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DOWELL PROPERTY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code: 668

Annual Report 2014

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer*

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Dr. Zhu Wenhui
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Dr. Zhu Wenhui, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Dr. Zhu Wenhui

COMPANY SECRETARY

Mr. Cho Chun Wai

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang
Mr. Cho Chun Wai (alternative authorised representative)

REGISTERED OFFICE

Suites 2009-2010, 20/F, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
E-mail: enquiry@dowellproperty.com

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
Bank of China (Hong Kong) Limited

SOLICITORS

Mason Ching & Associates

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.dowellproperty.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors ("Director"), I hereby present the annual report of Dowell Property Holdings Limited (the "Dowell Property" or "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2014.

MARKET AND BUSINESS REVIEW

China GDP growth is expected to slow down to about 7% in 2015, which was 7.4% in 2014. It evidenced that the speed of economic growth will be reduced.

Shopping Malls are declining not only in Chongqing, but also in first-tier and second-tier cities due to the impact of weak consumption and rise of e-business, for the reason that rent income is expected to decrease.

The People's Republic of China ("PRC") government has been supporting and encouraging the development of financial leasing industry. For example, in December 2011, the Ministry of Commerce of the PRC has circulated an announcement, emphasizing the importance of financial leasing to the recent economic reform policy "12-5". As disclosed on our circular dated 8 October 2014, the penetration rate of leasing in the PRC is only approximately 3.8% as in 2013, which is significantly low as compared to that of the developed countries of approximately 14.6%. Such a low penetration rate may suggest much growth potential of the industry in the future.

OUTLOOK

The Company has been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources. The Group has established a sino-foreign joint venture enterprise, 東葵融資租賃（上海）有限公司 (Dongkui Financial Leasing (Shanghai) Co. Ltd.*) ("Dongkui Financial Leasing") and Dongkui Financial Leasing needs additional capital to develop its business. The Company considers that further investing in Donghui Financial Leasing is a suitable opportunity for the Group.

The Group completed the formation of Dongkui Financial Leasing in October 2014. It is expected that Dongkui Financial Leasing can have a stable business with growth. One of our new directions, finance leasing business will focus on leasing, rental property acquisitions, handle and maintain the residual value of leased property, leasing transaction advisory, and some other services related.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support.

Lo Siu Yu
Chairman

Hong Kong, 26 March 2015

FINANCIAL HIGHLIGHT

The results of the Group are summarised as follows:

	For the year ended 31 December 2014 HK$'000	For the year ended 31 December 2013 HK$'000 (Restated)
Continuing operations		
Revenue	**16,569**	25,815
Operating (loss)/profit	**(66,636)**	13,262
Finance income/(costs) – net	**25,379**	(4,938)
(Loss)/profit before income tax	**(41,257)**	8,324
Income tax credit/(expenses)	**437**	(4,716)
(Loss)/profit for the year from continuing operations	**(40,820)**	3,608
Discontinued operation		
Profit/(loss) for the year from discontinued operation	**3,033**	(621)
(Loss)/profit for the year	**(37,787)**	2,987

The assets and liabilities as at 31 December of the Group are summarised as follows:

	2014 HK$'000	2013 HK$'000
Non-current assets	**453,948**	445,939
Current assets	**749,024**	754,040
Current liabilities	**(49,707)**	(54,853)
Non-current liabilities	**(150,013)**	(180,044)
Equity attributable to equity shareholders	**795,107**	834,134

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the year ended 31 December 2014, the Group recorded revenue of HK$16.6 million (31 December 2013: HK$25.8 million) for its continuing operations, representing a decrease of 35.7%. Loss for the year attributable to equity holders of the Company was HK$29.8 million (31 December 2013: profit of 1.8 million).

The loss is mainly attributable to the deficit on valuation of an investment property and the depreciation of Renminbi ("RMB") in 2014, compared to net exchange gain and appreciation of investment property recorded in the previous year.

Dongkui Business

On 24 October 2014, an extraordinary general meeting was held to approve the formation of a joint venture, Dongkui Financial Leasing. Dongkui Financial Leasing engaged in financial leasing in the PRC and its registered capital was US$28 million as at 31 December 2014. East Profit Global Investments Limited ("East Profit Investments"), an indirect wholly owned subsidiary of the Company, has 58.93% interest of Dongkui Financial Leasing. Dongkui Financial Leasing has started to seek appropriate clients and expand business network for further opportunities. Although it runs shortly, Dongkui Financial Leasing has advanced a loan of RMB71 million to a coal mining company under a sale-and-lease back agreement as at 31 December 2014. For the year ended 31 December 2014, the Group's financial leasing segment has contributed a revenue of approximately HK$0.82 million and recorded a loss before tax of approximately HK$1.26 million.

Dongkui Financial Leasing targets itself as a company engaged in asset management for finance, trading, and industrial areas with the knowledge-orientated technical services set skill. The benefits attached to financial leasing business includes 1) drive the profit growth with a high profit ratio; 2) increase the Company's capital utilisation efficiency; 3) balance the Company's real estate business depreciation loss; 4) enlarge the advantage of low-cost financing; 5) add liquidity for the Company, etc. Without doubt, financial leasing business will continually grow up in the future, which we have full reason to be confident about the Company's further gains on that.

Property Investment

重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*) ("Chongqing Baoxu"), a subsidiary of which 70% equity interest owned by the Company, is principally engaged in the investment holding of 東東摩(Dong Dong Mall*) ("Dong Dong Mall"), a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC with a total gross floor area of 18,043.45 square metres for commercial use. Dong Dong Mall is situated near a main pedestrian street and a number of shopping malls. Since the area is conveniently accessible by public transportation, it is a popular lifestyle, shopping, entertainment and commercial hub for the city dwellers who reside in the southern part of Chongqing.

