance as at 1 January 2013	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2013
2013	24/03/2006	Former directors and former employees	24/03/2007 to 23/03/2016	57.054	269,916	–	–	–	269,916
	26/04/2006	Former directors and former employees	26/04/2007 to 25/04/2016	57.054	809,756	–	–	–	809,756
	29/01/2007	Former directors and former employees	29/01/2008 to 28/01/2017	27.045	134,956	–	–	–	134,956
	11/02/2008	Former directors and former employees	11/02/2009 to 10/02/2018	13.337	708,543	–	–	–	708,543
	29/12/2008	Former directors and former employees	29/12/2009 to 28/12/2018	1.334	269,916	–	–	–	269,916
	07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	1.171	2,523,739	–	–	(202,439)	2,321,300
	16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	1.206	4,905,000	–	–	(580,000)	4,325,000
	14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	1.136	980,000	–	–	–	980,000
				Total	10,601,826	–	–	(782,439)	9,819,387
				Weighted average exercise price	HK$8.022	–	–	HK$1.197	HK$8.565

No option was granted during the years ended 31 December 2014 and 2013.

1,640,284 (2013: 782,439) options were lapsed upon resignation of employees during the year ended 31 December 2014.

The weighted average closing price of the shares immediately before the date on which share options were exercised was HK$1.73.

Share-based compensation expense of HK$127,000 (2013 (Restated): HK$1,828,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

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34. SHARE OPTION SCHEME (continued)

2014 Share Option Scheme

The following table sets out information relating to the 2014 Share Option Scheme during the year:

			Number of share options					
Date of grant (dd/mm/yyyy)	Exercise price HK$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31 December 2014	Options exercisable as at 31 December 2014
15/05/2014	0.98	15/05/2014–14/05/2024	–	11,528,000	(1,196,000)	–	10,332,000	9,132,000
20/06/2014	0.94	20/06/2014–19/06/2024	–	21,876,000	(1,664,000)	(7,500,000)	12,712,000	10,737,000
			–	33,404,000	(2,860,000)	(7,500,000)	23,044,000	19,869,000

			Number of share options							
Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Balance as at 1 January 2014	Transferred from other category on 23 May 2014	Granted during the year	Exercised during the year	Lapsed during the year	Transferred to other category on 23 May 2014	Balance as at 31 December 2014	Exercise price per share HK$
15/05/2014	Directors	(1) and (5)	–	9,128,000	–	(200,000)	–	–	8,928,000	0.98
20/06/2014	Directors	(2)	–	–	11,426,000	(450,000)	(5,000,000)	–	5,976,000	0.94
			–	9,128,000	11,426,000	(650,000)	(5,000,000)	–	14,904,000	
15/05/2014	Other eligible participants	(3) and (5)	–	–	11,528,000	(996,000)	–	(9,128,000)	1,404,000	0.98
20/06/2014	Other eligible participants	(4)	–	–	10,450,000	(1,214,000)	(2,500,000)	–	6,736,000	0.94
			–	–	21,978,000	(2,210,000)	(2,500,000)	(9,128,000)	8,140,000	
		Total	–	9,128,000	33,404,000	(2,860,000)	(7,500,000)	(9,128,000)	23,044,000	
		Weighted average exercise price	–	HK$0.98	HK$0.95	HK$0.96	HK$0.94	HK$0.98	HK$0.96	

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For the year ended 31 December 2014

34. SHARE OPTION SCHEME (continued)

2014 Share Option Scheme (continued)

Notes:

(1) Exercisable from 15 May 2014 to 14 May 2024.

(2) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.

(3) Divided into two tranches exercisable from 15 May 2014 and 15 May 2015, respectively to 14 May 2024.

(4) Divided into four tranches exercisable from 20 June 2014, 1 January 2015, 20 June 2015 and 1 January 2016, respectively to 19 June 2024.

(5) Mr. Chang Tat Joel and Mr. Ho Gilbert Chi Hang were appointed as Directors of the Company on 23 May 2014, such share options were transferred from the category of "Other eligible participants" to "Directors".

(6) The closing price of the shares of the Company quoted on the Stock Exchange on 14 May 2014, being the business date immediately before the date on which share options were granted, was HK$0.97.

(7) The closing price of the shares of the Company quoted on the Stock Exchange on 19 June 2014, being the business date immediately before the date on which share options were granted, was HK$0.95.

33,404,000 options were granted under the 2014 Share Option Scheme during the year ended 31 December 2014.

7,500,000 option were lapsed upon resignation of directors and other eligible participants during the year ended 31 December 2014.

The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$1.86.

The fair value of the options granted during the year ended 31 December 2014, measured at the date of grant, totalled approximately HK$26,260,000. The weighted average remaining contractual life of the options outstanding as at 31 December 2014 was approximately 8.74 years.

Share-based compensation expense of HK$19,336,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

The total number of share available for issue under the scheme is 11,052,196 representing approximately 0.35% of the Company's total number of issued shares at the date of this report.

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34. SHARE OPTION SCHEME (continued)

2014 Share Option Scheme (continued)

The following significant assumptions were used to derive the fair value of the share options granted in the year ended 31 December 2014, using the Binomial Option Pricing Model:

(i) an expected constant volatility: between 87% and 88% throughout the option life;

(ii) nil dividend yield;

(iii) the estimated expected life of the options granted is 10 years; and

(iv) the risk free rates are based on the yields on Hong Kong Exchange Fund Bills and Notes.

In determining the volatility, the historical volatility of the Company prior to the issuance of share options has been considered. The volatility is measured based on the daily price change and the volatility measured on daily basis provided a reasonable estimation for the expected volatility is considered.

35. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Other than those disclosed elsewhere in these financial statements, details of the other significant transactions between the Group and other related parties during the year ended 31 December 2014 are as follows:

(a) Remuneration for key management personnel of the Group, including amounts paid to the Directors and the highest paid employees other than the Directors of the Company is as follows:

	2014 **HK$'000**	(Restated) 2013 HK$'000
Fees	**588**	753
Salaries, allowances and benefits in kind	**3,279**	5,432
Bonus paid and payable	**–**	1,700
Termination payments	**–**	945
Retirement fund contributions	**36**	54
Share-based compensation expense	**12,347**	1,257
	16,250	10,141

Notes to the Financial Statements

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35. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) During the year, the Group had the following material related party transactions:

	2014 HK$'000	(Restated) 2013 HK$'000
Fee rebate paid and payable to key management staff of the Group	**57**	853
Service fee paid and payable to the non-controlling shareholders, Outblaze Ventures Holdings Limited ("Outblaze")	**592**	–

(c) As at 31 December 2014 and 31 December 2013, the balances with related parties were:

	As at 31 December 2014 HK$'000	(Restated) As at 31 December 2013 HK$'000	(Restated) As at 1 January 2013 HK$'000
Fee rebate payable to key management staff of the Group	**–**	68	1,414
Note payable to former substantial shareholders of the Company	**–**	3,476	–
Advances from a director, Mr. Wu King Shiu, Kelvin (Note 25(c))	**11,600**	–	–
Amount due to Outblaze	**270**	–	–

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For the year ended 31 December 2014

36. COMMITMENTS

(a) Operating leases

As at 31 December 2014, the total future minimum lease payments of the Group and the Company under non-cancellable operating leases are payable as follows:

Group

	As at 31 December 2014 Land and buildings HK$'000	(Restated) As at 31 December 2013 Land and buildings HK$'000	(Restated) As at 1 January 2013 Land and buildings HK$'000	**As at 31 December 2014 Motor vehicles HK$'000**	(Restated) As at 31 December 2013 Motor vehicles HK$'000	(Restated) As at 1 January 2013 Motor vehicles HK$'000	**As at 31 December 2014 Others HK$'000**	(Restated) As at 31 December 2013 Others HK$'000	(Restated) As at 1 January 2013 Others HK$'000	**As at 31 December 2014 Total HK$'000**	(Restated) As at 31 December 2013 Total HK$'000	(Restated) As at 1 January 2013 Total HK$'000
Within one year	**19,560**	993	2,145	**-**	–	55	**-**	54	70	**19,560**	1,047	2,270
In the second to fifth years	**8,476**	2,429	–	**-**	–	–	**-**	–	–	**8,476**	2,429	–
	28,036	3,422	2,145	**-**	–	55	**-**	54	70	**28,036**	3,476	2,270

Company

	As at 31 December 2014 Land and buildings HK$'000	(Restated) As at 31 December 2013 Land and buildings HK$'000	(Restated) As at 1 January 2013 Land and buildings HK$'000
Within one year	**1,141**	993	–
In the second to fifth years	**1,284**	2,429	–
	2,425	3,422	–

The Group and the Company leased certain properties under operating leases in Hong Kong. The leases run for an initial period of 2 to 3 years (2013: 2 to 3 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/ lessors. None of the leases include contingent rentals.

Notes to the Financial Statements

For the year ended 31 December 2014

36. COMMITMENTS (continued)

(b) Capital commitments

Group

On 1 December 2014, a wholly-owned subsidiary of the Company, the Company, Mr. Zhuang Xiao Jie ("Mr. Zhuang"), Mr. Zhang Yong Feng and Ms. Chen Xiao Ping entered into a sale and purchase agreement, pursuant to which the wholly-owned subsidiary of the Company has agreed to purchase seventy (70) shares of US$1.00 each in the share capital of Honestway Global Group Limited ("Honestway Global"), representing 70% of the issued share capital of Honestway Global at an aggregate amount of RMB84,000,000 (the "Consideration") subject to adjustments. The Consideration is to be settled in several instalments by cash and issuance of new shares of the Company to Mr. Zhuang. Details are set out in Note 44(b) to the financial statements.

Other than the above, the Group had no material capital commitments as at 31 December 2014.

As at 31 December 2013, the Group had no material capital commitments.

Company

As at 31 December 2014 and 31 December 2013, the Company had no material capital commitments.

37. CONTINGENCIES

The Company provided corporate guarantee of unlimited amount (2013: the Company and AIDAML, its wholly owned subsidiary, provided corporate guarantees of unlimited amount and an amount up to HK$30,000,000 respectively) to secure bank loans granted to another wholly owned subsidiary of the Company, HK$32,950,000 (2013: HK$25,147,000) of which the maximum amount required to pay if the guarantees were called on, as set out in Note 27 to the financial statements. The Company had not recognised any provision in the financial statements as at 31 December 2014 (2013: Nil) in respect of the corporate guarantee as the Directors considered that the probability for the holder of the corporate guarantee to call upon the Company as a result of default in repayment is remote.

Save as disclosed above, the Group and the Company had no material contingent liabilities as at 31 December 2014 and 31 December 2013.

