Wai Chun Mining Industry Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0660)

2013
Annual Report

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Lam Ching Kui *(Chairman and Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Chun Wai, Tony
Hau Pak Man
To Yan Ming, Edmond

AUTHORISED REPRESENTATIVES

Lam Ching Kui
Tong Chi Cheong

COMPANY SECRETARY

Tong Chi Cheong

AUDIT COMMITTEE

Chan Chun Wai, Tony *(Chairman)*
Hau Pak Man
To Yan Ming, Edmond

REMUNERATION COMMITTEE

Hau Pak Man *(Chairman)*
Lam Ching Kui
Chan Chun Wai, Tony

NOMINATION COMMITTEE

Lam Ching Kui *(Chairman)*
Chan Chun Wai, Tony
Hau Pak Man

REGISTERED OFFICE

Floor 4
Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

13/F, Admiralty Centre 2,
18 Harcourt Road,
Admiralty,
Hong Kong

AUDITOR

HLM CPA Limited
Certified Public Accountants
Room 305
Arion Commercial Centre
2-12 Queen's Road West
Hong Kong

REGISTRAR IN HONG KONG

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

STOCK CODE

0660

COMPANY WEBSITE

www.0660.hk

On behalf of the board of Directors (the "Board") of Wai Chun Mining Industry Group Company Limited (the "Company"). I would like to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

FINANCIAL REVIEW

Financial Performance

For the year ended 31 December 2013, the Group recorded a revenue of approximately HK$373,582,000 from continuing operations (2012: approximately HK$380,680,000), representing a decrease of approximately 1.9% as compared to that of 2012. The Group recorded a gross profit and gross profit margin of approximately HK$8,798,000 (2012: approximately HK$16,701,000) and 2.4% (2012: 4.4%) respectively from continuing operations, representing decreases of approximately 47.3% as compared to 2012. Besides, the Group recorded a revenue of approximately HK$514,000 from its discontinued operation (2012: approximately HK$5,998,000).

Selling expenses for continuing operations recorded a decrease of 48.6% from approximately HK$9,476,000 in 2012 to approximately HK$4,870,000 in current year. The decrease in selling expenses is mainly attributable to the decrease in export sales of the PRC subsidiaries. Administrative expenses from continuing operations decreased by 5.3% from approximately HK$30,766,000 in 2012 to approximately HK$29,136,000 in current year.

Loss attributable to owners of the Company from continuing operations for the year amounted to approximately HK$21,994,000 (2012: approximately HK$35,635,000). The decrease in the loss was mainly due to the decrease in impairment loss on prepayments and other receivables from approximately HK$23,848,000 in 2012 to approximately HK$937,000 in current year.

Footwear Business

The footwear business recorded a revenue of approximately HK$28,927,000 (2012: approximately HK$10,940,000) and a segmental loss of approximately HK$6,559,000 in 2013 (2012: approximately HK$7,059,000) respectively, representing an increase of the turnover of approximately HK$17,987,000 and a decrease in segmental loss of approximately HK$500,000 respectively when compared to 2012.

Modified Starch and Other Biochemical Business

The performance of the modified starch business and other biochemical business have deteriorated when compared to that of 2012, which contributed approximately HK$321,775,000 (2012: approximately HK$369,740,000) and approximately HK$11,067,000 (2012: approximately HK$6,890,000) to the Group's turnover and segmental loss respectively, representing a decrease of approximately 13.0% in turnover and an increase of approximately 60.6% in segmental loss when compared to that of 2012.

General Trading Business

The Company commenced its general trading business and recorded a revenue of approximately HK$22,880,000 (2012: HK$Nil) during the year.

Financial Resources and Position

As at 31 December 2013, the Group had net current liabilities of approximately HK$29,028,000 (31 December 2012: net current assets of approximately HK$11,231,000) and cash and cash equivalents of approximately HK$7,023,000 (2012: approximately HK$14,242,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As at 31 December 2013, the current ratio of the Group was approximately 0.83 times (2012: approximately 1.04 times).

Total borrowings of the Group amounted to approximately HK$96,730,000, comprising borrowings of approximately HK$56,466,000, amounts due to an ultimate holding company of approximately HK$32,449,000 and amounts due to a non-controlling shareholder of a subsidiary of approximately HK$7,815,000. All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 42.7%, representing a decrease of approximately 21.5% as compared to 2012.

The Group had future minimum lease payments under a non-cancelable operating lease in respect of rented premises amounting to approximately HK$5,915,000. On the basis of the undrawn loan facilities of approximately HK$50,931,000, granted by its ultimate holding company, Wai Chun Investment Fund ("Wai Chun"), which will be provided on a sub-ordinated basis, the Directors believe that the Group has sufficient financial resources for its operations. The Directors will remain cautious in the Group's liquidity management.

Foreign Currency Fluctuation

For the year ended 31 December 2013, the Group conducted its business transactions principally in Renminbi and US dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required. As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

Pledge of Assets and Contingent Liabilities

As at 31 December 2013, the Group had not provided any financial guarantee and did not have any material contingent liabilities. As at 31 December 2013, the Group's prepaid land lease payments with carrying value of approximately HK$29,464,000 (31 December 2012: approximately HK$9,944,000) were pledged to secure the bank borrowings. As at 31 December 2013, discontinued operation's bank deposits of approximately HK$1,470,000 (31 December 2012: approximately HK$45,402,000) have been pledged to secure banking facilities granted to discontinued operation.

Loan Capitalisation

Pursuant to a subscription agreement entered into between the Company and Chinese Success Limited (a wholly-owned subsidiary of Wai Chun, the "Subscriber") on 26 July 2013 ("Subscription Agreement"), a total of 816,000,000 convertible preference shares were issued at an issue price of HK$0.05 per convertible preference share to the Subscriber by capitalising outstanding amount of approximately HK$40,800,000 due by the Company to Wai Chun ("Loan Capitalisation"). The details of the Subscription Agreement and the Loan Capitalisation were set out in the circular of the Company dated 30 August 2013.

Dividend

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2013.

BUSINESS REVIEW

During the year under review, the Group continued to engage in the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes, and the manufacture and sale of modified starch and other biochemical products. The Group has also engaged in general trading business since the second half year of 2013 and discontinued the agency trade business during the year.

During the year, due to the decrease in price of modified starch and other biochemical products, the modified starch and other biochemical products business have yet to achieve a turnaround in profit. Moreover, Century-light Industry Company Limited ("Century-light") has been continuously operating at a loss since 2012 and its performance has been steadily worsening. The Company has evaluated the situation and determined to discontinue the business carried out by Century-light by disposing of its indirect interest in Century-light, for the thin margin nature of the said business would require significant capital input to achieve a breakeven. On 30 October 2013, the Group entered into an agreement with a buyer to dispose of its entire 51% equity interests of Century-light at a consideration of RMB6.63 million (equivalent to approximately HK$8,360,000) (the "Disposal"). As the Disposal has been completed in March 2014, the profit and loss and assets and liabilities of Century-light is still required to be consolidated to the Group's financial statements for the year under review.

During the year under review, the footwear business continued to be hampered by low consumer spending and keen competition.

OUTLOOK

Aware of the difficulties of the existing business, the Group's management has been seeking ways to strengthen its business portfolio throughout the year. In these circumstances, the Group considers that there exists opportunities in general trading. For the past few months, products traded included (i) electronic equipment, parts and components, such as climatic chambers; pressure gauge and image sensors, etc.; and (ii) other products, such as silica gel and mold release agents, etc. During the year under review, the general trading business achieved profit breakeven. The credit policy for the trade receivables for the general trading business is open credit and not secured and the management will closely monitor and report to the Board the inventory risk and credit risk. It is the Group's policy that receivable balances should be monitored and managed by the management on an ongoing basis to ensure that the Group's exposure to bad debt is minimised.

Weifang Jia You You Zhi Co., Ltd. ("Weifang You Zhi"), a non wholly-owned subsidiary of the Company, was set up in the year 2012 with business in production and sales of corn oil products. Weifang You Zhi achieved a close to breakeven in the second half year of 2013. The management of Weifang You Zhi keeps focusing on improving the production technique of Weifang You Zhi and expects Weifang You Zhi to achieve breakeven in year 2014.

In light of the gradual recovery of The People's Republic of China (the "PRC") economy and continued population growth, the Company believes that the demand in modified starch in the PRC will increase gradually in the long run and the business of manufacture and sale of relevant modified starch and other biochemical products will eventually be benefited. Therefore, the Company intends to focus on its existing business of manufacture and sales of modified starch, biochemical products and corn oil products. Recently, the Group has expanded and upgraded its production facilities with an aim to increase the overall production capacity, enhance efficiency, reduce costs and increase the quality and profit margin of the Group's products. The Group will also seek opportunities to develop other related products to capture the market demand of different modified starch products.

Lam Ching Kui
Chairman

Hong Kong, 27 March 2014

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTOR

Mr. Lam Ching Kui ("Mr. Lam"), aged 55, has over 21 years of experience in project investments and securities investments. Mr. Lam has been engaged in industrial and residential property development in the PRC and commercial property investment in Hong Kong. He has made investments in listed securities and renewable energy. Mr. Lam is an indirect substantial shareholder of the Company and has been the chairman and an Executive Director of the Company since December 2007. Mr. Lam is responsible for the overall strategic planning of the Group. Mr. Lam is also the chairman and an executive director of Wai Chun Group Holdings Limited ("Wai Chun Group"), a public listed company in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tony Chan Chun Wai ("Mr. Chan"), aged 42, is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He is a director in a CPA practice. He has extensive experience in audit assurance and business advisory services with clients operating in a variety of industries in both Hong Kong and the PRC. Moreover, Mr. Chan also has extensive experience in public listings in Hong Kong and Singapore, mergers and acquisition as well as corporate finance. Before commencing his own practice, Mr. Chan has worked in major international accounting firms and a listed company. Mr. Chan is an independent non-executive director of Hans Energy Company Limited and Honbridge Holdings Limited, whose shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chan has been an Independent Non-executive Director of the Company since May 2007.