Property Investment *(CONTINUED)*

For the year ended 31 December 2014, the Group's property investment segment has contributed a revenue of approximately HK$15.8 million (2013: HK$25.8 million), representing a decrease of 38.8%. Also, the Group recognised a fair value loss on investment property amounted to HK$34.5 million (2013: a fair value gain of HK$4.5 million). On the other hand, the net finance cost attributable by this segment decreased to approximately HK$2.9 million for the year ended 31 December 2014 (2013: HK$14.5 million). Thus, this segment has recorded a loss before tax of HK$29.2 million for the year ended 31 December 2014 (2013: profit of HK$7.9 million).

Restaurant Operation

The Group has operated its only restaurant, Eighteen Brook Cantonese Cuisine (the "Restaurant") for the four months ended 30 April 2014. The operation of the Restaurant recorded a revenue of approximately HK$9.0 million (2013: HK$31.0 million) and a profit of approximately HK$3.0 million (2013: loss of HK$0.6 million).

The lease of the Restaurant has expired on 30 April 2014. The Board has closed down the Restaurant upon the expiration of lease due to the increase of rent and labour cost and lower margins of the Restaurant. The Board did not see a good prospect for growth for restaurant business and had ceased the restaurant business to focus its resources on other core and new businesses.

Other new business

On 14 April 2014, Super Dynasty Investment Limited (漢鼎投資有限公司) (a company incorporated in Hong Kong with limited liability) ("Super Dynasty"), an indirect wholly-owned subsidiary of the Company and 上海東勝股權投資有限公司 (Shanghai Dongsheng Equity Investment Company Limited*) ("Shanghai Dongsheng") entered into a memorandum of understanding ("MOU") which sets out the major principal terms of (1) the proposed acquisition (the "Proposed Acquisition") by Super Dynasty of 35% equity interest in 上海中勝達資產管理有限公司 (Shanghai Zhongshengda Asset Management Company Limited*) ("Shanghai Zhongshengda") owned by Shanghai Dongsheng and (2) the proposed cooperation to develop financial and investment business in Shanghai or other places in the PRC with further terms and conditions to be agreed. In consideration of the exclusive negotiation right provided under the MOU to Super Dynasty and the undertaking by Shanghai Dongsheng that it will facilitate Super Dynasty's due diligence process in relation to Shanghai Zhongshengda, Super Dynasty has paid HK$15 million to the nominee of Shanghai Dongsheng as earnest money for the Proposed Acquisition. On 14 October 2014 and 14 January 2015, two supplemental agreements to the MOU were entered into to extend the last date of entering into the formal sale and purchase agreement to 14 April 2015. For details, please refer to the announcements dated 14 April 2014, 14 October 2014 and 14 January 2015.

PROSPECTS

The Company has been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources.

Financial Leasing

Given that financial leasing is highly encouraged by the PRC government, the Company believes that the business of financial leasing will grow rapidly in the PRC. The Company is trying to establish a comprehensive financial service platform for integrating the financial leasing business, expanding the Group's current business chain, and also providing related value-add services if need. Correspondingly, the financial leasing business will develop broader client network for the Group, which will probably contribute for the routine real estate business and further innovation in case.

Financial leasing industry embraces a booming development in recent years, especially supported by a series of positive policies, which include tax incentives, free trade zone cross-border financing convenience, etc. Therefore, the Company believes a promising prospect of financial leasing industry ahead.

It is expected that the financial leasing business will leverage from Shanghai free trade zone policy advantages, such as accelerate service industry expansion has been listed as the key working focus of Shanghai free trade zone, cancel the minimum registered capital restrictions for financial leasing company to set up stand-alone single ship subsidiaries, and also permit the financial leasing company conduct related commercial factoring business as mainline and sideline business.

Property Investment

With the development of the internet and other information technologies, online shopping has become the mainstream shopping for Chinese consumers. For the reason that the traditionally general merchandise is heavily impacted by low-cost and competitive-price online shopping. The rental income of Dong Dong Mall is expected to decrease this year. Our management team will try the best to slow the downside momentum.

On 21 November 2014, the Company and Chongqing Baoxu entered into a loan agreement with 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.*) ("Chongqing Doyen"), a company incorporated in the PRC and wholly-owned by Mr. Lo Siu Yu ("Mr. Lo"), Chairman, executive Director and controlling shareholder of the Company, it is expected that the Group will have more interest income in 2015. Besides the management will be continuously looking for short-term and low-risk investment opportunities to fight for greater returns to our shareholders until there are good chances of long-term investment.

* For identification purpose only

FINANCIAL REVIEW

Liquidity and financial resources

With a loan of amounting RMB360 million being advanced to Chongqing Doyen in January 2014, the Group had cash and cash equivalents of approximately HK$217.3 million as at 31 December 2014 (2013: HK$720.6 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 31 December 2014, the current ratio of the Group, representing current assets divided by current liabilities, was 15.1 (2013: 13.7).

As at 31 December 2014, gearing ratio of the Group is 0.17 (2013: 0.21), which is calculated as total debt divided by total capital. Total debt is calculated as total borrowings, including current and non-current borrowings as shown in the consolidated statement of financial position. Total capital is calculated as "equity", as shown in the consolidated statement of financial position. As at 31 December 2014, the Group's cash and cash equivalents exceeded the total borrowings by HK$41.9 million (2013: HK$514.7 million).