Notes to the Financial Statements

For the year ended 31 December 2014

38. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH USED IN OPERATIONS

	Notes	2014 HK$'000	(Restated) 2013 HK$'000
Cash flows from operating activities			
Continuing operations			
Loss before taxation		**(105,209)**	(80,336)
Adjustments for:			
Amortisation of intangible assets	9, 20	**19,320**	–
Depreciation of property, plant and equipment	9, 15	**7,297**	4,735
Finance costs	8	**12,272**	24,009
Foreign exchange (gains)/losses, net	9	**–**	6
Employee share-based compensation expense	14(d)	**19,463**	1,828
Write off of property, plant and equipment	9, 15	**1,415**	116
Gain on disposal of property, plant and equipment	7	**(5)**	(72)
Share-based payment	9	**128**	–
Loss on financial liabilities at fair value through profit or loss		**6,009**	6,993
Interest income	7	**(452)**	–
Impairment of intangible assets	20	**356**	26,705
Gain on deregistration of a subsidiary	38	**(231)**	–
Gain on disposal of subsidiaries	40(a)	**(8,684)**	–
Operating loss before working capital changes		**(48,321)**	(16,016)
Increase in inventories		**(1,630)**	–
(Increase)/Decrease in trade and other receivables		**(20,709)**	7,558
Increase/(Decrease) in trade and other payables		**8,531**	(11,614)
Cash outflow from operations		**(62,129)**	(20,072)

Notes to the Financial Statements

For the year ended 31 December 2014

39. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2014, the Group has the following major non-cash transactions:

(i) On 24 February 2014, the Group acquired approximately 53.18% equity interest of HMV Ideal, at a fair value consideration of HK$43,200,000, which was satisfied by way of allotment and issue of 60,000,000 ordinary shares of the Company (Note 41(a)).

(ii) On 5 May 2014, 6 June 2014 and 4 July 2014, Tranche 1 and Tranche 2 Convertible Bonds in aggregate principal amount of HK$13,000,000 at the conversion price of HK$0.76 per share whereby a respective total number of 17,105,262 conversion shares were issued. As a result of the conversion, share capital and share premium account of the Company have increased by approximately HK$1,334,000 and HK$15,308,000 respectively and the aggregate of which represents proportional amounts of the derivative component and the liability component at the time of conversion (Note 32(d), (e) and (h)).

(iii) On 9 October 2014, the Group acquired 70% of the issued share capital of CSL at fair value of consideration of approximately HK$88,702,000. The consideration was settled by cash of approximately HK$22,532,000, issue of shares of approximately HK$2,246,000, consideration payable of approximately HK$40,809,000 and fair value of contingent consideration of approximately HK$23,115,000 (Note 41(b)).

(iv) On 22 December 2014, the Group acquired 35.46% of the issued share capital of HMV Ideal in exchange for the disposal of its 98% of the issued share capital of VS Media Co Limited for a consideration of HK$14,947,000 (Note 40(a)).

During the year ended 31 December 2013, the following major non-cash transactions occurred:

(i) Certain subsidiaries were disposed to Crosby Management Holdings Limited ("CMHL") in a total consideration of HK$230,000 (Restated), which was offset against amount due to CMHL in respect of the promissory note dated 29 May 2013 issued to CMHL by Aira Capital Limited, a wholly owned subsidiary of the Company (Note 40(b)).

(ii) Certain subsidiaries were disposed to a former Director of the Company in a total consideration of HK$8,177,000 (Restated), of which HK$5,919,000 (Restated) was settled through offset of the entire outstanding provision for salary and bonus owned by the Group to the former Director (Note 40(b)).

(iii) Promissory notes of total principal amount of HK$6,840,000 were issued as incentive fee payable to bondholders who exercised their rights to convert the convertible bonds into ordinary shares of the Company on or before 30 November 2013 (Note 26).

(iv) On 18 October 2013 and 29 November 2013, the Tranche 1 and Tranche 2 Convertible Bonds in aggregate principal amount of HK$171,000,000 at the conversion price of HK$0.78 per share whereby a respective total number of 27,552,000 conversion shares were issued. As a result of the conversion, share capital and share premium account of the Company had increased by approximately HK$17,100,000 and HK$193,087,000 respectively and the aggregate of which represented proportional amounts of the derivative component and the liability component at the time of conversion (Note 32(a)).

Notes to the Financial Statements

For the year ended 31 December 2014

40. DISPOSALS OF SUBSIDIARIES

(a) Disposal of VS Media Co Limited

On 22 December 2014, the Group disposed of 98% equity interests in VS Media Co Limited, which is principally engaged in content creators support and development, in exchange for the acquisition of approximately 35.46% equity interests in HMV Ideal. The net assets of VS Media Co Limited at the date of disposal were as follows:

	2014 HK$'000
Net assets of subsidiaries disposed of:	
Intangible assets (Note 20)	5,250
Attributable goodwill (Note 20)	4,836
Other receivables	389
Cash and cash equivalents	79
Trade and other payables	(3,290)
Deferred tax liabilities (Note 31)	(866)
Non-controlling interests	(7)
	6,391
Less: Non-controlling interests	(128)
	6,263
Deemed consideration	14,947
Gain on disposal of subsidiaries included in other income in the consolidated statement of profit or loss for the year (Note 7)	8,684
Satisfied by:	
3,120 ordinary shares of HMV Ideal, at fair value	14,947
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	79

Notes to the Financial Statements

For the year ended 31 December 2014

40. DISPOSALS OF SUBSIDIARIES (continued)

(b) Disposal of certain subsidiaries

During the year ended 31 December 2013, the Group disposed of certain subsidiaries as follows:

(i) On 13 June 2013, the Group disposed of its entire interests in Crosby Securities Limited and Steeple Capital Limited to CMHL at a consideration of HK$230,000 (Restated) (Note 39). CMHL is beneficially owned by a former director of AIDAML), a wholly owned subsidiary of the Company and CMHL is also a former substantial shareholder of the Company.

(ii) On 26 June 2013, the Group disposed of its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a joint venture of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary to companies beneficially owned by a former director of the Company, who resigned as the Director of the Company on 18 March 2013, date of signing the agreement for the disposal, for a consideration of HK$8,177,000 (Restated) (Note 39).