Mr. Hau Pak Man ("Mr. Hau"), aged 70, a Hong Kong permanent resident, graduated from Beijing University of Technology in 1966 and obtained a Bachelor degree in Electrical Engineering. He has extensive working experiences in electrical engineering and information technology. Mr. Hau is currently a member of the National Committee of the Chinese Peoples Political Consultative Conference, a member of the Committee for Liaise with Hong Kong, Macao, Taiwan and Overseas Chinese and a member of Selection Meeting for Representatives of the Hong Kong Special Administrative Region of The Twelve National People's Congress of the People's Republic of China* (中華人民共和國香港特別行政區第十二屆全國人民代表大會代表選舉會議成員). Mr. Hau has been an Independent Non-executive Director of the Company since November 2012.

Mr. To Yan Ming, Edmond ("Mr. To"), aged 42, holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is a Certified Public Accountant practicing in Hong Kong and a director of Edmond To CPA Limited, Zhonglei (HK) CPA Company Limited and R.C.W. (HK) CPA Limited. Mr. To was formerly a director of Fortitude CPA Limited. Mr. To is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. To worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is currently an independent non-executive director of China Vanguard Group Limited, shares of which are listed on the GEM board of the Stock Exchange. Mr. To was an independent nonexecutive director of BEP International Holdings Limited from June 2009 to December 2013. Mr. To is also an independent non-executive director of each of Theme International Holdings Limited, China Household Holdings Limited and Wai Chun Group Holdings Limited, shares of all of which are listed on the main board of the Stock Exchange. Mr. To has been an Independent Non-executive Director of the Company since August 2013.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Company and of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding and the principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements. Except that agency trade business was discontinued and general trading was commenced in the current year, there was no significant change in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2013 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 31 to 99.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in notes 30 and 31 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity set out on page 36 and note 38 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 December 2013 is set out on page 100.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company did not have any reserves available for distribution to its shareholders (2012: NIL).

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Lam Ching Kui *(Chairman and Chief Executive Officer)*
Mr. Lu Jun Wu *(Resigned on 2 January 2013)*

Independent Non-executive Directors

Mr. Chan Chun Wai, Tony
Mr. Hau Pak Man
Mr. To Yan Ming, Edmond *(Appointed on 22 August 2013)*
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*

The biographical details of the Directors of the Company are set out on page 7 of this Annual Report.

In accordance with Article 99 of the Articles of Association of the Company, Mr. Lam Ching Kui and Mr. Chan Chun Wai, Tony shall retire from office by rotation at the forthcoming Annual General Meeting of the Company ("AGM") and, being eligible, offer themselves for re-election.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company, based on such confirmations, considers all the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a term of not more than three years commencing from their date of appointment, which continues thereafter until terminated by either party giving not less than one months' notice in writing to the other party.

Each of the Independent Non-executive Directors has entered into a service agreement with the Company for a term of two years from their date of appointment, which can be terminated by either party giving not less than one month notice in writing to the other party. Each of the Independent Non-executive Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Company's Articles of Association.

No Director proposed for re-election at the forthcoming AGM has service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of emoluments of the Directors are set out in note 15 to the consolidated financial statements.

The Directors' fees are subject to shareholders' approval at the AGM. Other emoluments are determined by the Company's Board of Directors with reference to the recommendations from the Remuneration Committee taking into account the Directors' duties, responsibilities and performance and the results of the Group.

INTERESTS IN CONTRACTS

Save as disclosed below in the section headed "Connected Transactions" and in note 35 to the consolidated financial statements, there are no contract of significance to which the Company, its holding company, fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING BUSINESS

None of the Directors had any interests in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the year and up to the date of this report.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of, its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS

		Ordinary shares of HK$0.0025 each	
Name of Director	**Capacity**	**Number of shares/ underlying share Held**	**Approximate percentage of issued share capital**
Mr. Lam Ching Kui	Interests of controlled corporations	7,578,064,320	49.03%

Mr. Lam Ching Kui is the beneficial owner of Chinese Success Limited, the major shareholder holding (i) 6,762,064,320 shares of the Company and (ii) 816,000,000 convertible preference shares of the company, which is convertible to 816,000,000 shares of the Company.

Save as disclosed above, as at 31 December 2013, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as 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 the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed below in the section headed "Connected Transactions", at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

LONG POSITIONS

		Ordinary shares of HK$0.0025 each	
Name of Shareholder	**Capacity**	**Number of shares/ underlying share Held**	**Approximate percentage of issued share capital**
Wai Chun Investment Fund *(Note 1)*	Interests of controlled corporations	7,578,064,320	49.03%
Chinese Success Limited *(Note 1)*	Beneficial owner	7,578,064,320	49.03%
Onward Global Investments Limited *(Note 2)*	Beneficial owner	1,286,350,000	8.32%
Spring Garden Investments Limited *(Note 3)*	Beneficial owner	1,286,400,000	8.32%

Notes:

(1) These shares are beneficially owned by Chinese Success Limited, which in turn is wholly owned by Wai Chun Investment Fund. Mr. Lam Ching Kui, the Chairman and Executive Director of the Company, is the beneficial owner of the entire issued share capital of Wai Chun Investment Fund. Mr. Lam Ching Kui is the director of Chinese Success Limited and Wai Chun Investment Fund.

(2) Ms. Wan Yuzhen is the beneficial owner of Onward Global Investments Limited, a substantial shareholder holding 8.32% of the issued share capital of the Company.

(3) Mr. Pan Guoxin is the beneficial owner of Spring Garden Investments Limited, a substantial shareholder holding 8.32% of the issued share capital of the Company.

Save for the shareholders as disclosed herein, the Directors and the chief executive of the Company are not aware of any persons who, as at 31 December 2013, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 31 December 2013, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

OTHER PERSONS

As at 31 December 2013, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTION SCHEME

On 10 June 2003, the Company adopted a share option scheme (the "Share Option Scheme") for the primary purpose of providing incentives or rewards to the Directors and employees of the Group and to recognise the contribution of such eligible persons to the growth of the Group. The Share Option Scheme expired on 9 June 2013 (the "Expiration Date"). No further options could thereafter be offered under the Share Option Scheme.

During the year, no share option was granted under the Share Option Scheme. There was no outstanding option under the Share Option Scheme at the beginning of the year and until the Expiration Date.

As at the date of this report, the Company did not have any share option scheme.

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits scheme of the Group are set out in note 32 to the consolidated financial statements.

MANAGEMENT CONTRACTS

During the year under review, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event occurred after the reporting period are set out in note 40 to the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

CONNECTED TRANSACTIONS

(i) Connected Transactions

(a) Loan capitalisation

Pursuant to a subscription agreement entered into between the Company and Chinese Success Limited (the "Subscriber") on 26 July 2013 ("Subscription Agreement"), a total of 816,000,000 convertible preference shares were issued at an issue price of HK$0.05 per convertible preference share to the Subscriber on 3 October 2013 by capitalising outstanding amount of approximately HK$40,800,000 due by the Company to Wai Chun Investment Fund ("Loan Capitalisation"). The Subscriber is the controlling shareholder of the Company, and therefore is considered as a connected person of the Company. As such, the Loan Capitalisation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

(b) Disposal of Century-light

On 30 October 2013, Weifang Century-light Biology Science Company Limited ("Weifang Century-light"), being a non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent purchaser, in relation to the disposal of its entire 51% equity interests of Century-light at a consideration of approximately RMB6,630,000 (equivalent to approximately HK$8,360,000)(the "Disposal").

Century-light is owned as to 51% by Weifang Century-light and as to the remaining interest of 39.5% and 9.5% by Ms. Li Li (spouse of Mr. Gong Weifeng) and Mr. Gong Weifeng respectively. Mr. Gong Weifeng and Ms. Li Li also own as to approximately 19% and 30% interests in Weifang Century-light respectively. Mr. Gong Weifeng is the supervisor and director of Weifang Century-light and Century-light and Ms. Li Li is the director of Weifeng Century-light. Thus, both Mr. Gong Weifeng and Ms. Li Li are connected persons of the Company. Given that Mr. Gong Weifeng and Ms. Li Li are the substantial shareholder(s) and director(s) (as the case may be) of Century-light and Weifang Century-light, the Disposal constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules.

The disposal was completed on 25 March 2014.

(ii) Continuing Connected Transaction

A tenancy agreement was entered into between Wai Chun Holdings Group Limited as landlord and Wai Chun Incorporation Limited, a wholly-owned subsidiary of the Company, as tenant on 31 October 2011 in relation to the left portion of 13/F, Admiralty Centre, Tower II, 18 Harcourt Road, Hong Kong, the principal place of business in Hong Kong for a term of two years commencing from 1 November 2011 to 31 October 2013, both days inclusive, with a rental of HK$265,675 per calendar month (equivalent to HK$3,188,100 per annum), exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges per calendar month. The tenancy agreement expired on 31 October 2013 and was renewed for another two years starting from 1 November 2013 to 31 October 2015 (both days inclusive) on the same terms and conditions as the expired lease.

Wai Chun Holdings Group Limited is owned as to 50% by Mr. Lam Ching Kui and as to the remaining 50% by Ms. Chan Oi Mo. Mr. Lam Ching Kui is a controlling shareholder of the Company and is interested in approximately 49.03% of the issued share capital of the Company and Ms. Chan Oi Mo is the spouse of Mr. Lam Ching Kui. Accordingly, Wai Chun Holdings Group Limited is regarded as a connected person of the Company under the Listing Rules. Therefore, the tenancy agreement constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

The aggregate rental payable under the tenancy agreement per annum, being HK$3,188,100, represents less than 5% of the applicable percentage ratios (as defined in the Listing Rules) for the Company on an annual basis. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the tenancy agreement is subject to reporting, announcement and annual review requirements but no approval of independent shareholders of the Company is required.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transaction and in their opinion, the transaction was made:

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

(2) on normal commercial terms; and

(3) in accordance with the relevant agreement governing it on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board has also confirmed that a letter pursuant to Rule 14A.38 of the Listing Rules has been issued to the Board by the auditor of the Company.

Compliance with Disclosure Requirements

Save as "Rental expenses" in the amount of HK$3,188,000 for the year and "Loan capitalisation" as shown in note 35 – "Related party transactions" to the consolidated financial statements which constituted connected transactions of the Company under Chapter 14A of the Listing Rules, all other transactions as shown in note 35 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33/14A.65(4) of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 53.3% of total turnover and sales to the largest customer accounted for approximately 22.5%. The five largest suppliers of the Group in aggregate accounted for about 64.3% of its operating costs for the year. Purchases from the largest supplier accounted for about 29.9% of its operating costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's share capital) had any interest in the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

EMOLUMENT POLICY

As at 31 December 2013, the Group had a total of 100 employees, the majority of whom are situated in the PRC. In addition to offer competitive remuneration packages to employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

The consolidated financial statements for the years ended 31 December 2011 were audited by Messrs. HLM & Co. On 16 January 2013, Messrs. HLM & Co. resigned as the auditor due to change of entity status from partnership to limited company.