Capital structure

As at 31 December 2014, the Group's current and non-current bank borrowings and finance lease liabilities amounted to HK$25.4 million (2013: HK$26.1 million) and HK$150.0 million (2013: HK$179.7 million) respectively. All the bank borrowings bore interest at floating rates while finance lease liabilities bore interest at fixed rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the years ended 31 December 2014 and 2013.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 31 December 2014, the Group pledged its investment property with carrying amounts of approximately HK$389.7 million (2013: HK$433.9 million). As at 31 December 2013, a bank deposit of approximately HK$0.4 million was pledged and subsequently released in 2014 for the borrowings and general banking facilities granted to the Group.

Exposure to fluctuations in exchange rates and related hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. The Group's foreign exchange risk primarily arises from the Group's investments in Chongqing Baoxu and Dongkui Financial Leasing which are denominated in RMB. Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in RMB.

Currently, the Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

Commitments

As at 31 December 2014, the Group had no capital commitments (2013: Same).

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$3.1 million (2013: HK$4.0 million).

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2014 and 2013.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Same).

Save as disclosed above, there have been no events to cause material impact on the Group from 31 December 2014 to the date of this report that should be disclosed.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 50 (2013: 76) full-time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees.

The Company encourages its employees to enhance their competence and also provides training to improve staff working capabilities and creates opportunities for individual long-term growth of employees.

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 45, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established under the laws of the PRC with limited liability. Mr. Lo and his spouse were the ultimate beneficial owners of Chongqing Doyen as at the date of this report. Chongqing Doyen is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, property investment and development. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 46.78% of the issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited*) ("Chongqing Dima"), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 69.30% of the issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited ("Jianghuai Engine")), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in Chongqing City, the PRC.

Ms. Luo Shaoying, aged 41, was appointed as the Vice Chairman and an executive Director of the Company in December 2012. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the United States of America in 1998. Ms. Luo has 15 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo Siu Yu. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo has joined Chongqing Doyen as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen and has been responsible for investment and property development business. Ms. Luo is a director of Chongqing Baoxu, a subsidiary of which 70% equity interest is owned by the Company. In April 2013, Ms. Luo resigned as a director of Chongqing Dima, a company listed on the Shanghai Stock Exchange of the PRC.

Mr. Chen Yang, aged 34, was appointed as the Chief Executive Officer and an executive Director of the Company in October 2009. Mr. Chen has extensive experience in corporate management and investment planning. He was an executive director of BEP International Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2007 to May 2009. He had also been an analyst at The World Bank in Washington D.C., the United States of America. Before that, Mr. Chen had been working with several investment banks and private equity funds in China. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006. He is now a director of Dongkui Financial Leasing.

* For identification purpose only

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 45, was appointed as a non-executive Director of the Company in October 2010. He graduated from the department of Management Engineering of 四川輕化工學院 (Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an audit manager, cost engineering manager and financial officer in several accounting firms in Chongqing, the PRC. He joined Chongqing Doyen in September 2003 and is currently the chief executive officer of Chongqing Doyen. He is the chairman and a director of Dongkui Financial Leasing.

Mr. Qin Hong, aged 49, was appointed as a non-executive Director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學 (Nanjing Normal University) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司 (Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company. He is a director of Chongqing Baoxu.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 51, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Chan is the company secretary and the chief financial officer of Beautiful China Holdings Company Limited ("Beautiful China"), a company listed on the main board of the Stock Exchange. He is responsible for the financial management, corporate finance and company secretarial matters of Beautiful China. Mr. Chan joined Beautiful China in April 2003 and has over 20 years of experience in accounting and finance. Before joining Beautiful China, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange. In March 2013, he resigned as an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Wang Jin Ling, aged 76, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by煤炭工業部 (The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (Yima Mining Bureau*) of the 中國統配煤礦總公司 (China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (Yongmei Group Company Limited) in 2000.

* For identification purpose only

Dr. Zhu Wenhui, aged 45, was appointed as an independent non-executive Director of the Company in December 2011. Dr. Zhu is the holder of a Doctorate Degree in Economics from the People's University of China and now a commentator on financial and current affairs for Hong Kong Phoenix TV. He is also a senior research officer of the Bauhinia Foundation Research Centre and a part-time research fellow of the China Business Centre under the Hong Kong Polytechnic University. He was a researcher of the Centre for Northeast Asia Policy Studies under the Brookings Institution, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administration Region, an advisor to the Advisory Committee for the Co-operation between Guangzhou, Hong Kong and Macau (廣東省粵港澳合作諮詢委員會顧問), a council member of China Development Institute (綜合開發研究院) in Shenzhen, China. He also acted as the advisor to various local governments in China and several Hong Kong companies. He was an independent non-executive director of Shandong Jintai Group Company Limited, a company listed on the Shanghai Stock Exchange of the PRC, for the period from July 2007 to June 2010. He is experienced in the research on the structural change of industries in global economies, the economic and business development in East Asia, the open door policy adopted by China, the regional economic development of China, the economic integration between the Mainland, Taiwan and Hong Kong.

SENIOR MANAGEMENT

Financial Controller and Company Secretary

Mr. Cho Chun Wai, aged 38, joined the Group in 2012 and was appointed as a company secretary in February 2015. He holds a master degree of corporate finance awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management for listed companies.

* For identification purpose only

REPORT OF THE DIRECTORS

The Board submits their report together with the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and financial leasing business, and its subsidiaries are principally engaged in property investment and financial leasing for the year ended 31 December 2014.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2014 are set out in note 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 34.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (31 December 2013: Same).

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity on page 40 and note 27 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserve as at 31 December 2014 and 31 December 2013.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 15 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2014 are set out in note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 110 of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2014.