(iii) On 23 October 2013, the Group disposed of its entire interests in Crosby Asset Management (Holdings) Limited and Crosby Investment (BVI) Limited and its subsidiaries to a company beneficially owned by a former director of the Company, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, for cash consideration of HK$2,181,000 (Restated).

Notes to the Financial Statements

For the year ended 31 December 2014

40. DISPOSALS OF SUBSIDIARIES (continued)

(b) Disposal of certain subsidiaries (continued)

Net assets of the subsidiaries at the dates of disposal were as follows:

	(Restated) 2013 HK$'000
Net assets of subsidiaries disposed of:	
Property, plant and equipment (Note 15)	102
Interest in a joint venture (Note 17)	1,957
Available-for-sale investments (Note 19)	4,495
Intangible assets (Note 20)	47
Trade and other receivables	827
Financial assets at fair value through profit or loss (Note 23)	193
Cash and cash equivalents	8,908
Trade and other payables	(919)
Note payable	(5,507)
	10,103
Less: Non-controlling interests	(14)
	10,089
Total consideration	10,588
Gain on disposal of subsidiaries included in loss for the year from discontinued operations (Note 11)	499
Satisfied by:	
Cash	4,439
Note payable (Note 39)	230
Provision for salary and bonus (Note 39)	5,919
	10,588
Net cash outflow arising on disposal:	
Cash consideration	4,439
Cash and bank balances disposed of	(8,908)
	(4,469)

Notes to the Financial Statements

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41. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of HMV Ideal

On 24 February 2014, the Group further acquired 4,680 ordinary shares of HMV Ideal, representing 53.18% of the issued share capital of HMV Ideal, at a consideration of HK$46,800,000, which was settled by the issue of 60,000,000 ordinary shares of the Company at the issue price of HK$0.78 each. Together with the subscription of the 1,000 ordinary shares of HMV Ideal, representing 11.36% of the enlarged share capital of HMV Ideal, at a consideration of HK$10,000,000 on 10 December 2013, the Group has an aggregate interest of 64.54% in HMV Ideal. HMV Ideal, together with its subsidiaries, is engaged in the operation of the Central Retail Store, the HMV online business and an online fashion platform. The acquisition of HMV Ideal enables the Group to build an integrated online and offline business ecology in the entertainment and lifestyle sector.

The fair value of identifiable assets and liabilities of HMV Ideal as at the date of acquisition were:

	HK$'000
Net assets acquired:	
Property, plant and equipment (Note 15)	162
Inventories	5,375
Trade and other receivables	1,143
Cash and cash equivalents	1,395
Intangible assets (Note 20)	50,800
Trade and other payables	(8,333)
Deferred tax liabilities recognised upon fair value adjustments (Note 31)	(8,382)
The fair value of net assets acquired	42,160
Less: Non-controlling interests	(14,947)
	27,213
Total consideration (at fair value)	53,200
Goodwill arising on acquisition (Note 20)	25,987
Consideration satisfied by:	
Available-for-sale investment (Note 19)	10,000
60,000,000 ordinary shares of the Company, at fair value	43,200
	53,200

The fair value of 60,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK$0.72 of the Company's shares on the date of completion. Out of the total fair value of HK$43,200,000, HK$4,680,000 was credited to share capital and the remaining balance of HK$38,520,000 was credited to the share premium account.

Notes to the Financial Statements

For the year ended 31 December 2014

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of HMV Ideal (continued)

The fair value of trade and other receivables at the date of acquisition amounting to HK$1,143,000 which was also the gross contractual amounts of these trade and other receivables acquired. None of the contractual cash flows of the above amount was estimated to be uncollectible.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK$14,947,000.

Goodwill of HK$25,987,000 arose on this acquisition, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The acquired business contributed revenue of HK$36,327,000 and a loss after income tax of HK$31,459,000 to the Group for the period from 22 February 2014 to 31 December 2014.

Had the acquisition occurred on 1 January 2014, the Group's revenue and loss after income tax would have been HK$44,563,000 and HK$34,302,000 respectively for the year ended 31 December 2014.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

On 22 December 2014, the Group further acquired the remaining 35.46% of the issued share capital of HMV Ideal at a consideration being the aggregate of (i) 980 ordinary shares in VS Media Co Limited and (ii) the amounts owed by VS Media Limited to each of HMV Ideal, HMV Marketing Limited, Vissible Co & Limited and Viss Me Co & Limited outstanding as at the date of completion of the transaction, which shall not in any event be more than HK$6,100,000.

Notes to the Financial Statements

For the year ended 31 December 2014

41. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of HMV Ideal (continued)

The transaction has been accounted for as equity transaction with the non-controlling interests as follows:

	2014 HK$'000
Consideration paid for 35.46% ownership interest	**14,947**
Net liabilities attributable to 35.46% ownership interest	**1,327**
Decrease in equity attributable to owners of the Company (included in accumulated losses)	**16,274**

(b) Acquisition of CSL

On 10 September 2014, the Group entered into a sale and purchase agreement with Outblaze Ventures Holdings Limited (the "Vendor"), pursuant to which the Group acquires 70% of the issued share capital of CSL at an aggregate consideration of US$9,660,000 (equivalent to approximately HK$75,106,500, the "Consideration"), subject to adjustment. The Consideration is to be satisfied by the Company by way of cash and allotment and issue of ordinary shares of the Company to the Vendor. The acquisition was completed on 9 October 2014. Accordingly, the Group owns 70% of the issued share capital of CSL and CSL became a subsidiary of the Group thereafter.

CSL, which is a limited liability company incorporated in the British Virgin Islands, together with its subsidiary, is engaged in the development, operation and distribution of mobile games. After the acquisition, the Group will have potential to collaborate with other products which target similar end users such as toys and fashion products and have strong synergies with the operations of the Group, for the development of an innovative Online to Offline platform and e-commerce business.