The consolidated financial statements for the year ended 31 December 2012 and 31 December 2013 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming AGM.

On behalf of the Board

Lam Ching Kui
Chairman

Hong Kong, 27 March 2014

The Directors and other members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, enterprise, integrity and judgement so as to achieve continuing prosperity and to act in the best interests of the Company and its shareholders in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the cores of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules, except for the deviation from A.2.1, A.3.2 and A.5.1, details of which are set out below:

Under code provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. Lam Ching Kui is the Chairman and Chief Executive Officer of the Company. He has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities is ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being Independent Non-executive Directors.

Code provision A.3.2 provides that an issuer should maintain on its website and on the Stock Exchange's website an updated list of its Directors identifying their role and function and whether they are Independent Non-executive Directors. After the change of Independent Non-executive Directors in January 2013, the Company failed to maintain on the Stock Exchange's website and on its website an updated list of Directors due to the inadvertent omission by the responsible personnel. The Company has maintained its updated list of Directors on the websites of the Stock Exchange and the Company since July 2013.

Code provision A.5.1 provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors. The Board failed to appoint a chairman of its nomination committee ("Nomination Committee") after Dr. Lam Lee G. ceased to act as the chairman of the Nomination Committee on 23 May 2013. The Board has appointed Mr. Lam Ching Kui, the chairman of the Board, as the chairman of the Nomination Committee with effect from 22 August 2013.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this annual report, the composition of the Board is set out as follows:

Executive Directors

Mr. Lam Ching Kui *(Chairman and Chief Executive Officer)*
Mr. Lu Jun Wu *(Resigned on 2 January 2013)*

Independent Non-executive Directors

Mr. Chan Chun Wai, Tony
Mr. Hau Pak Man
Mr. To Yan Ming, Edmond *(Appointed on 22 August 2013)*
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*

Responsibilities

The Board has a balance of skill and experience and a balanced composition of Executive and Non-executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the Executive Director(s) and senior management of the Company.

The Board, headed by the Chairman and the Chief Executive Officer, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The Chairman and Chief Executive Officer seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis.

The Chairman and Chief Executive Officer is responsible for day-to-day management of the Company's operations, financial management and the effective implementation of the overall strategies and initiatives adopted by the Board.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Following the retirement of Dr. Lam Lee G. as an Independent Non-executive Director of the Company on 23 May 2013, the Company has not complied with the requirement of the Listing Rule 3.10(1) (i.e. having at least three Independent Non-executive Directors). Subsequent to the appointment of Mr. To Yan Ming as an Independent Non-executive Directors of the Company on 22 August 2013, the above Rule has been duly complied with.

Save as disclosed above, during the year ended 31 December 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of the Board, senior management and shareholders;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Appointment, Re-election and Removal of Directors

The appointment of all the Directors, including Independent Non-executive Directors, is for a specific term of not more than three years from date of appointment. The Company's Articles of Association provide for the retirement of Directors by rotation and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting following the appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Articles of Association. The Board is responsible for the reviewing its composition, monitoring the appointment of Directors and assessing the independence of the Independent Non-executive Directors.

Board Meetings

During the year ended 31 December 2013, the Board held five regular board meetings. In addition, board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by Executive Directors only. The Directors attended the meetings in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui	5/5
Mr. Lu Jun Wu *(Resigned on 2 January 2013)*	0/0
Mr. Chan Chun Wai, Tony	5/5
Mr. Hau Pak Man	4/5
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*	0/0
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*	0/1
Mr. To Yan Ming, Edmond *(Appointed on 22 August 2013)*	3/3

General Meetings

During the year ended 31 December 2013, an annual general meeting and an extraordinary general meeting of the Company were held on 23 May 2013 and 3 October 2013 respectively. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui	2/2
Mr. Lu Jun Wu *(Resigned on 2 January 2013)*	0/0
Mr. Chan Chun Wai, Tony	2/2
Mr. Hau Pak Man	2/2
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*	0/0
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*	0/0
Mr. To Yan Ming, Edmond (*Appointed on 22 August 2013)*	1/1

Board Process

Directors are provided with relevant information to make informed decisions. The Board and each director have separate and independent access to the Company's senior management for information and making enquires if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

Directors' Training

According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 December 2013 to the Company.

Chairman and Chief Executive Officer

Mr. Lam Ching Kui, the Chairman of the Company, was also appointed as the Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being Independent Non-executive Directors.

Independent Non-executive Directors

The three Independent Non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting or electrical engineering. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each Independent Non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

All Independent Non-executive Directors have been appointed for a term of two years from their date of appointment. Each of the Independent Non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Articles of Association.

BOARD COMMITTEES

The Company has set up three committees of the Board, including the Remuneration Committee, Audit Committee and Nomination Committee of the Company, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one Executive Director and two Independent Non-executive Directors. Mr. Hau Pak Man is the chairman of the Remuneration Committee.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including Executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for Independent Non-executive Directors, mainly comprising Directors' fees, is subject to annual assessment with reference to the market standard. Individual Director and senior management would not be involved in deciding their own remuneration.

The model of remuneration committee described in code provision B.1.2(c)(ii) of the CG Code has been adopted by the Remuneration Committee.

During the year ended 31 December 2013, the Remuneration Committee held one meeting, with attendance record as follows:

Name of Director	**Number of meetings attended/held**
Mr. Hau Pak Man *(Chairman)*	1/1
Mr. Lam Ching Kui *(Appointed on 2 January 2013)*	1/1
Mr. Lu Jun Wu *(Resigned on 2 January 2013)*	0/0
Mr. Chan Chun Wai, Tony	1/1
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*	0/0
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*	0/1

During the year under review, the Remuneration Committee reviewed matters relating to remuneration packages of Directors and senior management.

Audit Committee

The Audit Committee comprises Mr. Chan Chun Wai, Tony, Mr. Hau Pak Man and Mr. To Yan Ming, Edmond, all of whom are Independent Non-executive Directors. Mr. Chan Chun Wai, Tony is the chairman of the Audit Committee.

The Audit Committee reports directly to the Board and reviews financial statements and the effectiveness of internal control, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor to discuss various accounting issues, and reviews the interim and annual reports before submitting the same to the Board. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

During the year ended 31 December 2013, the Audit Committee held two meetings, with attendance record as follows:

Name of Director	**Number of meetings attended/held**
Mr. Chan Chun Wai, Tony *(Chairman)*	2/2
Mr. Hau Pak Man	2/2
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*	0/0
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*	0/1
Mr. To Yan Ming, Edmond *(Appointed on 22 August 2013)*	1/1

At the meetings, the Audit Committee reviewed the audited financial statements for the year ended 31 December 2013 and the interim report for the six months ended 30 June 2013 respectively. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters. The Audit Committee is satisfied with their review of the independence of the auditor and their audit process for the year ended 31 December 2013.

The Group's results and consolidated financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises one Executive Director and two Independent Non-executive Directors. Mr. Lam Ching Kui is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to make recommendations to the Board on new appointment and re-appointment of Directors and senior management. New Directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a Director, the Board will consider his/her qualifications, experience, expertise and knowledge with reference to the Diversity Policy adopted by the Board during the year and the requirements under the Listing Rules.

During the year ended 31 December 2013, the Nomination Committee held one meeting, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui *(Chairman)*	1/1
Mr. Hau Pak Man	1/1
Mr. Chan Chun Wai, Tony	1/1
Mr. Shaw Lut, Leonardo *(Resigned on 3 January 2013)*	0/0
Dr. Lam Lee G. *(Appointed on 1 January 2013 and retired on 23 May 2013)*	0/1

Corporate Governance Functions

The Company's corporate governance functions are carried out by the Board in compliance with the CG Code.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 December 2013, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

EXTERNAL AUDITOR AND ITS REMUNERATION

HLM CPA Limited, the external auditor of the Company, shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLM CPA Limited as auditor of the Company is to be proposed at the forthcoming AGM.

HLM CPA Limited provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2013. HLM CPA Limited also reviewed the 2013 unaudited interim financial information of the Company, which was prepared in accordance with HKFRSs.

The total fees charged by HLM CPA Limited in respect of audit services for the year ended 31 December 2013 amounted to HK$500,000.

Description of non-audit services performed by HLM CPA Limited		**Fee Paid**
		HK$
(1)	Interim review of financial statements of the Company and its subsidiaries for the six months ended 30 June 2013	128,000
(2)	Services provided in connection with disposal of a non wholly-owned subsidiary	300,000
		428,000

DIRECTORS' RESPONSIBILITY IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge that their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 29 to 30 of this Annual Report.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorised use of disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliances with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Directors acknowledge their responsibilities to ensure a sound and effective internal control system designed to facilitate efficient operations and to provide reasonable assurance in the financial reporting and compliance with applicable laws and regulations.

During the internal control system review performed, the Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function. There are no material internal controls deficiencies that may affect the shareholders of the Company have come to the attention of the Audit Committee or the Board. They considered that the system had effectively safeguarded the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting.

Shareholders to convene an extraordinary general meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles of Association and the Companies Law of Cayman Islands. The procedures that shareholders can use to convene an extraordinary general meeting are set out in Article 57 of the Company's Articles of Association.

Putting enquiries by shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by shareholders at shareholders' meeting

There are no provisions allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

CONSTITUTIONAL DOCUMENTS

On 3 October 2013, the authorised share capital of the Company was changed by (a) the redesignation of all existing issued and unissued shares of a nominal or par value of HK$0.0025 each into ordinary shares; and (b) the creation of 816,000,000 convertible preference shares of a nominal or par value of HK$0.0025 each, such that the authorised share capital of the Company is HK$102,040,000 divided into 40,000,000,000 ordinary shares of a nominal or par value of HK$0.0025 each and 816,000,000 convertible preference shares of a nominal or par value of HK$0.0025 each. The details of the convertible preference shares are disclosed in note 31 to the consolidated financial statements. Saved as disclosed above, there was no significant change in the Company's memorandum and articles of association.