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi (resigned on 16 May 2014)

Non-executive Directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive Directors

Mr. Chan Ying Kay
Mr. Wang Jin Ling
Dr. Zhu Wenhui

In accordance with Articles 77 to 79 of the Articles of Association, Mr. Lo Siu Yu, Mr. Chen Yang and Mr. Chan Ying Kay will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Two executive Directors have entered into service contracts with the Company on 15 October 2009, another one executive Director has entered into service contracts with the Company on 30 November 2012, and such contracts will continue unless and until they are terminated by either party by prior written notice. One executive Director has entered into service contract with the Company on 30 November 2012 and has resigned on 16 May 2014.

The appointment letters entered into between the Company and each of the non-executive Directors of the Company (excluding the Independent Non-executive Directors) on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letters entered into between the Company and Mr. Chan Ying Kay, Mr. Wang Jin Ling (both on 13 October 2014) and Dr. Zhu Wenhui (on 31 December 2014), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules"). The Company considers they are independent.

DIRECTORS' REMUNERATIONS

A summary of the Directors' remuneration is set out in note 6 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 41 to the consolidated financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2014 or at any time during the year ended 31 December 2014.

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

As at 31 December 2014, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

		Interests in shares				
Name of director	**Capacity**	**Corporate interest**	**Personal interest**	**Interests in underlying shares pursuant to share options**	**Total number of shares interested**	**Approximate percentage of the Company's issued shares**
Mr. Lo Siu Yu	Interest of controlled corporation and beneficial owner	755,013,018 (Note a)	25,000,000 (Note b)	–	780,013,018	61.22%
Mr. Chen Yang	Beneficial owner	–	–	3,000,000	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	–	–	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	–	10,000	–	10,000	0.00%

Notes:

a. 665,013,018 shares were held by Money Success Limited, a company wholly-owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult Asia Limited and 30,000,000 shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.

b. Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Listing Rules.

(1) Purpose:

The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

(2) Participants:

The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

(3) Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 December 2012 was 10,800,000 shares, representing 0.85% of the issued share capital of the Company at 31 December 2012. Further details of the 2008 Scheme are set out in note 36 to the financial statements.

(4) Maximum entitlement of each participant:

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

(5) The periods within which the shares must be taken up under an option:

The share options under the 2008 Scheme may be exercised at any time during the exercise period, notwithstanding that the 2008 Scheme may have expired or been terminated.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY ***(CONTINUED)***

(6) The minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted under the 2008 Scheme is determinable by the Board, which shall not be more than 10 years after the date of grant.

(7) The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:

Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

(8) The basis of determining the exercise price:

The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(9) The remaining life:

The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Movements in the Company's outstanding share options under the 2008 Scheme during the year are as follows:

	Date of grant	Exercisable period	Exercise price HK$	Closing price per share immediately before the date of grant HK$	No. of options outstanding as at 1 January 2014	No. of options granted during the year ended 31 December 2014	No. of options exercised/ cancelled/ lapsed during the year ended 31 December 2014	No. of options outstanding as at 31 December 2014	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	–	–	3,000,000	0.24%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%
Employees (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Total					10,800,000	–	–	10,800,000	0.84%

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33⅓%, 33⅓% and 33⅓% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33⅓%, 33⅓% and 33⅓% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

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

As at 31 December 2014, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions of substantial shareholders' interests in the shares of the Company:

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (Note a)	780,013,018	61.22%
Wealthy In Investments Limited	Interest of controlled corporation (Note b)	755,013,018	59.26%
Money Success Limited	Beneficial owner (Note c)	755,013,018	59.26%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (Note d)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (Note d)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (Note d)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (Note d)	90,000,000	7.06%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.

c. 665,013,018 Shares were held by Money Success Limited, a company wholly-owned by Wealthy in investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 Shares were held by Sino Consult Asia Limited and 30,000,000 Shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.

d. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 31 December 2014, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at 31 March 2015, being the latest practicable date prior to printing of this report.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 December 2014 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers. None of the Directors, their respective associates, or shareholders who to the knowledge of the Directors own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers and suppliers of the Group during the year ended 31 December 2014.

MATERIAL ACQUISITIONS AND DISPOSAL

Major and Connected Transaction

On 9 December 2013, the Company entered into a loan agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB360 million (equivalent to approximately HK$449.6 million) to Chongqing Doyen. The period of the Loan is one year commencing from the date of advancement of the Loan. The interest rate is 9.5%. On 14 January 2014, an extraordinary general meeting was held to get the shareholder's approval. And the loan was repaid in 23 January 2014. For details, please refer to the Circular of the Company dated 27 December 2013.

On 21 November 2014, the Company entered into a loan agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB255 million (equivalent to approximately HK$318.5 million) to Chongqing Doyen. The period of the loan is one year commencing from the date of advancement of the loan. The interest rate is 10.5%. On the same day, Chongqing Baoxu entered into another loan agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB105 million (equivalent to approximately HK$131.1 million) to Chongqing Doyen. The period of the loan is one year commencing from the date of advancement of the loan. The interest rate is 10.5%.

Discloseable and Connected Transaction

On 14 August 2014, East Profit Investments, Jianghuai Engine and Shanghai Dongsheng entered into the JV Agreement to establish a sino-foreign joint venture enterprise. On 24 October 2014, an extraordinary general meeting of the Company was held to approve the transaction.

Discloseable Transactions

On 2 December and 3 December 2014, East Profit disposed on-market of 2,600,000 shares of Huishang Bank Corporation Limited in a series of transaction for an aggregate gross sale proceeds of HK$8,852,380 (excluding transaction cost). For details, please refer to the announcement of the Company dated 3 December 2014.

RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 31 December 2014 are being disclosed in the consolidated financial statements.

REPORT OF THE DIRECTORS

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 5 December 2014, Haitong International Finance Company Limited (the "Subscriber") entered into a subscription agreement with the Group pursuant to which the Subscriber would subscribe a bond of the Group with a face value of HK$195 million. Such bond has been fully issued in January 2015. The bond is unsecured, interest bearing at 9.5% per annum, repayable within two years from the subscription date and is guaranteed by Mr. Lo, Chairman, executive director and controlling shareholder of the Company.