Notes to the Financial Statements

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41. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of CSL (continued)

The fair value of identifiable assets and liabilities arising from the acquisition of CSL as at the date of acquisition were:

	2014 HK$'000
Net assets acquired:	
Intangible assets (Note 20)	38,822
Trade and other payables	(16)
Deferred tax liabilities recognised upon fair value adjustments (Note 31)	(6,406)
The fair value of net assets acquired	32,400
Less: Non-controlling interests	(9,720)
Fair value of net assets acquired	22,680
Total consideration at fair value	88,702
Goodwill arising on acquisition (Note 20)	66,022
Consideration satisfied by:	
Cash	22,532
1,627,795 ordinary shares of the Company, at fair value (Note 32(p))	2,246
Contingent consideration payable (Note 25)	63,924
	88,702

	2014 HK$'000
Purchase consideration settled in cash	(22,532)
Cash and cash equivalents acquired	–
Cash outflow on acquisition	(22,532)

The fair value of 1,627,795 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK$1.38 of the Company's shares on the date of completion. Out of the total fair value of HK$2,246,000, HK$127,000 was credited to share capital and the remaining balance of HK$2,119,000 was credited to the share premium account.

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41. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of CSL (continued)

The above contingent consideration represents the third instalment of the Consideration and includes a performance-based adjustment, which principally based on the shortfall between the audited consolidated net profits of CSL and its subsidiary (the "CSL Group") for the year ending 31 December 2015 and the performance target of US$2,750,000 (or equivalent to approximately HK$21,381,000), if any. The adjustment will be settled after the release of the audited financial statements of CSL Group for the year ending 31 December 2015. The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make under such arrangement is between nil to US$3,220,000 (or equivalent to HK$25,035,500). At the acquisition date, the fair value of the contingent consideration arrangement of HK$23,115,000 was estimated by applying the discounted cash flow approach at a discount rate of 5.25%. As of 31 December 2014, the fair value of the contingent consideration was increased by HK$274,000 as a result of the effective interest for the period from the date of acquisition up to 31 December 2014.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK$9,720,000.

The acquisition-related costs of HK$850,000 have been expensed and are included in administrative expenses for the year ended 31 December 2014. The attributable costs of the issuance of the Company's shares of HK$506,000 have been deducted in the share premium.

Goodwill of HK$66,022,000 arose on this acquisition, which is not deductible for tax purposes, comprises the expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The acquired business contributed revenue of HK$16,052,000 and a profit after income tax of HK$8,924,000 to the Group for the period from 9 October 2014 to 31 December 2014.

Had the acquisition occurred on 1 January 2014, the Group's revenue and gain after income tax would have been HK$16,052,000 and HK$8,907,000 respectively for the year ended 31 December 2014.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

Notes to the Financial Statements

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, as detailed below, which are managed by the five Executive Directors collectively in close cooperation with the Board of Directors:

(A) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables arising from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the statement of financial position. The Group trades only with recognised and creditworthy third parties on specific terms mutually agreed prior to any business transaction.

The management of the Group closely monitors the credit worthiness of the counterparties so as to ensure full recovery, including scrutinising their financial position. In this regard, the Directors consider that the Group's credit risk is minimal.

The credit risk on liquid funds is limited because the Group mainly places deposits with leading financial institutions in Hong Kong.

As at 31 December 2014, the maximum exposure to credit risk in respect of financial guarantees issued by the Company was HK$32,950,000 (2013 (Restated): HK$25,147,000) which represented the maximum amount the Company could be required to pay if the guarantees were called on (Note 27).

(B) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

(i) Foreign currency risk management

The Group's main exposure to foreign currencies includes its investments in foreign subsidiaries and financial assets and liabilities at fair value through profit or loss where the foreign currency risk is managed as an integral part of the investment return.

Several subsidiaries of the Group also have foreign currency revenue and costs, which expose the Group to foreign currency risk. The Group manages this risk by reserving sufficient revenue to settle the costs in the relevant foreign currency, subject to other operating requirements.

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are subject to foreign exchange risk, at 31 December 2014, 31 December 2013 and 1 January 2013 are summarised as follows:

	As at 31 December 2014					
	HK$ denominated HK$'000	US$ denominated equivalent HK$'000	YEN denominated equivalent HK$'000	AUD denominated equivalent HK$'000	Other currencies equivalent HK$'000	Total HK$'000
ASSETS						
Available-for-sale investments	818	–	–	–	–	818
Trade and other receivables*	3,872	16,168	–	–	–	20,040
Cash and cash equivalents	101,698	369	–	–	–	102,067
	106,388	16,537	–	–	–	122,925
LIABILITIES						
Trade and other payables	(25,806)	(66,280)	(9)	–	(660)	(92,755)
Financial liabilities at fair value through profit or loss	(28,185)	–	–	–	–	(28,185)
Borrowings	(40,452)	–	–	–	–	(40,452)
Convertible bonds	(183,331)	–	–	–	–	(183,331)
	(277,774)	(66,280)	(9)	–	(660)	(344,723)
NET TOTAL	(171,386)	(49,743)	(9)	–	(660)	(221,798)

Notes to the Financial Statements

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

	(Restated) As at 31 December 2013					
	HK$ denominated HK$'000	US$ denominated equivalent HK$'000	YEN denominated equivalent HK$'000	AUD denominated equivalent HK$'000	Other currencies equivalent HK$'000	Total HK$'000
ASSETS						
Available-for-sale investments	10,000	–	–	–	–	10,000
Trade and other receivables*	1,959	314	–	–	–	2,273
Cash and cash equivalents	13,078	310	–	–	5,306	18,694
	25,037	624	–	–	5,306	30,967
LIABILITIES						
Trade and other payables	(3,216)	(151)	–	–	–	(3,367)
Note payable	(6,472)	–	–	–	–	(6,472)
Financial liabilities at fair value through profit or loss	(12,253)	–	–	–	–	(12,253)
Borrowings	(32,728)	–	–	–	–	(32,728)
Convertible bonds	(44,511)	–	–	–	–	(44,511)
	(99,180)	(151)	–	–	–	(99,331)
NET TOTAL	(74,143)	473	–	–	5,306	(68,364)