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE SHAREHOLDERS OF WAI CHUN MINING INDUSTRY GROUP COMPANY LIMITED
偉俊礦業集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wai Chun Mining Industry Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 99, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

The accompanying consolidated financial statements for the year ended 31 December 2013 have been prepared assuming that the Group will continue as a going concern. Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate that the Group incurred a net loss of approximately HK$30,792,000 for the year ended 31 December 2013 and had net current liabilities of approximately HK$29,028,000 as at 31 December 2013. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong
27 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000 (re-presented)
Continuing operations			
Revenue	8	**373,582**	380,680
Cost of sales		**(364,784)**	(363,979)
Gross profit		**8,798**	16,701
Other revenue	9	**2,348**	4,138
Selling expenses		**(4,870)**	(9,476)
Administrative expenses		**(29,136)**	(30,766)
Impairment loss on prepayments and other receivables		**(937)**	(23,848)
Finance costs	11	**(5,724)**	(7,489)
Loss before tax		**(29,521)**	(50,740)
Income tax (expense) credit	12	**(594)**	1,211
Loss for the year from continuing operations	14	**(30,115)**	(49,529)
Discontinued operation			
(Loss) profit for the year from discontinued operation	13	**(677)**	5,765
Loss for the year		**(30,792)**	(43,764)
(Loss) profit for the year attributable to owners of the Company:			
— from continuing operations		**(21,994)**	(35,635)
— from discontinued operation		**(176)**	1,500
Loss for the year attributable to owners of the Company		**(22,170)**	(34,135)

	Note	**2013**	2012
		HK$'000	*HK$'000*
			(re-presented)
(Loss) profit for the year attributable to non-controlling interests:			
— from continuing operations		**(8,121)**	(13,894)
— from discontinued operation		**(501)**	4,265
Loss for the year attributable to non-controlling interests		**(8,622)**	(9,629)
		(30,792)	(43,764)
Loss per share	*18*		
From continuing and discontinued operations			
— Basic *(HK cents)*		**(0.14)**	(0.22)
— Diluted *(HK cents)*		**(0.14)**	(0.22)
From continuing operations			
— Basic *(HK cents)*		**(0.14)**	(0.23)
— Diluted *(HK cents)*		**(0.14)**	(0.23)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
Loss for the year	**(30,792)**	(43,764)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**1,233**	(53)
Other comprehensive income (expense), net of tax	**1,233**	(53)
Total comprehensive expenses for the year	**(29,559)**	(43,817)
Total comprehensive expenses attributable to:		
— Owners of the Company	**(21,655)**	(34,155)
— Non-controlling interests	**(7,904)**	(9,662)
	(29,559)	(43,817)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	19	**35,161**	35,125
Prepaid land lease payments	20(a)	**37,282**	16,366
Prepayments for acquisition of land use rights	20(b)	**—**	7,016
Prepayments for acquisition of property, plant and equipment		**335**	761
		72,778	59,268
Current assets			
Inventories	21	**37,916**	83,944
Prepaid land lease payments	20(a)	**786**	334
Trade receivables	22	**13,720**	144,044
Deposits, prepayments and other receivables	23	**16,016**	33,318
Tax recoverable		**2**	368
Pledged bank deposits	24	**—**	45,402
Bank balances and cash	24	**6,916**	14,242
		75,356	321,652
Assets classified as held for sale	13	**61,990**	—
		137,346	321,652
Current liabilities			
Trade payables	25	**35,387**	54,060
Accruals and other payables	26	**26,753**	47,596
Amounts due to a non-controlling shareholder of a subsidiary	27	**1,298**	—
Borrowings	28	**35,509**	208,759
Obligation under a finance lease		**—**	6
		98,947	310,421
Liabilities directly associated with assets classified as held for sale	13	**67,427**	—
		166,374	310,421

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Net current (liabilities) assets		**(29,028)**	11,231
Total assets less current liabilities		**43,750**	70,499
Non-current liability			
Amounts due to an ultimate holding company	*29*	**11,836**	49,826
Total assets less liabilities		**31,914**	20,673
Capital and reserves			
Share capital	*30*	**38,637**	38,637
Convertible preference shares	*31*	**2,040**	—
Reserves		**(31,161)**	(48,266)
Equity (capital deficiency) attributable to owners of the Company		**9,516**	(9,629)
Non-controlling interests		**22,398**	30,302
Total equity		**31,914**	20,673

The consolidated financial statements on pages 31 to 99 were approved and authorised for issue by the Board of Directors on 27 March 2014 and are signed on its behalf by:

Lam Ching Kui
Director

Chan Chun Wai, Tony
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital	Convertible preference shares	Share premium	Other reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012	38,637	—	145,716	6,906	1,413	(168,146)	24,526	39,964	64,490
Loss for the year	—	—	—	—	—	(34,135)	(34,135)	(9,629)	(43,764)
Other comprehensive expense for the year	—	—	—	—	(20)	—	(20)	(33)	(53)
Total comprehensive expense for the year	—	—	—	—	(20)	(34,135)	(34,155)	(9,662)	(43,817)
At 31 December 2012 and 1 January 2013	**38,637**	**—**	**145,716**	**6,906**	**1,393**	**(202,281)**	**(9,629)**	**30,302**	**20,673**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(22,170)**	**(22,170)**	**(8,622)**	**(30,792)**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**515**	**—**	**515**	**718**	**1,233**
Total comprehensive income (expense) for the year	**—**	**—**	**—**	**—**	**515**	**(22,170)**	**(21,655)**	**(7,904)**	**(29,559)**
Issue of convertible preference shares	**—**	**2,040**	**38,760**	**—**	**—**	**—**	**40,800**	**—**	**40,800**
At 31 December 2013	**38,637**	**2,040**	**184,476**	**6,906**	**1,908**	**(224,451)**	**9,516**	**22,398**	**31,914**

Note:

Other reserve represents the share of a subsidiary's share premium arising from the allotment and issue of shares, and deemed contribution from owners of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Operating activities			
Loss for the year		**(30,792)**	(43,764)
Adjustments for:			
Finance costs	11	**5,724**	7,489
Income tax expense (credit)	12	**594**	(1,211)
Interest income		**(687)**	(633)
Depreciation on property, plant and equipment	19	**3,168**	2,684
Amortisation on prepaid land lease payments	20(a)	**565**	215
Loss (gain) on disposal of property, plant and equipment		**490**	(2)
Write-back of trade and other payables		**(828)**	(3,042)
Impairment loss on trade receivables	22	**—**	3,818
Impairment loss on prepayments and other receivables		**937**	23,848
Impairment loss on inventories	21	**3,202**	648
Operating cash flows before movements in working capital		**(17,627)**	(9,950)
Increase in inventories		**(1,757)**	(43,478)
Decrease (increase) in trade receivables		**129,113**	(118,676)
Decrease in deposits, prepayments and other receivables		**689**	20,826
Decrease (increase) in pledged bank deposits		**45,169**	(10,645)
(Decrease) increase in trade payables		**(16,517)**	35,475
(Decrease) increase in accruals and other payables		**(6,437)**	22,589
Cash generated from (used in) operations		**132,633**	(103,859)
PRC tax paid		**(222)**	(9,094)
Net cash generated from (used in) operating activities		**132,411**	(112,953)
Investing activities			
Interest received		**687**	633
Proceeds from disposal of property, plant and equipment		**613**	12
Payments for acquisition of property, plant and equipment		**(4,099)**	(3,206)
Payments for acquisition of prepaid land lease		**(5,043)**	(378)
Net cash used in investing activities		**(7,842)**	(2,939)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Financing activities			
Interest paid		**(4,781)**	(6,067)
Repayment of borrowings		**(434,409)**	(503,531)
New borrowings raised		**276,494**	594,170
Repayment of obligations under a finance lease		**(6)**	(71)
Increase in amounts due to an ultimate holding company		**22,876**	35,292
Increase in amounts due to a non-controlling shareholder of a subsidiary		**7,815**	—
Net cash (used in) generated from financing activities		**(132,011)**	119,793
Net (decrease) increase in cash and cash equivalents		**(7,442)**	3,901
Cash and cash equivalents at beginning of year		**14,242**	10,389
Effect of foreign exchange rate changes		**223**	(48)
Cash and cash equivalents at end of year		**7,023**	14,242
Analysis of cash and cash equivalent			
Bank balances and cash	24	**6,916**	14,242
Bank balances and cash included in a disposal group classified as held for sale	13	**107**	—
		7,023	14,242

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the principal place of business of the Company is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars for the convenience of the investors as its shares are listed on the Stock Exchange.

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

The ultimate holding company of the Group is Wai Chun, a private investment fund incorporated in the Cayman Islands with limited liability.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Notwithstanding that the Group incurred a loss of approximately HK$30,792,000 for the year ended 31 December 2013 and net current liabilities of approximately of HK$29,028,000 as at 31 December 2013, these consolidated financial statements have been prepared on a going concern basis as the Directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following arrangements:

(i) The Company has undrawn loan facilities of approximately HK$50,931,000 granted by its ultimate holding company, Wai Chun, which will be provided on a sub-ordinated basis, i.e. Wai Chun will not demand the Company for repayment until all other liabilities of the Group had been satisfied;

(ii) In addition to the loan facilities stated above, Wai Chun has also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations when they fall due; and

(iii) The Directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2014 taking into account the impact of disposal of a non wholly-owned subsidiary subsequent to the end of the reporting period.

In view of the above, the Directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) Int-12 "Consolidation-Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs, and conclude that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structure entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group' subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013[2]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

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

2 Effective for annual periods beginning on or after 1 July 2014, with early application is permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

4 Available for application — the mandatory effective date will be determined when the outstanding phase of HKFRS 9 is finalised.

5 Effective for annual periods beginning on or after 1 January 2016.

The Directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basic of consolidation *(Continued)*

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

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

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

Investment in subsidiaries

Investment in subsidiaries are stated at cost less any identified impairment loss.

Non-current assets and disposal group held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discount and sales related taxes.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from agency trade business is recognised when the agreed services pursuant to prescribed agency contract have been provided.

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

Government grants

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the profit or loss in the period in which they become receivable.

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis.

Prepaid land lease payments

Prepaid land lease payments represent upfront premium paid for use of land. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (where effect of the time value of money is material).