On 14 January 2015, Super Dynasty and Shanghai Dongsheng entered into a further supplemental memorandum of understanding to the MOU, pursuant to which the parties thereto have agreed to extend the last date of entering into of the formal sale and purchase agreement to 14 April 2015. For details, please refer the announcements dated 14 April 2014, 14 October 2014 and 14 January 2015.

On 23 January 2015, an extraordinary annual meeting was held. During the meeting, independent shareholder has approved a resolution in relation to entering into of a loan agreement. For details, please refer to the circular of the Company dated 7 January 2015 and the announcement dated 23 January 2015.

On 2 March 2015, East Profit Investments entered into the capital injection agreement with Shanghai Dongsheng, Jianghuai Engine and Dongkui Financial Leasing, pursuant to which, East Profit Investments agreed to inject US$23.3 million in Dongkui Financial Leasing as additional capital, representing approximately 45.42% of the enlarged registered capital of Dongkui Financial Leasing after the additional capital injection. Upon completion of the additional capital injection by East Profit Investments, the registered capital of the JV Company will be increased from US$28 million to US$51.3 million. For details, please refer to the Company's announcement dated 2 March 2015.

On 5 March 2015, Dongkui Financial Leasing entered into a loan agreement with 深圳市東融投資發展有限公司 (Shenzhen Dongrong Investment Development Company Limited*) ("Shenzhen Dongrong"), a company established with limited liability under the laws of the PRC, pursuant to which Dongkui Financial Leasing has agreed to grant a loan by way of entrusted loan through a licensed bank in the PRC in the amount of RMB28 million to Shenzhen Dongrong for a term of 6 months at the interest rate of 10% per annum. For details, please refer to the Company's announcement dated 5 March 2015.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2014 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chen Yang
Chief Executive Officer

Hong Kong, 26 March 2015

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the shareholders. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Articles of Association of the Company (the "Articles of Association"), at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the CG Code.

Code Provision E.1.2 specifies that the chairman of the board should attend the annual general meeting. Mr. Lo, the Chairman of the Board, has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's annual general meeting held on 15 May 2014, he was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future annual general meetings of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure the compliance with the CG Code and alignment with the latest developments.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2014.

THE BOARD

The Board currently comprises 3 executive Directors, including the Chairman, the Vice Chairman and the Chief Executive Officer, 2 non-executive Directors and 3 independent non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management.

THE BOARD *(CONTINUED)*

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the Independent Non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its Executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 11 to 13 of this report. Ms. Luo Shaoying is a sister of Mr. Lo. Ms. Luo and Mr. Wang Xiaobo are an employee of a company that was controlled by Mr. Lo and his spouse. Mr. Qin Hong is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of Directors, either in person or through other electronic means of communications. The individual attendance of each Director during the year under review is set out below:

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	12/12
Ms. Luo Shaoying, *Vice Chairman*	12/12
Mr. Chen Yang, *Chief Executive Officer*	12/12
Mr. Yang Ying Xi (resigned on 16 May 2014)	3/3
Non-executive Directors	
Mr. Wang Xiaobo	12/12
Mr. Qin Hong	12/12
Independent non-executive Directors	
Mr. Chan Ying Kay	12/12
Mr. Wang Jin Ling	12/12
Dr. Zhu Wenhui	12/12

* For identification purpose only

BOARD DIVERSITY

In compliance with the new provision of the CG Code, the Board had adopted the board diversity policy and revised the terms of reference for the nomination committee of the Company (the "Nomination Committee").

In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Company for appointment or re-appointment of directors and succession planning of directors, the Nomination Committee will take into account a number of factors including but without limitation, gender, age, cultural and educational background, professional experience, skills and knowledge, and length of service.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman, Mr. Lo Siu Yu and the Chief Executive Officer, Mr. Chen Yang, are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The Chief Executive Officer's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo Siu Yu and two independent non-executive Directors, Mr. Chan Ying Kay and Dr. Zhu Wenhui.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

NOMINATION COMMITTEE *(CONTINUED)*

During the year ended 31 December 2014, one Nomination Committee meeting was held.

In accordance with the Articles of Association, Mr. Luo Shaoying, Mr. Wang Xiaobo and Dr. Zhu Wenhui shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

The audit committee (the “Audit Committee”) has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are Independent non-executive Directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Dr. Zhu Wenhui and Mr. Wang Jin Ling. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 December 2014, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company’s annual and interim reports and the management letter from the auditor of the Company.

AUDIT COMMITTEE *(CONTINUED)*

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	2/2
Mr. Wang Jin Ling	2/2
Dr. Zhu Wenhui	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are Independent Non-executive Directors, namely Dr. Zhu Wenhui (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the Chairman and the executive members of the Board of Directors' remuneration.

During the year ended 31 December 2014, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Dr. Zhu Wenhui, *Committee Chairman*	1/1
Mr. Chan Ying Kay	1/1
Mr. Wang Jin Ling	1/1

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on pages 32 to 33.