Notes to the Financial Statements

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

	(Restated) As at 1 January 2013					
	HK$ denominated HK$'000	US$ denominated equivalent HK$'000	YEN denominated equivalent HK$'000	AUD denominated equivalent HK$'000	Other currencies equivalent HK$'000	Total HK$'000
ASSETS						
Note receivable	21,848	–	–	–	–	21,848
Available-for-sale investments	998	4,462	–	–	–	5,460
Trade and other receivables*	1,748	8,320	–	–	–	10,068
Financial assets at fair value through profit or loss	–	–	72	158	–	230
Cash and cash equivalents	16,036	5,738	–	–	1,784	23,558
	40,630	18,520	72	158	1,784	61,164
LIABILITIES						
Trade and other payables	(9,846)	(5,823)	–	–	–	(15,669)
Loan payable	(479)	–	–	–	–	(479)
Financial liabilities at fair value through profit or loss	(47,102)	–	–	–	–	(47,102)
Borrowings	(50,014)	–	–	–	–	(50,014)
Convertible bonds	(195,876)	–	–	–	–	(195,876)
	(303,317)	(5,823)	–	–	–	(309,140)
NET TOTAL	(262,687)	12,697	72	158	1,784	(247,976)

* Excluded from the trade and other receivables of HK$20,040,000 (2013: HK$2,273,000 2012 (Restated): HK$10,068,000) is an amount of HK$4,885,000 (2013: HK$1,189,000 2012 (Restated): HK$1,546,000) representing prepayments which are not subject to foreign exchange risk.

Notes to the Financial Statements

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in YEN and AUD. Other currencies mainly represented HK$ and US$. Since HK$ is pegged to US$, the Group does not expect any significant movements in US$/HK$ exchange rate. The following table details the Group's sensitivity to a 20% (2013: 20%) increase and decrease in the HK$ against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where HK$ weaken 20% against the relevant currency. For a 20% strengthening of HK$ against the relevant currency, there would be an equal and opposite impact on the loss and other equity, and the balances below would be negative.

			2014		
Foreign Currency	**As at 31 December HK$'000**	**Increase in exchange rate %**	**Effect on loss for the year and equity HK$'000**	**Decrease in exchange rate %**	**Effect on loss for the year and equity HK$'000**
YEN	**9**	**20**	**(2)**	**20**	**2**
AUD	**0**	**20**	**0**	**20**	**0**
TOTAL	**9**		**(2)**		**2**

			2013		
Foreign Currency	(Restated) As at 31 December HK$'000	Increase in exchange rate %	(Restated) Effect on loss for the year and equity HK$'000	Decrease in exchange rate %	(Restated) Effect on loss for the year and equity HK$'000
YEN	–	20	–	20	–
AUD	–	20	–	20	–
TOTAL	–		–		–

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(ii) Interest rate risk management

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's floating interest rate borrowing as disclosed in Note 27 to the financial statements. During the year, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk as the interest rate risk exposure is not significant.

(iii) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	As at 31 December 2014			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets:				
Available-for-sale investments — Unlisted	–	–	818	818
Financial liabilities:				
Financial liabilities at fair value through profit or loss	–	–	(28,185)	(28,185)
Contingent consideration payables	–	–	(64,198)	(64,198)
	–	–	(92,383)	(92,383)

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(iii) Fair value measurements recognised on the statement of financial position (continued)

	(Restated) As at 31 December 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets:				
Available-for-sale investments				
— Unlisted	–	10,000	–	10,000
Financial liabilities:				
Financial liabilities at fair value through profit or loss	–	–	(12,253)	(12,253)

	(Restated) As at 1 January 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets:				
Available-for-sale investments				
— Unlisted	–	5,460	–	5,460
Financial assets at fair value through profit or loss	230	–	–	230
	230	5,460	–	5,690
Financial liabilities:				
Financial liabilities at fair value through profit or loss	–	–	(47,102)	(47,102)

There have been no significant transfers among levels 1, 2 and 3 in the reporting period.

As the volatility for share was derived from the share's historical prices which typically does not represent current market participant's expectations about future volatility, accordingly the fair value of the embedded derivatives in convertible bonds, warrants and redeemable convertible preference shares is categorised within level 3 of the fair value hierarchy and the comparative was represented as level 3 financial instruments.

The details of the valuation of the fair value of contingent consideration payables are disclosed in Note 41(b).

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(iii) Fair value measurements recognised on the statement of financial position (continued)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to previous reporting periods.

Listed securities

These are mainly denominated in YEN and AUD. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

Unlisted securities

The fair value of unlisted funds is determined by reference to their net assets value.

Financial liabilities at fair value through profit or loss

The fair value of financial liabilities at fair value through profit or loss is measured using the Binomial Option Pricing Model as disclosed in Note 29 to the financial statements.

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The cash management of all operating entities is centralised, including the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(C) Liquidity risk (continued)

The following table details the Group's and the Company's remaining contractual maturities for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk.