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment *(Continued)*

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories, including an appropriate portion of fixed and variable overhead expenses, are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Related parties

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(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 other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Convertible preference shares

Convertible preference shares are classified as equity if it is non-redeemable and any dividends are discretionary. Dividends on convertible preference shares classified as equity are recognised as distributions within the equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Other financial liabilities

Other financial liabilities (including trade payables, other payables, borrowings, amounts due to a non-controlling shareholder of a subsidiary and amounts due to an ultimate holding company) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Depreciation of property, plant and equipment

The Group's carrying amounts of property, plant and equipment as at 31 December 2013 were approximately HK$35,161,000 (2012: approximately HK$35,125,000). The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful life of 3 years to 25 years and after taking into account of their estimated residual values, using the straight-line method, at the rate of 5% to 33% per annum, commencing from the date in which the property, plant and equipment are available for use. The estimated useful life that the Group places the property, plant and equipment into productive use reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment on trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the each reporting period.

Impairment on inventories

The management of the Group reviews an aging analysis at the end of reporting period, and identified obsolete and slow-moving inventory items that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an impairment review on a product-by-product basis at the end of reporting period and provides impairment loss on obsolete items.

Prepayments for acquisition of land use rights

The Group assesses the carrying amounts of prepayments for acquisition of land use rights according to their net recoverable amounts based on the realisability of these land use rights, taking into account estimated net sales values based on prevailing market conditions. Provision is made when events or change in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

Deferred tax asset

At 31 December 2013, no deferred tax asset has been recognised on the tax losses of approximately HK$142,328,000 (2012: approximately HK$122,407,000) due to the unpredictability future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the estimated future assessable profits or taxable temporary difference are more than previously estimated, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which the revised estimate takes place.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (which includes borrowings, amounts due to an ultimate holding company and amounts due to a non-controlling shareholder of a subsidiary, net of bank balances and cash) and total assets.

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

Net debt to total assets ratio

The net debt to total assets ratio at the end of the reporting period was as follows:

	2013	2012
	HK$'000	*HK$'000*
Debts *(Note a)*	**96,730**	258,591
Bank balances and cash	**(7,023)**	(14,242)
Net debts	**89,707**	244,349
Total assets *(Note b)*	**210,124**	380,920
Net debt to total assets ratio	**42.7%**	64.2%

Notes:

(a) Debt comprises borrowings of approximately HK$56,466,000, amounts due to a non-controlling shareholder of a subsidiary of approximately HK$7,815,000, and amounts due to an ultimate holding company of approximately HK$32,449,000, as detailed in notes 13, 27, 28 and 29 respectively.

(b) Total assets include all non-current assets and current assets.

The net debt to total assets ratio was decreased from 64.2% to 42.7% mainly because the decrease in borrowings during the year.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**36,726**	237,567
Financial liabilities		
Other financial liabilities at amortised cost	**173,030**	354,814

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, borrowings, amounts due to a non-controlling shareholder of a subsidiary and amounts due to an ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (foreign currency risk, interest rate risk) and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The carrying amounts of trade and other receivables, receivables from agency trade, pledged bank deposits and cash and bank balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

In order to minimise the credit risk, the Group trades only with recognised and creditworthy third parties and the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables, receivable from agency trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

In respect of agency trade business, the Group's policy that all customers should be recognised and creditworthy third parties and the credit terms are to be carefully reviewed and determined by the management. Receivables balances should be monitored and managed by management on an ongoing basis to ensure that the Group's exposure to bad debt is minimised.

The Group has concentration of credit risk as approximately 22% (2012: approximately 20%) and approximately 65% (2012: approximately 47%) of the total trade receivables other than those from agency trade which was due from the Group's largest customer and the total three largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in PRC and Hong Kong, which accounted for approximately 53% (2012: approximately 99% in PRC and The Republic of Korea ("Korea")) of the total trade receivables as at 31 December 2013.

In respect of deposits with banks, the Group mitigates its exposure to credit risk by placing deposits with financial institutions with high credit ratings.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Foreign currency risk

The Group is exposed to currency risk primarily through monetary assets and liabilities, including pledged bank deposits, cash and bank balances, amounts due to a non-controlling shareholder of a subsidiary, amounts due to an ultimate holding company, trade receivables, deposits, prepayments and other receivables, accruals and other payables and borrowings that are denominated in a foreign currency i.e. currency other than the functional currency ("RMB") of the operations to which the transaction relate. The currencies giving rise to the risk are primarily Hong Kong dollars ("HKD") and United States dollars ("USD").

The Group currently does not have a foreign currency hedging policy. However, the management will closely monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the year that would arise if the foreign exchange rates to which the Group has significant exposure as at the end of the reporting period had changed, assuming all other risk variables remained constant.

	2013		2012	
	Increase (decrease) in foreign exchange rate in %	**Effect on loss for the year**	Increase (decrease) in foreign exchange rate in %	Effect on loss for the year
		HK$'000		*HK$'000*
Hong Kong dollars	**5**	**366**	5	1,570
	(5)	**(366)**	(5)	(1,570)
United States dollars	**5**	**810**	5	(3,079)
	(5)	**(810)**	(5)	3,079

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Foreign currency risk *(Continued)*

Sensitivity analysis (Continued)

Results of the analysis as presented in above table represent an aggregation of the instantaneous effects on each of the group entities' loss for the year measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

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

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate borrowings and fixed rate bills payables. Except for the variable rate bills payables, it is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's exposure to cash flow interest rate risk is minimal.

The Group is also exposed to fair value interest rate risk in relation to amounts due to an ultimate holding company. The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2012: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Interest rate risk *(Continued)*

Sensitivity analysis (Continued)

If interest rates had been 100 basis points (2012: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2013 would increase/decrease by approximately HK$290,000 (2012: approximately HK$1,491,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group's management policy is to regularly monitor its current and expected liquidity positions to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all time so that the Group can meet its short-term and long-term funding requirements and does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The management will also closely monitor the cash flow generated from operations and the Group's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The table below analysis the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying amounts, as the impact of discounting is not significant.

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contracted undiscounted payments, was as follows:

	Less than 180 days *HK$'000*	181 to 365 days *HK$'000*	Over 1 year *HK$'000*	Carrying amounts *HK$'000*
2013				
Non-derivative financial liabilities				
Trade payables	38,423	—	—	38,423
Other payables	37,877	—	—	37,877
Amounts due to an ultimate holding company	—	—	32,449	32,449
Amounts due to a non-controlling shareholder of a subsidiary	7,815	—	—	7,815
Bank and other borrowings	36,196	20,270	—	56,466
	120,311	20,270	32,449	173,030

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables (Continued)

	Less than 180 days *HK$'000*	181 to 365 days *HK$'000*	Over 1 year *HK$'000*	Carrying amounts *HK$'000*
2012				
Non-derivative financial liabilities				
Trade payables	54,060	—	—	54,060
Other payables	42,163	—	—	42,163
Amounts due to an ultimate holding Company	—	—	49,826	49,826
Bank and other borrowings	49,869	33,298	—	83,167
Bills payables	125,592	—	—	125,592
Obligations under a finance lease	6	—	—	6
	271,690	33,298	49,826	354,814

The Directors of the Company believe that based on the continuous financing supported and undrawn facilities granted by its ultimate holding company, Wai Chun, which will be provided on a sub-ordinated basis, the liquidity of the Group will be improved. Therefore, the Directors consider that the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when fall due.

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value estimation

At 31 December 2013, the Group did not have any financial instruments carried at fair value of which are based on the Level 1, 2 and 3 for the fair value hierarchy.

There were no transfers between Level 1, 2 and 3 during both years.

Fair value of financial instruments carried at cost or amortised cost

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables, pledged bank deposits and bank balances and cash, and the Group current financial liabilities including trade payables, other payables, borrowings, amounts due to a non-controlling shareholder of a subsidiary and amounts due to an ultimate holding company approximate their fair value due to their short-term maturities.

8. REVENUE

Revenue represents the amounts received and receivable for goods sold net of discounts and sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(re-presented)
Revenue from modified starch and other biochemical products	**321,775**	369,740
Revenue from trading of footwear	**28,927**	10,940
Revenue from general trading	**22,880**	—
Total	**373,582**	380,680

9. OTHER REVENUE

	2013	2012
	HK$'000	*HK$'000*
Interest income	**687**	633
Gain on disposal of property, plant and equipment	**—**	2
Government grants *(Note a)*	**751**	—
Write-back of trade and other payables	**828**	3,042
Others	**82**	461
Total	**2,348**	4,138

Note a: Government grants represent income granted by the local government of PRC to the subsidiaries as an allowance for assisting operation of the agriculture business. As the PRC subsidiaries was operating in agriculture business, including manufacture and sale of modified starch and other biochemical products. The PRC subsidiaries are allowed to apply this government grants.

10. SEGMENT INFORMATION

The chief operating decision maker ("CODM") has been identified as the Group's senior executive management. The CODM reviews the Group's internal reporting for resource allocation and assessment of performance.

For management purposes, the Group's reportable segments under HKFRS 8 are as follows:

Footwear	—	Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes
General trading	—	Trading of electronic parts and components and electrical appliances
Modified starch and other biochemical products	—	Manufacture and sale of modified starch and other biochemical products

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the CODM of the Company.

Agency trade business was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which is described in more detail in note 13.

10. SEGMENT INFORMATION *(Continued)*

Segments profit (loss) represents profit earned or loss incurred by each segment without allocation of other revenue, impairment loss on prepayments and other receivables, central administration costs (including Directors' salaries) and finance costs.

Business segments

Segment revenues and results

The following is an analysis of the Group's revenues and results from continuing operations by reportable and operating segment:

For the year ended 31 December 2013

	Continuing operations			
	Modified starch and other biochemical products *HK$'000*	Footwear *HK$'000*	General trading *HK$'000*	Total *HK$'000*
Segment revenue	321,775	28,927	22,880	373,582
Segment results	(11,067)	(6,559)	65	(17,561)
Other revenue				2,348
Impairment loss on prepayments and other receivables				(937)
Central administration costs				(7,647)
Finance costs				(5,724)
				(29,521)
Income tax expense				(594)
Loss for the year from continuing operations				(30,115)

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2012 (re-presented)

	Continuing operations			
	Modified starch and other biochemical products	Footwear	General trading	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	369,740	10,940	—	380,680
Segment results	(6,890)	(7,059)	—	(13,949)
Other revenue				4,138
Impairment loss on prepayments and other receivables				(23,848)
Central administration costs				(9,592)
Finance costs				(7,489)
				(50,740)
Income tax credit				1,211
Loss for the year from continuing operations				(49,529)

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale for both years.