AUDITOR'S REMUNERATION

During the year ended 31 December 2014, the remuneration for the Group's auditor, PricewaterhouseCoopers, is as follows:

	HK$'000
Audit fees	1,420
Non-audit service fees	385
	1,805

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

In order to include a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

SHAREHOLDER RIGHTS ***(CONTINUED)***

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the Company Secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary. The Company Secretary forwards communications relating to matters within the Board’s purview to the independent Directors, communications relating to matters within a Board committee’s area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

To promote effective communication, the Company maintains a website at www.dowellproperty.com, where up-to-date information of the Company is available for public access.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF DOWELL PROPERTY HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Dowell Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 109, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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 Section 80 of Schedule 11 to the Hong Kong Companies Ordinance 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.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2015

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations			
Revenue	5	**16,569**	25,815
Staff costs	6	**(13,885)**	(11,835)
Operating lease rentals		**(3,233)**	(3,435)
Business and other tax expenses		**(5,642)**	(4,340)
Depreciation and impairment of property, plant and equipment		**(1,064)**	(1,102)
Other operating expenses	7	**(11,628)**	(9,585)
Fair value (loss)/gain on investment property		**(34,537)**	4,522
Fair value loss on financial assets at fair value through profit or loss	24	**(4,048)**	(118)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	24	**(4,771)**	518
Gain on disposal of available-for-sale financial assets		**114**	–
Other income	8	**6,604**	–
Exchange (loss)/gain – net		**(11,115)**	12,822
Operating (loss)/profit		**(66,636)**	13,262
Finance income	9	**40,865**	17,185
Finance costs	9	**(15,486)**	(22,123)
Finance income/(costs) – net	9	**25,379**	(4,938)
(Loss)/profit before income tax		**(41,257)**	8,324
Income tax credit/(expenses)	10	**437**	(4,716)
(Loss)/profit for the year from continuing operations		**(40,820)**	3,608
Discontinued operation			
Profit/(loss) for the year from discontinued operation	37	**3,033**	(621)
(Loss)/profit for the year		**(37,787)**	2,987
Attributable to:			
Equity holders of the Company		**(29,793)**	1,818
Non-controlling interests		**(7,994)**	1,169
		(37,787)	2,987
(Loss)/profit attributable to equity holders of the Company arises from:	13		
Continuing operations		**(32,826)**	2,439
Discontinued operation		**3,033**	(621)
		(29,793)	1,818
		HK cents	HK cents
Basic and diluted (loss)/ earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)	13		
From continuing operations		**(2.58)**	0.19
From discontinued operation		**0.24**	(0.05)
From continuing and discontinued operations		**(2.34)**	0.14

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	HK$'000	HK$'000
		(Restated)
(Loss)/profit for the year	**(37,787)**	2,987
Other comprehensive (loss)/income:		
Item that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(13,768)**	12,298
Other comprehensive (loss)/income for the year, net of tax	**(13,768)**	12,298
Total comprehensive (loss)/income for the year	**(51,555)**	15,285
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
– Continuing operations	**(42,085)**	11,059
– Discontinued operation	**3,033**	(621)
	(39,052)	10,438
Non-controlling interests		
– Continuing operations	**(12,503)**	4,847

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**2,149**	2,616
Investment property	15	**389,688**	433,920
Intangible assets	16	**7,932**	8,350
Deferred income tax assets	29	**5,687**	1,053
Loan receivable	17	**47,844**	–
Rental deposits	23	**648**	–
		453,948	445,939
Current assets			
Inventories	20	**–**	1,702
Trade receivables	21	**–**	181
Loan receivable	17	**33,800**	–
Due from related companies	22	**471,720**	–
Deposits, prepayments and other receivables	23	**8,828**	12,861
Financial assets at fair value through profit or loss	24	**17,363**	18,333
Restricted bank deposits	25	**–**	397
Cash and cash equivalents	25	**217,313**	720,566
		749,024	754,040
Total assets		**1,202,972**	1,199,979
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	26	**1,174,378**	127,404
(Deficit)/reserves		**(379,271)**	706,730
		795,107	834,134
Non-controlling interests		**208,145**	130,948
Total equity		**1,003,252**	965,082

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments	28	–	310
Bank borrowings	30	149,880	179,200
Finance lease liabilities	31	133	534
		150,013	180,044
Current liabilities			
Trade payables	32	–	2,194
Other payables and accrued charges	33	19,427	25,863
Income tax payable		4,899	675
Bank borrowings	30	24,980	25,600
Finance lease liabilities	31	401	521
		49,707	54,853
Total liabilities		199,720	234,897
Total equity and liabilities		1,202,972	1,199,979
Net current assets		699,317	699,187
Total assets less current liabilities		1,153,265	1,145,126

The financial statements on pages 34 to 109 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	34	**554,137**	572,657
Intangible assets	16	**7,932**	8,350
		562,069	581,007
Current assets			
Due from subsidiaries	35	**129,028**	100,785
Due from a related company	22	**456,720**	–
Deposits, prepayments and other receivables	23	**113**	115
Restricted bank deposits	25	**–**	397
Cash and cash equivalents	25	**4,635**	129,979
		590,496	231,276
Total assets		**1,152,565**	812,283
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	26	**1,174,378**	127,404
(Deficit)/reserves	27	**(394,024)**	661,601
Total equity		**780,354**	789,005
LIABILITIES			
Current liabilities			
Due to subsidiaries	35	**364,133**	20,686
Other payables and accrued charges	33	**4,376**	2,592
Income tax payable		**3,702**	–
Total liabilities		**372,211**	23,278
Total equity and liabilities		**1,152,565**	812,283
Net current assets		**218,285**	207,998
Total assets less current liabilities		**780,354**	789,005