Group

2014

	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:							
Trade and other payables*	(8,587)	(7,553)	(75,790)	–	–	(91,930)	(91,930)
Borrowings	(7,830)	(758)	(2,275)	(11,968)	(22,000)	(44,831)	(40,452)
Convertible bonds	–	–	(21,741)	(175,000)	–	(196,741)	(183,331)
TOTAL	(16,417)	(8,311)	(99,806)	(186,968)	(22,000)	(333,502)	(315,713)

(Restated)
2013

	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:							
Trade and other payables*	(1,388)	–	(663)	–	–	(2,051)	(2,051)
Note payable	–	–	(6,840)	–	–	(6,840)	(6,472)
Borrowings	(187)	(553)	(1,669)	(16,739)	(16,232)	(35,380)	(32,728)
Convertible bonds	–	–	–	(45,552)	–	(45,552)	(44,511)
TOTAL	(1,575)	(553)	(9,172)	(62,291)	(16,232)	(89,823)	(85,762)

(Restated)
2013

	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 1 January HK$'000
Non-derivatives:							
Trade and other payables*	(5,641)	(42)	(3,341)	(2,894)	–	(11,918)	(11,918)
Loan payable	(479)	–	–	–	–	(479)	(479)
Borrowings	(15,772)	(562)	(1,677)	(16,770)	(18,509)	(53,290)	(50,014)
Convertible bonds	–	–	–	(222,589)	–	(222,589)	(195,876)
TOTAL	(21,892)	(604)	(5,018)	(242,253)	(18,509)	(288,276)	(258,287)

* Excluded from trade and other payables of HK$91,930,000 (2013: HK$2,051,000; 2012: HK$11,918,000) is an amount of HK$125,000 (2013: HK$1,316,000; 2012: HK$3,751,000) representing provision for payments for long service and unconsumed leave, the settlement which will depend upon either the termination of services of the relevant staff and management discretion respectively and provision for store reinstatement costs of HK$700,000 (2013: Nil; 2012: Nil), and therefore the liquidity terms cannot be reasonably ascertained.

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(C) Liquidity risk (continued)

Company

	2014						
	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:							
Other payables	(724)	(22)	(864)	–	–	(1,610)	(1,610)
Borrowings	(7,643)	–	–	–	–	(7,643)	(7,502)
Convertible bonds	–	–	(21,741)	(175,000)	–	(196,741)	(183,331)
TOTAL	(8,367)	(22)	(22,605)	(175,000)	–	(205,994)	(192,443)
Financial guarantees issued: Maximum amount guaranteed	(32,950)	–	–	–	–	(32,950)	–

	(Restated) 2013						
	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:							
Other payables	(979)	–	–	–	–	(979)	(979)
Note payable	–	–	(6,840)	–	–	(6,840)	(6,472)
Borrowings	–	–	–	(7,815)	–	(7,815)	(7,581)
Convertible bonds	–	–	–	(45,552)	–	(45,552)	(44,511)
TOTAL	(979)	–	(6,840)	(53,367)	–	(61,186)	(59,543)
Financial guarantees issued: Maximum amount guaranteed	(25,147)	–	–	–	–	(25,147)	–

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(C) Liquidity risk (continued)

Company (continued)

	(Restated) 2013						
	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 1 January HK$'000
Non-derivatives:							
Other payables	(4,908)	–	–	–	–	(4,908)	(4,908)
Borrowings	–	–	–	(7,815)	–	(7,815)	(7,496)
Convertible bonds	–	–	–	(222,589)	–	(222,589)	(195,876)
TOTAL	(4,908)	–	–	(230,404)	–	(235,312)	(208,280)
Financial guarantees issued: Maximum amount guaranteed	(26,993)	–	–	–	–	(26,993)	–

(D) Capital risk management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide capital for the purpose of potential mergers and acquisitions.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Notes to the Financial Statements

For the year ended 31 December 2014

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(D) Capital risk management (continued)

The Directors review the capital structure annually. As part of this review, the Directors assess the annual budget prepared by management of the Company and consider the cost of capital and the risks associated with each class of capital.

The Group is not subject to externally imposed capital requirements, except for a wholly owned subsidiary, AIDAML. This subsidiary met its relevant paid up share capital and liquid capital requirements as stipulated by respective regulators throughout the year.

For capital management purpose, the Directors regard the total equity presented in the face of statement of financial position as capital. The amount of capital deficiency attributable to owners of the Company as at 31 December 2014 was HK$286,000 (2013: equity attributable to owners of the Company of HK$7,203,000).

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name	Place/Country of incorporation/ establishment	Principal place of operation	Issued share capital	Percentage of issued share capital held by the Company		Principal activities
				2014	2013	
Action Key Investments Limited	Samoa	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding
Crosby Capital (Holdings) Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding
Crosby Capital (Hong Kong) Limited	Hong Kong	Hong Kong	ordinary HK$1,006	**100%**	100%	Provision of corporate services
AID Partners Asset Management Limited (formerly known as Shikumen Capital Management (HK) Limited)	Hong Kong	Hong Kong	ordinary HK$3,080,000	**100%**	100%	Provision of investment advisory and fund management services

Notes to the Financial Statements

For the year ended 31 December 2014

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place/Country of incorporation/ establishment	Principal place of operation	Issued share capital	Percentage of issued share capital held by the Company 2014	2013	Principal activities
Honour Best Holdings Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	N/A	Investment holding
8088 Management Limited	Hong Kong	Hong Kong	ordinary HK$1	**100%**	N/A	Provision of corporate services
HMV Ideal Limited *(formerly known as Billion Merit Investments Limited)*	British Virgin Islands	N/A	8,800 ordinary shares at US$1 each	**100%**	11.36%	Investment holding
HMV Master Quality Sound Limited *(formerly known as Merit Century Group Limited)*	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	11.36%	Inactive
HMV eShop Limited *(formerly known as Raise Best Group Limited)*	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	11.36%	Investment holding
HMV Marketing Limited	Hong Kong	Hong Kong	ordinary HK$1	**100%**	11.36%	Retailing of musical recordings, compact discs, vinyls, digital versatile discs, blu-ray discs and other entertainment related products
Vissible Co & Limited	British Virgin Islands	N/A	10,000 ordinary shares at US$1 each	**100%**	11.36%	Investment holding
Viss Me Co & Limited	Hong Kong	Hong Kong	ordinary HK$10,000	**100%**	11.36%	Mobile and web advertising and promotion and mobile and web based e-commerce services
Bonus Boost Enterprises Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	N/A	Investment holding