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities

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

At 31 December 2013

	Continuing operations				Discontinued operation	
	Modified starch and other biochemical products	Footwear	General trading	Sub-total	Agency trade business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	196,674	8,638	3,383	208,695	—	208,695
Unallocated assets						1,429
Consolidated assets						210,124
Liabilities						
Segment liabilities	157,737	3,084	50	160,871	—	160,871
Unallocated liabilities						17,339
Consolidated liabilities						178,210
Geographical assets						
Hong Kong						13,451
PRC						196,673
						210,124

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 December 2012 (re-presented)

	Continuing operations				Discontinued operation	
	Modified starch and other biochemical products	Footwear	General trading	Sub-total	Agency trade business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	252,092	3,119	—	255,211	123,355	378,566
Unallocated assets						2,354
Consolidated assets						380,920
Liabilities						
Segment liabilities	260,517	13,203	—	273,720	63,392	337,112
Unallocated liabilities						23,135
Consolidated liabilities						360,247
Geographical assets						
Hong Kong						5,474
PRC						375,446
						380,920

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

- assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

10. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2013

	Modified starch and other biochemical products *HK$'000*	**Footwear** *HK$'000*	**General trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Continuing operations					
Additions to property, plant and equipment	**4,541**	**5**	**—**	**—**	**4,546**
Depreciation and amortisation	**3,489**	**244**	**—**	**—**	**3,733**
Prepayments for acquisition of property, plant and equipment	**335**	**—**	**—**	**—**	**335**

For the year ended 31 December 2012

	Modified starch and other biochemical products *HK$'000*	Footwear *HK$'000*	General trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Continuing operations					
Additions to property, plant and equipment	16,062	23	—	—	16,085
Depreciation and amortisation	2,613	242	—	44	2,899
Prepayments for acquisition of land use rights	7,016	—	—	—	7,016
Prepayments for acquisition of property, plant and equipment	761	—	—	—	761

10. SEGMENT INFORMATION *(Continued)*

Geographical information

For the years ended 31 December 2013 and 2012, the Group's operations were principally located in Hong Kong (country of domicile), PRC and Korea with revenue and profits from its operations.

The following is an analysis of the Group's revenue from continuing operations from external customers and non-current assets by geographical location:

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**51,806**	10,940	**298**	537
Korea	**32,055**	37,487	**—**	—
PRC	**284,921**	264,438	**72,480**	58,731
Others	**4,800**	67,815	**—**	—
	373,582	380,680	**72,778**	59,268

Information on major customers

For the year ended 31 December 2013, included in revenue arising from sales of modified starch and other biochemical products of approximately HK$321,775,000 are revenue of approximately HK$84,247,000 and approximately HK$37,631,000 respectively arising from sales to the Group's two largest customers. For the year ended 31 December 2012, included in revenue arising from sales of modified starch and other biochemical products of approximately HK$369,740,000 are revenue of approximately HK$62,123,000 arising from sales to the largest customer of the Group.

No other single customer contributed 10% or more to the Group's sales for both years.

10. SEGMENT INFORMATION *(Continued)*

Information on major suppliers

For the year ended 31 December 2013, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK$358,451,000 is purchases of approximately HK$107,370,000 arising from purchases from the largest supplier of the Group. For the year ended 31 December 2012, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK$382,731,000 are purchases of approximately HK$205,762,000 and approximately HK$54,108,000 respectively arising from purchases from the Group's two largest suppliers.

No other single supplier contributed 10% or more to the Group's purchases for both years.

11. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Interest on:		
— Bank loans, bank overdrafts and bills payables wholly repayable within five years	**3,786**	6,060
— Finance lease	**—**	7
— Loan from an ultimate holding company	**1,778**	1,262
— Short-term loan from an independent third party	**160**	160
Total	**5,724**	7,489

12. INCOME TAX (EXPENSE) CREDIT

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
The income tax (expense) credit comprises:		
(Under) over-provision in prior years:		
Hong Kong	—	—
PRC	(594)	1,211
Total income tax (expense) credit	(594)	1,211

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the year (2012: HK$Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2012: 25%).

The income tax (expense) credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2013	2012
	HK$'000	*HK$'000*
		(re-presented)
Loss before tax	(29,521)	(50,740)
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	(4,871)	(8,372)
Effect of different tax rates of subsidiaries operating in other jurisdiction	(1,096)	(1,854)
Tax effect of expenses not deductible for tax purpose	1,735	3,630
Tax effect of deductible temporary differences not recognised	35	31
Tax effect of tax losses not recognised	4,197	6,565
(Under) over-provision in prior year	(594)	1,211
Income tax (expense) credit for the year (relating to continuing operations)	(594)	1,211

12. INCOME TAX (EXPENSE) CREDIT *(Continued)*

At 31 December 2013, the Group has unused tax losses of approximately HK$142,328,000 (2012: approximately HK$122,407,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams of the Group. The losses may be carried forward indefinitely.

At 31 December 2013, the unrecognised deferred tax liabilities were approximately HK$477,000 (2012: approximately HK$1,123,000), relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the Directors consider that the timing for reversed of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries as at 31 December 2013 amounted to approximately HK$9,531,000 (2012: approximately HK$22,453,000).

13. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

On 30 October 2013, Weifang Century-light Biology Science Company Limited ("Weifang Century-light"), being a non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent purchaser, in relation to the disposal of its entire 51% equity interests of Century-light Industry Company Limited ("Century-light") at a consideration of approximately RMB6,630,000 (equivalent to approximately HK$8,360,000). The disposal was completed on 25 March 2014.

As a result, the agency trade business segment had been classified as discontinued operation for both years. The comparative information for the year ended 31 December 2012 was re-presented due to the presentation of discontinued operation. Assets and liabilities of Century-light were presented as held for sale as at 31 December 2013.

13. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE *(Continued)*

The results of discontinued operation for both years are presented as follows:

	2013	2012
	HK$'000	*HK$'000*
		(re-presented)
Revenue	**514**	5,998
Administrative expenses	**(1,191)**	(233)
(Loss) profit before tax from discontinued operation	**(677)**	5,765
Income tax expense	**—**	—
(Loss) profit for the year from discontinued operation	**(677)**	5,765
Attributable to non-controlling interests	**(501)**	4,265
(Loss) profit for the year from discontinued operation attributable to owners of the Company	**(176)**	1,500

The net cash flow from discontinued operation is as follows:

	2013	2012
	HK$'000	*HK$'000*
Net cash (used in) generated from operating activities	**(176)**	1,500

13. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE *(Continued)*

The major classes of assets and liabilities of the Century-light as at 31 December 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	2013
	HK$'000
Property, plant and equipment	**1,144**
Inventories	**46,872**
Trade receivables	**5,115**
Deposits, prepayments and other receivables	**7,281**
Pledged bank deposits	**1,471**
Bank balances and cash	**107**
Assets classified as held for sale	**61,990**
Trade payables	**3,036**
Accruals and other payables	**16,304**
Amounts due to a non-controlling shareholder of a subsidiary	**6,517**
Borrowings	**20,957**
Amounts due to an ultimate holding company	**20,613**
Liabilities directly associated with assets classified as held for sale	**67,427**

14. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year is arrived at after charging (crediting) the following items:

	2013	2012
	HK$'000	*HK$'000*
		(re-presented)
Auditor's remuneration	**500**	500
Cost of inventories *(Note 21)*	**367,427**	363,813
Interest expenses	**5,724**	7,489
Impairment loss on trade receivables	**—**	3,818
Impairment loss on prepayments and other receivables	**937**	23,848
Depreciation on property, plant and equipment	**3,168**	2,684
Loss (gain) on disposal of property, plant and equipment	**490**	(2)
Net exchange loss	**2,325**	624
Amortisation on prepaid land lease payments	**565**	215
Staff costs (including Directors' emoluments and retirement benefit costs)	**12,132**	11,688

15. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments payable to Directors of the Company during the year were as follows:

	2013	2012
	HK$'000	*HK$'000*
Fees	**343**	360
Other emoluments:		
Basic salaries, other allowance and benefits in kind	**2,600**	2,994
Retirement benefit costs		
— Defined contribution retirement plans	**15**	21
	2,615	3,015
Total emoluments	**2,958**	3,375

15. DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

The emoluments paid or payable to each of the six (2012: six) Directors were as follows:

		Other emoluments		
	Directors' fees	Basic salaries, other allowance and benefits in kind	Defined contribution retirement plans	2013 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors:				
Lam Ching Kui	—	2,600	15	2,615
Independent Non-executive Directors:				
Shaw Lut, Leonardo *(Note 1)*	1	—	—	1
Chan Chun Wai, Tony	120	—	—	120
Hau Pak Man *(Note 6)*	120	—	—	120
Lam Lee G. *(Note 2)*	59	—	—	59
To Yan Ming, Edmond *(Note 3)*	43	—	—	43
Total for 2013	343	2,600	15	2,958

15. DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Directors' fees	Other emoluments: Basic salaries, other allowance and benefits in kind	Other emoluments: Defined contribution retirement plans	2012 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors:				
Lam Ching Kui	—	2,600	13	2,613
Lu Jun Wu *(Note 4)*	—	394	8	402
Independent Non-executive Directors:				
Shaw Lut, Leonardo	120	—	—	120
Chan Chun Wai, Tony	120	—	—	120
Wong Wai Man, Raymond *(Note 5)*	107	—	—	107
Hau Pak Man	13	—	—	13
Total for 2012	360	2,994	21	3,375

Notes:

1. Resigned on 3 January 2013
2. Appointed on 3 January 2013 and retired on 23 May 2013
3. Appointed on 22 August 2013
4. Resigned on 2 January 2013
5. Resigned on 21 November 2012
6. Appointed on 21 November 2012

No Director waived or agreed to waive any emoluments during the years ended 31 December 2012 and 2013.