The financial statements on pages 34 to 109 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash used in operations	38	**(97,923)**	(2,637)
Profits tax refund		**–**	76
Net cash used in operating activities		**(97,923)**	(2,561)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,187)**	(249)
Additions to investment property		**(1,460)**	(21,014)
Advancement of loan to a related company		**(449,640)**	–
Purchase of financial assets at fair value through profit or loss		**(71,365)**	(15,688)
Purchase of available-for-sale financial assets		**(52,458)**	–
(Payment)/refund of deposit for acquisition of assets		**(15,000)**	15,000
Inception of loan receivables		**–**	(151,200)
Proceeds from loan receivables		**–**	248,178
Proceeds from disposal of financial assets at fair value through profit or loss		**63,516**	7,796
Proceeds from disposal of available-for-sale financial assets		**52,572**	–
Proceeds from disposal of property, plant and equipment		**–**	400
Proceeds from disposal of subsidiaries		**–**	228,869
Dividend income received		**778**	–
Interest received		**39,560**	17,185
Net cash (used in)/generated from investing activities		**(434,684)**	329,277
Cash flows from financing activities			
Decrease in restricted bank deposits		**397**	3,369
Repayment of bank borrowings		**(29,940)**	(19,093)
Interest paid on bank and other borrowings		**(16,941)**	(22,261)
Inception of finance lease		**–**	752
Repayment of finance lease liabilities		**(521)**	(717)
Proceeds from capital injection from non-controlling interest		**89,700**	–
Net cash generated from/(used in) financing activities		**42,695**	(37,950)
Net (decrease)/increase in cash and cash equivalents		**(489,912)**	288,766
Cash and cash equivalents at the beginning of the year		**720,566**	419,118
Exchange differences on cash and cash equivalents		**(13,341)**	12,682
Cash and cash equivalents at the end of the year	25	**217,313**	720,566

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Retained earnings HK$'000	Exchange reserve HK$'000	Other reserve (Note 27) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	127,404	1,046,974	(409,968)	46,153	3,601	9,189	823,353	126,101	949,454
Profit for the year	–	–	–	1,818	–	–	1,818	1,169	2,987
Other comprehensive income									
Currency translation differences	–	–	–	–	8,620	–	8,620	3,678	12,298
Total comprehensive income	–	–	–	1,818	8,620	–	10,438	4,847	15,285
Write-back of unclaimed dividends	–	–	–	343	–	–	343	–	343
At 31 December 2013	127,404	1,046,974	(409,968)	48,314	12,221	9,189	834,134	130,948	965,082

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	**Share premium HK$'000**	**Merger reserve HK$'000**	**Retained earnings HK$'000**	**Exchange reserve HK$'000**	**Other reserve (Note 27) HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 January 2014	**127,404**	**1,046,974**	**(409,968)**	**48,314**	**12,221**	**9,189**	**834,134**	**130,948**	**965,082**
Loss for the year	**–**	**–**	**–**	**(29,793)**	**–**	**–**	**(29,793)**	**(7,994)**	**(37,787)**
Other comprehensive loss									
Currency translation differences	**–**	**–**	**–**	**–**	**(9,259)**	**–**	**(9,259)**	**(4,509)**	**(13,768)**
Total comprehensive loss	**–**	**–**	**–**	**(29,793)**	**(9,259)**	**–**	**(39,052)**	**(12,503)**	**(51,555)**
Write-back of unclaimed dividends	**–**	**–**	**–**	**25**	**–**	**–**	**25**	**–**	**25**
Transition to no par value regime on 3 March 2014 (Note 26(c))	**1,046,974**	**(1,046,974)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital injection to Shanghai Dongkui	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**89,700**	**89,700**
At 31 December 2014	**1,174,378**	**–**	**(409,968)**	**18,546**	**2,962**	**9,189**	**795,107**	**208,145**	**1,003,252**

The notes on pages 41 to 109 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dowell Property Holdings Limited is a limited liability company incorporated in Hong Kong. The address of its registered office is Suites 2009-2010, 20/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the period from 1 January 2014 to 30 April 2014, the Company and its subsidiaries (together, the "Group") are principally engaged in (i) operation of a restaurant in Hong Kong and (ii) investment property holding in the People's Republic of China (the "PRC"). The Group ceased the restaurant business (the "discontinued business") on 30 April 2014 upon expiration of the lease of its only restaurant in Hong Kong. The accompanying consolidated financial statements and the comparative figures of the consolidated income statement and statement of comprehensive income have been prepared to reflect the results of such discontinued business separately.

On 14 August 2014, the Group entered into an agreement with two joint venture partners, both being related companies, to establish a sino-foreign joint venture enterprise in the PRC. Such joint venture enterprise, named Dongkui Financial Leasing (Shanghai) Co. Ltd ("Shanghai Dongkui"), is 59% owned by the Group and has been accounted for as a subsidiary of the Group. Shanghai Dongkui is principally engaged in provision of financing to customers under finance lease or other arrangements in the PRC. Since then, the Group is principally engaged in (i) investment property holding in the PRC and (ii) provision of financing to customers in the PRC (the "Dongkui business").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA. They have been prepared under the historical cost convention, as modified by investment property and financial assets at fair value through profit or loss which are stated at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The following amendments to standards are mandatory for the first time for the year ended 31 December 2014. The Group has adopted these amendments to standards which are relevant to its operations.

Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has no impairment of assets which is subject to the disclosures of HKAS 36 during the years presented.

Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group is not currently subjected to hedge accounting so the impact on the Group is not material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendment to HKAS 10, 12 and HKAS 27, "Consolidation for investment entities" on the consolidation requirement on funds and similar entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The adoption of these amendments does not have any impact on the consolidated financial statements of the Group.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

The following new standards and amendments to standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture for Bearer Plants	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9 (2014)	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual improvements	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual improvements	Annual Improvements 2011-2013 Cycle	1 July 2014
Annual improvements	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group has already commenced an assessment of the impact of the above new/revised standards and amendments to standards and have concluded on a preliminary basis that these new/revised standards and amendments to standards would not have a significant impact to its results of operations and financial position.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation (continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions-that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or expenses". All other foreign exchange gains and losses are presented in the income statement within "exchange gain or loss – net".