Notes to the Financial Statements

For the year ended 31 December 2014

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place/Country of incorporation/ establishment	Principal place of operation	Issued share capital	Percentage of issued share capital held by the Company 2014	2013	Principal activities
Complete Star Limited	British Virgin Islands	N/A	100 ordinary shares at US$1 each	**70%**	N/A	Investment holding
Complete Star (HK) Limited	Hong Kong	Hong Kong	ordinary HK$10,000	**70%**	N/A	Development and operation of mobile games

All of the above principal subsidiaries are limited liability companies and are indirectly held by the Company except for AID Partners Asset Management Limited, Crosby Capital (Holdings) Limited and Honour Best Holdings Limited.

The Directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of the principal subsidiaries which materially affect the results or the assets of the Group.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

44. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 70% issued share capital of Honestway Global Group Limited (the "Acquisition")

On 1 December 2014, a wholly-owned subsidiary of the Company, the Company, Mr. Zhuang Xiao Jie ("Mr. Zhuang"), Mr. Zhang Yong Feng and Ms. Chen Xiao Ping entered into a sale and purchase agreement, pursuant to which the wholly-owned subsidiary of the Company has agreed to purchase seventy (70) shares of US$1.00 each in the share capital of Honestway Global Group Limited ("Honestway Global"), representing 70% of the issued share capital of Honestway Global at an aggregate amount of RMB84,000,000 (the "Consideration") subject to adjustments. The Consideration is to be settled in several instalments by cash and issuance of new shares of the Company to Mr. Zhuang.

As the conditions precedent have not been satisfied yet, the abovementioned acquisition has not yet completed, as of the date of these financial statements.

Details of the abovementioned acquisition were set out in the Company's announcements dated 1 December 2014 and 17 February 2015 and 17 March 2015 and circular dated 2 March 2015.

An extraordinary meeting was held on 17 March 2015 and the Acquisition was duly passed as an ordinary resolution of the Company.

Notes to the Financial Statements

For the year ended 31 December 2014

44. EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Bonus issue of the Company's shares

On 27 January 2015, the Company completed the issue of bonus shares to the qualifying shareholders of the Company on the basis of five (5) bonus shares for every one (1) existing share of the Company held on the record date, i.e. 16 January 2015 (the "Bonus Issue") and a total of 2,366,865,285 new shares of the Company were allotted and issued under the Bonus Issue.

Details of the Bonus Issue were set out in the Company's announcements dated 10 December 2014 and 27 January 2015 and circular dated 19 December 2014.

(c) A proposed joint venture

On 21 January 2015, a wholly-owned subsidiary of the Company entered into a non-legally binding term sheet with CEA Asia Holdings, LLC ("CEA Asia") for the purpose of the possible establishment of a joint venture (the "Proposed Joint Venture"), in which the wholly-owned subsidiary of the Company and CEA Asia are expected to be effectively interested as to 51% and 49% respectively. As at the date of these financial statements, the Proposed Joint Venture has not yet been established.

Details of the Proposed Joint Venture are set out in the Company's announcement dated 21 January 2015.

(d) Disposal of the entire issued share capital of Crosby Capital (Holdings) Limited

On 17 February 2015, the Company entered into a sale and purchase agreement with an independent third party, in which the Company sold the entire issued share capital of Crosby Capital (Holdings) Limited at a consideration of HK$37,000,000 (the "Disposal") and the Disposal was completed on the same date.

Details of the Disposal are set out in the Company's announcement dated 17 February 2015.

Appendix I

FIVE-YEAR FINANCIAL SUMMARY

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

	2014	(Restated) 2013	(Restated) 2012	(Restated) 2011	(Restated) 2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial results					
Loss attributable to owners of the Company	**(89,666)**	(84,452)	(38,220)	(49,093)	(45,692)
Assets and liabilities					
Total assets	**369,361**	106,534	172,323	200,429	106,525
Total liabilities	**(357,222)**	(99,331)	(309,140)	(336,375)	(223,182)
Total equity/(capital deficiency)	**12,139**	7,203	(136,817)	(135,946)	(116,657)

Appendix II

CORPORATE INFORMATION

Board of Directors
Executive Directors:
Wu King Shiu, Kelvin
Chang Tat Joel
Ho Gilbert Chi Hang
Huang Kenian
Wang Dayong

Non-Executive Director
Stephen Shiu Junior

Independent Non-Executive Directors:
Shi Jinsheng
Sin Hendrick
Yuen Kwok On

Audit Committee
Yuen Kwok On *Chairman*
Shi Jinsheng
Sin Hendrick

Remuneration Committee
Yuen Kwok On *Chairman*
Shi Jinsheng
Sin Hendrick

Nomination Committee
Shi Jinsheng *Chairman*
Sin Hendrick
Yuen Kwok On

Company Secretary
Chan Suet Ngan

Compliance Officer
Ho Gibert Chi Hang

Principal Bankers
East West Bank
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

Auditor
BDO Limited

Solicitors
Troutman Sanders

Registered Office
Cricket Square,
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P.O. Box 2681,
Grand Cayman KY1–1111,
Cayman Islands

Share Registrars and Transfer Office
Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road Easet
Wanchai
Hong Kong

Stock Code
GEM 8088