15. DIRECTORS' EMOLUMENTS *(Continued)*

(b) Five highest paid individual

During the year, of the five highest paid individuals in the Group, one (2012: two) executive Director of the Company whose emoluments are set out above. The emoluments of the remaining four (2012: three) individuals were as follows:

	2013	2012
	HK$'000	*HK$'000*
Basic salaries, other allowance and benefits in kind	**1,570**	1,282
Retirement benefit costs		
— Defined contribution retirement plans	**30**	35
	1,600	1,317

The emoluments of the remaining four (2012: three) highest paid individuals were within the band of HK$Nil to HK$1,000,000 for both years.

No emoluments were paid to the Directors of the Company or the remaining four (2012: three) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 December 2013 and 2012.

16. DIVIDEND

No dividend was paid or proposed during 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

17. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of approximately HK$22,596,000 (2012: approximately HK$21,675,000) which has been dealt with in the financial statements of the Company.

18. LOSS PER SHARE

For continuing and discontinued operations

The calculation of basic loss per share was based on the Group's loss attributable to owners of the Company of approximately HK$22,170,000 (2012: approximately HK$34,135,000) and the number of ordinary shares of 15,454,685,376 (2012: 15,454,685,376) in issue during both the years.

From continuing operations

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**22,170**	34,135
Less: loss (profit) for the year from discontinued operation attributable to owners of the Company	**176**	(1,500)
Loss for the purpose of basic and diluted loss per share from continuing operations attributable to owners of the Company	**21,994**	35,635

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic loss per share for the discontinued operation attributable to owners of the Company is HK0.001 cents per share (2012: basic earnings per share is HK0.01 cents per share), based on the loss for the year from discontinued operation attributable to owners of the Company of approximately HK$176,000 (2012: profit for the year from discontinued operation attributable to owners of the Company of approximately HK$1,500,000) and the denominators detailed above for both basic and diluted loss per share.

Effective of dilutive potential shares in respect of convertible preference shares would result in anti-dilutive effect in calculation of diluted loss per share in continuing and discontinued operations. Therefore, the basic and diluted loss per share in 2013 and 2012 are the same.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Construction in progress	Leasehold improvements, furniture and fixtures	Machinery and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2012	7,828	2,637	4,271	11,295	2,763	28,794
Exchange difference	(1)	—	(1)	(2)	—	(4)
Additions	941	5,464	431	9,173	76	16,085
Disposals/written off	—	—	(1,196)	(3)	(923)	(2,122)
Transfer	4,089	(4,089)	—	—	—	—
At 31 December 2012 and 1 January 2013	12,857	4,012	3,505	20,463	1,916	42,753
Exchange difference	350	99	15	565	52	1,081
Reclassified to held for sale	—	—	(291)	(590)	(1,589)	(2,470)
Additions	2,590	1,480	4	472	—	4,546
Disposals/written off	(326)	—	(251)	(840)	—	(1,417)
Transfer	3,301	(4,639)	—	1,338	—	—
At 31 December 2013	18,772	952	2,982	21,408	379	44,493
ACCUMULATED DEPRECIATION						
At 1 January 2012	577	—	3,383	1,773	1,318	7,051
Exchange difference	1	—	—	4	—	5
Charge for the year	383	—	392	1,648	261	2,684
Disposals/written off	—	—	(1,196)	(3)	(913)	(2,112)
At 31 December 2012 and 1 January 2013	961	—	2,579	3,422	666	7,628
Exchange difference	33	—	6	116	21	176
Reclassified to held for sale	—	—	(149)	(387)	(790)	(1,326)
Charge for the year	445	—	343	2,133	247	3,168
Disposals/written off	(51)	—	(90)	(173)	—	(314)
At 31 December 2013	1,388	—	2,689	5,111	144	9,332
CARRYING AMOUNTS						
At 31 December 2013	17,384	952	293	16,297	235	35,161
At 31 December 2012	11,896	4,012	926	17,041	1,250	35,125

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

The above items of property, plant and equipment, other than construction in progress, are depreciated after taking into account their estimated residual value, using a straight-line method over following rates per annum:

Buildings	Over the shorter of the term of the lease, or 15-25 years
Leasehold improvements, furniture and fixtures	20%-33.33%
Machinery and equipment	6.6%-33.33%
Motor vehicles	10%-20%

Construction in progress represents land and building under construction and plant and equipment pending for installation in the PRC.

20. PREPAID LAND LEASE PAYMENTS/PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

(a) Prepaid land lease payments

	2013	2012
	HK$'000	*HK$'000*
Carrying amount:		
At 1 January	**16,700**	8,150
Additions	**5,043**	378
Transfer from prepayments for acquisition of land use rights *(Note 20(b))*	**16,442**	8,315
Exchange difference	**448**	72
Amortisation	**(565)**	(215)
At 31 December	**38,068**	16,700
Analysed for reporting purposes as:		
Current portion	**786**	334
Non-current portion	**37,282**	16,366
At 31 December	**38,068**	16,700

Prepaid land lease payments represent prepayments of land use rights premiums to the PRC government authority. The Group's land use rights are located in PRC for industrial purpose. The Group's land use rights are granted for a period of 50 years and are classified as long-term lease.

20. PREPAID LAND LEASE PAYMENTS/PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS *(Continued)*

(b) Prepayments for acquisition of land use rights

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**7,016**	15,404
Additions	**9,235**	—
Exchange difference	**191**	(73)
Transfer to prepaid land lease payments	**(16,442)**	(8,315)
At 31 December	**—**	7,016

The Group made prepayments for the acquisition of land use rights for development into properties held for own use.

21. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**6,516**	2,440
Finished goods	**31,400**	81,504
Total	**37,916**	83,944

Inventories amounting to approximately HK$10,702,000 were stated at net realisable value as at 31 December 2013 (2012: approximately HK$12,248,000).

	2013	2012
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**364,225**	363,165
Impairment loss on inventories	**3,202**	648
Total	**367,427**	363,813

22. TRADE RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	**17,538**	24,507
Receivables from agency trade business	**—**	123,355
	17,538	147,862
Less: provision for impairment	**(3,818)**	(3,818)
Total	**13,720**	144,044

The Group allows average credit period of 30 to 180 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. As at 31 December 2013, the Group has assessed the recoverability of the receivables past due and made a provision for impairment. The provision for impairment is made unless the Group has concluded that recovery is remote, in which case the unrecovered loss is written off against trade receivables and the provision for impairment directly. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables based on the invoice date and net of provision for impairment, as at the reporting date is as follows:

	2013 HK$'000	2012 HK$'000
0-30 days	**10,860**	50,157
31-60 days	**156**	17,665
61-90 days	**76**	25,773
91-180 days	**25**	48,999
Over 180 days	**2,603**	1,450
Total	**13,720**	144,044

The movements in the provision for impairment of trade receivables are as follows:

	2013 HK$'000	2012 HK$'000
At 1 January	**3,818**	—
Provision for impairment	**—**	3,818
At 31 December	**3,818**	3,818

22. TRADE RECEIVABLES *(Continued)*

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

Overdue by:	**2013** **HK$'000**	2012 HK$'000
0-30 days	**231**	278
31-60 days	**129**	449
61-90 days	**17**	215
91-180 days	**39**	484
Over 180 days	**2,187**	24
Total	**2,603**	1,450

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

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013 **HK$'000**	2012 HK$'000
Prepayments for inventories	**11,806**	5,224
Guarantee deposits for leasehold land *(Note)*	**488**	17,876
Other prepayments	**805**	1,993
Valued added tax refund	**—**	2,804
Other receivables	**1,485**	4,007
Rental and utilities deposits	**1,432**	1,414
Total	**16,016**	33,318

As at 31 December 2013, other receivables of approximately HK$937,000 (2012: approximately HK$23,848,000) were considered impaired for which full provision of impairment has been made. The Directors made the impairment assessment for significant long aging balances regularly.

Note:

Guarantee deposits for leasehold land were paid to PRC government authority for carrying on construction on the leasehold land. The guarantee deposits will be refunded upon the completion of industrial construction and approval from PRC authority.

24. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

	2013	2012
	HK$'000	*HK$'000*
Bank balances and cash	**6,916**	14,242
Pledged bank deposits	**—**	45,402
Total	**6,916**	59,644

As at 31 December 2013, the balances that were placed with banks in the PRC amounted to approximately HK$1,716,000 (2012: approximately HK$58,049,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Bank balances carry interest at market rates which range from 0.5% to 3% (2012: 0.5% to 3%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The Group had pledged deposit of approximately HK$1,471,000 which were included in disposal group as at 31 December 2013 (2012: approximately HK$45,402,000), which have been pledged to secure bills payables and short-term borrowings and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bills payables or bank borrowings with maturity period of 3 to 6 months.

The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days (2012: 30 to 180 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The following is an aging analysis of trade payables based on the invoice date:

	2013	2012
	HK$'000	*HK$'000*
0-30 days	**26,565**	26,248
31-60 days	**4,000**	14,288
61-90 days	**3,051**	2,062
91-180 days	**504**	8,263
Over 180 days	**1,267**	3,199
Total	**35,387**	54,060

26. ACCRUALS AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Payroll and welfare payables	**1,233**	845
Accrued operating expenses	**3,929**	4,588
Receipts in advance from customers	**13,776**	31,299
Advance from an independent third party *(Note)*	**5,103**	8,982
Other tax payables	**365**	157
Others	**2,347**	1,725
Total	**26,753**	47,596

Note: The amounts are unsecured, interest free and had no fixed term of repayment.

27. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amounts were unsecured, non-interest bearing and repayable on demand.

28. BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank loans *(Note a)*	**32,939**	80,597
Loan from an independent third party *(Note b)*	**2,570**	2,570
Bills payables	**—**	62,200
Bills payables in relation to agency trade business	**—**	63,392
Total	**35,509**	208,759
Secured	**32,939**	206,189
Unsecured	**2,570**	2,570
Total	**35,509**	208,759

Notes:

(a) It was secured by a guarantee given by a non-controlling shareholder of a subsidiary and the pledge of the prepaid land lease payments with the carrying amounts of approximately HK$29,464,000 (2012: approximately HK$9,944,000). All bank loans are denominated in Renminbi with variable interest rate from 4.9% to 11.0% (2012: 4.9% to 11.0%) per annum.

(b) Bearing interest at 1% above Hong Kong Prime Rate granted by Standard Chartered Bank (Hong Kong) Limited per annum during the year.

29. AMOUNTS DUE TO AN ULTIMATE HOLDING COMPANY

The amounts were unsecured, interest bearing at 0% to 6.25% for both years and had no fixed term of repayment. The ultimate holding company, Wai Chun, has confirmed that the outstanding balance of its current account at the year end will not be repayable within one year from the end of the reporting period.

30. SHARE CAPITAL

	Number of ordinary shares of HK$0.0025 each	Amount
		HK$'000
Authorised:		
Balance as at 1 January 2012 and 31 December 2012 and 31 December 2013	40,000,000,000	100,000
Issued and fully paid:		
Balance as at 1 January 2012 and 31 December 2012 and 31 December 2013	15,454,685,376	38,637

31. CONVERTIBLE PREFERENCE SHARES

	Number of convertible preference shares of HK$0.0025 each	Amount
		HK$'000
Authorised, issued and fully paid:		
At 1 January 2013	—	—
Increase during the year	816,000,000	2,040
At 31 December 2013	816,000,000	2,040

On 3 October 2013, the Company issued 816,000,000 convertible preference shares of par value of HK$0.0025 at issue price of HK$0.05 per share. The convertible preference shares are non-redeemable, carry no voting right and each of the convertible preference share is convertible into one ordinary share immediately before the fifth anniversary of the issue date of convertible shares. The convertible preference shareholder is entitled to receive dividend pari passu with ordinary shareholders on an as converted basis.

32. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The employees of PRC subsidiaries are members of defined contribution plans organised by PRC municipal and provincial government authorities in the PRC. The PRC subsidiaries are required to make monthly contributions to these plans at a fixed percentage of the employee's basic salary. The only obligation of the Group with respect to the retirement benefit scheme in the PRC is to make the required contributions under the scheme. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the plan vest immediately.

The total expense recognised in the consolidated statement of profit or loss amounting to approximately HK$119,000 (2012: approximately HK$173,000) represents contribution to these plans by the Group at rates specified in the rules of the plans.

33. OPERATING LEASES COMMITMENTS

The Group as lessee

	2013 ***HK$'000***	2012 *HK$'000*
Lease payments in respect of rented premises paid under operating leases during the year	**3,216**	3,225

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

	2013 ***HK$'000***	2012 *HK$'000*
Within one year	**3,258**	2,657
In the second to fifth year inclusive	**2,657**	—
Total	**5,915**	2,657

Operating lease payments represent rental payables by the Group for its office premises in Hong Kong and PRC. Leases and rentals are negotiated and fixed respectively for an average term of two years.

34. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2013	2012
	HK$'000	*HK$'000*
Bank deposits	**1,471**	45,402
Prepaid land lease payments	**29,464**	9,944
Total	**30,935**	55,346

As at 31 December 2013, discontinued operation's bank deposits of approximately HK$1,471,000 (31 December 2012: approximately HK$45,402,000) have been pledged to secure banking facilities granted to discontinued operation.

35. RELATED PARTY TRANSACTIONS

Balances and 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. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related parties	**Nature of transactions**	**2013**	2012	**Interested Director**
		HK$'000	*HK$'000*	
Wai Chun Investment Fund	Interest expenses	**1,778**	1,262	Lam Ching Kui
Wai Chun Holdings Group Limited	Rental expenses	**3,188**	3,188	Lam Ching Kui

(b) Loan capitalisation

During the year, a total of 816,000,000 convertible preference shares were issued at an issue price of HK$0.05 per convertible preference share to the Chinese Success Limited, a wholly-owned subsidiary of Wai Chun, by capitalising outstanding amount of approximately HK$40,800,000 due by the Company to Wai Chun.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management personnel remuneration

The remuneration of Directors of the Company and other members of key management personnel during the year was as follows:

	2013	2012
	HK$'000	*HK$'000*
Short-term employee benefits	**4,513**	3,856
Defined contribution retirement plans	**45**	29
Total	**4,558**	3,885

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

On 10 June 2003, the Company adopted a share option scheme (the "Share Option Scheme") for the primary purpose of providing incentives or rewards to the Directors and employees of the Group and to recognise the contribution of such eligible persons to the growth of the Group. The Share Option Scheme expired on 9 June 2013 (the "Expiration Date"). No further options could thereafter be offered under the Share Option Scheme.

During the year, no share option was granted under the Share Option Scheme. There was no outstanding option under the Share Option Scheme at the beginning of the year and until the Expiration Date.

As at 31 December 2013, the Company did not have any share option scheme.

37. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2013 HK$'000	2012 HK$'000
Non-current asset			
Investment in subsidiaries	*39*	**391**	1
Current assets			
Deposits, prepayments and other receivables		**959**	1,952
Amounts due from subsidiaries *(Note a)*		**25,474**	24,338
Bank balances and cash		**414**	344
		26,847	26,634
Current liabilities			
Accruals and other payables		**2,933**	2,995
Borrowings		**2,570**	2,570
Amounts due to a subsidiary *(Note a)*		**383**	—
		5,886	5,565
Net current assets		**20,961**	21,069
Total assets less current liabilities		**21,352**	21,070
Non-current liability			
Amounts due to an ultimate holding company	*29*	**11,836**	29,759
Net assets (liabilities)		**9,516**	(8,689)
Capital and reserves			
Share capital	*30*	**38,637**	38,637
Convertible preference shares	*31*	**2,040**	—
Reserves	*38*	**(31,161)**	(47,326)
Total equity (capital deficiency)		**9,516**	(8,689)

Note a: The amounts due from/to subsidiaries are unsecured, interest free and had no fixed term of repayment.

38. RESERVES

The Company

	Share premium *HK$'000*	Other reserves *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2012	145,716	62,934	(234,301)	(25,651)
Total comprehensive expense for the year	—	—	(21,675)	(21,675)
At 31 December 2012 and 1 January 2013	145,716	62,934	(255,976)	(47,326)
Total comprehensive expense for the year	—	—	(22,595)	(22,595)
Issue of convertible preference shares	38,760	—	—	38,760
At 31 December 2013	184,476	62,934	(278,571)	(31,161)

39. INVESTMENTS IN SUBSIDIARIES

	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**391**	1

a) Particulars of principal subsidiaries of the Company

Name of company	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held by the Company				Principal activities
			Directly		Indirectly		
			2013	2012	**2013**	2012	
Wai Chun Incorporation Limited	Hong Kong	1,000 ordinary share of HK$1 each	**100%**	100%	**—**	—	Trading of footwear and general trading
Wai Chun Industrial (HK) Limited	Hong Kong	1,000 ordinary share of HK$1 each	**—**	—	**100%**	100%	Investment holding
Weifang Century-Light Biology Science Co., Ltd.	PRC	Registered capital USD2,929,000	**—**	—	**51%**	51%	Manufacturing of modified starch and biochemical products
Century-light Industry Co., Ltd.	PRC	Registered capital RMB10,000,000	**—**	—	**26%**	26%	Trading of modified starch and biochemical products
Weifang Jia You You Zhi Co., Ltd.	PRC	Registered capital RMB10,000,000	**—**	—	**51%**	51%	Manufacturing of modified starch and biochemical products

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

39 . INVESTMENTS IN SUBSIDIARIES *(Continued)*

b) Details of non wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ establishment	Proportion of ownership interests held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Weifang Century-light and its subsidiary	PRC	**49%**	49%	**(3,165)**	(2,773)	**15,742**	18,566

Note: Summarised financial information in respect of the Weifang Century-light and its subsidiary (except for Century-light's assets and liabilities which is disclosed in note 13) ("Weifang Century-light Group") that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2013	2012
	HK$'000	*HK$'000*
Current assets	**62,204**	67,775
Non-current assets	**78,953**	63,671
Current liabilities	**(109,031)**	(93,556)
Non-current liabilities	**—**	—
Equity attributable to owners of Weifang Century-light Group	**16,384**	19,324
Non-controlling interests	**15,742**	18,566

39. INVESTMENTS IN SUBSIDIARIES *(Continued)*

b) Details of non wholly-owned subsidiaries that have material non-controlling interests *(Continued)*

	Weifang Century-light and its subsidiary	
	2013	2012
	HK$'000	*HK$'000*
Revenue	**271,550**	230,753
Expenses	**(278,010)**	(236,413)
Loss and total comprehensive expenses for the year attributable to :		
Owners of the Company	**(2,940)**	(2,899)
Non-controlling interests	**(2,824)**	(2,785)
	(5,764)	(5,684)
Net cash (used in) generated from operating activities	**(28,331)**	52,790
Net cash used in investing activities	**(8,937)**	(15,964)
Net cash generated from (used in) financing activities	**33,371**	(33,864)
Net (decrease) increase in cash and cash equivalents	**(3,897)**	2,962

40. EVENT AFTER THE REPORTING PERIOD

On 30 October 2013, Weifang Century-light Biology Science Co., Ltd., being a non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent purchaser, in relation to the disposal of its entire 51% equity interests of Century-light Industry Company Limited at a consideration of RMB6,630,000 (equivalent to approximately HK$8,360,000). The disposal was completed on 25 March 2014.

41. MAJOR NON-CASH TRANSACTIONS

During the year, 816,000,000 convertible preference shares of par value of HK$0.0025 were issued at HK$0.05 per share by way of capitalisation of loan from the ultimate holding company of approximately HK$40,800,000.

42. COMPARATIVE FIGURES

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

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(re-presented)			
Revenue	**373,582**	380,680	362,310	284,128	13,137
(Loss) profit before tax	**(29,521)**	(50,740)	23,845	24,298	(22,743)
Income tax (expense) credit	**(594)**	1,211	(10,028)	(893)	—
(Loss) profit for the year from continuing operations	**(30,115)**	(49,529)	13,817	23,405	(22,743)
(Loss) profit for the year from discontinued operation	**(677)**	5,765	—	—	—
Non-controlling interests	**(8,622)**	(9,629)	17,546	3,100	—

ASSETS AND LIABILITIES

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**210,124**	380,920	252,404	314,278	40,425
Total liabilities	**(178,210)**	(360,247)	(187,914)	(268,852)	(127,503)
	31,914	20,673	64,490	45,426	(87,078)
Non-controlling interests	**(22,398)**	(30,302)	(39,964)	(18,124)	20,980
Equity (capital deficiency) attributable to owners of the Company	**9,516**	(9,629)	24,526	27,302	(66,098)
(Loss) earnings per share *(HK cents)*	**(0.14)**	(0.22)	0.02	0.13	(0.20)