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate. Currency translation difference arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation *(continued)*

(d) Disposal of foreign operation and partial disposal

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is initially measured at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuer at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuer use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the consolidated income statement as "fair value (loss)/gain on investment property".

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the period in which they are incurred.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.6 Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives and the annual rates of depreciation are as follows:

Buildings	5% or over the unexpired periods of the leases, whichever is shorter.
Leasehold improvements	33% or over the unexpired periods of the leases, whichever is shorter.
Furniture, fixtures and equipment	15-33%
Motor vehicles	15-20%

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

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.7 Intangible assets

Intangible assets are recognised at cost. The useful lives of those intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of intangible assets with indefinite useful lives are reviewed annually to determine whether indefinite life assessment continues to be supportable.

Intangible assets with a definite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives and the annual rates of amortisation are as follows:

Club memberships	Over the unexpired lease periods of the clubs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

2.9 Discontinued operation

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

When an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.10 Finance lease receivables

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to a as the "actuarial method". The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are designated at fair value through profit or loss at inception if the designation relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "loan receivable", "due from related companies", "deposits and other receivables", "rental deposits paid", "restricted bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Financial assets *(continued)*

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date-the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Finance lease receivables are regarded as loans and receivables for the purpose of derecognition and impairment.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Changes in the fair value monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties; or

– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12 Impairment of financial assets *(continued)*

(a) Assets carried at amortised cost (continued)

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

For finance lease receivables, the amount of loss impairment is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flow, discounted at the implicit effective interest rate used in initial recognition.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories used in the restaurant operation is determined using a costing method which approximates the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.16 Current and deferred income tax *(continued)*

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.20 Employee benefits

(a) Pension obligations

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Employee benefits *(continued)*

(a) Pension obligations (continued)

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlement to annual leave or other statutory leave is recognised when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the date of statement of financial position.

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

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments and individuals' performance. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.21 Share-based payments

The Group operates a share-based compensation plan, under which the Group receives services from directors and employees as consideration for equity instruments (options) of the Group. The fair value of the directors' and employees' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.22 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Reinstatement costs

Provision for reinstatement costs is recognised when the Group has an obligation under the lease agreements to return the leased properties at the end of the lease in its original state.

2.24 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of credit card fees, discounts and value-added taxes and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customers, the type of transactions and the specifics of each arrangement.

(i) Rental income

Rental income is recognised on a straight line basis over the lease term. When incentives are provided to the tenants, the cost of incentives is recognised over the lease term on a straight-line basis, as a reduction of rental income.

(ii) Sales of goods and services from restaurant operations

Sales of goods from restaurant operations are recognised at the point of sales to customers and sales of services from restaurant operations are recognised when services are rendered to customers.

(iii) Interest income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.24 Revenue and income recognition *(continued)*

(iv) Finance lease income

The income under finance lease is recognised in the consolidated income statement using the effective interest rate implicit in the lease over the term of the lease. Contingent rent is recognised as income in the period in which it is earned.

2.25 Borrowing costs

Borrowing costs, including those pertaining to general borrowings, incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.26 Leases

Operating lease – as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Operating lease – as a lessor

Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature, as set out in Note 2.5. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2.24 (i).

Finance lease – as a lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. At the commencement of the lease term, the minimum lease payments receivable is recognised as a finance lease receivable and the unguaranteed residual value is recorded as an asset at the same time. Minimum lease payments are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2.24 (iv).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.27 Dividend income

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

2.28 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, cash flow interest rate risk, price risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables (including loan receivable) and balances due from related parties represent the Group's maximum exposure to credit risk in relation to financial assets.

During the year, the Group's turnover was derived from the restaurant business in Hong Kong (discontinued business), rental income from an investment property in the PRC and interest income from Dongkui business.

Restaurants sales are mainly settled by cash or credit card. There is no significant concentration of credit risk.

For investment property holding business, the Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. The Group holds rental deposits as security against tenants which should be adequate to cover any losses from non-performance by the tenants.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(a) Credit risk (continued)

For Dongkui business, the Group assesses the credit quality of the customers taking into account their financial position, past experience and other factors and imposes credit limits accordingly. The utilisation of credit limits is regularly monitored.

The credit risk exposure for the other receivables and amount due from related parties is considered low given the financial position of the counter-parties as well as on time repayment history from the counter-parties in accordance with the terms of the agreements.

The credit risk exposure for bank deposits and bank balances is considered minimal as such amounts are placed with banks with good credit ratings.

(b) Foreign exchange risk

The Group operates in Hong Kong and the PRC with most of the transactions being denominated and settled in local currencies. A substantial portion of the Group's cash and cash equivalents are denominated in Renminbi ("RMB").

The Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against HKD with all other variables being held constant, the Group's pre-tax loss (2013: profit) for the year would have been approximately HK$17,217,000 lower/higher (2013: HK$25,128,000 higher/lower), mainly as a result of exchange gains/losses on translation of cash and bank balances and loan from a related company denominated in RMB held by the group companies with HKD as functional currency.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(c) Cash flow and fair value interest rate risk

The Group is not exposed to material fair value interest rate risk. The Group's exposure to cash flow interest rate risks arising from the Group's interest-bearing bank deposits and bank borrowings. As at 31 December 2014, the Group's bank deposits and bank borrowings bore interest at variable rates and exposed the Group to cash flow interest rate risks. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than the factor as mentioned above, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 December 2014, if interest rates on bank deposits and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's pre-tax loss (2013: profit) for the year would by approximately HK$303,000 lower/higher (2013: HK$2,130,000 higher/lower), mainly as a result of higher/lower net interest income on bank deposits and bank borrowings at variable rates.

(d) Price risk

The Group is exposed to securities price risk because certain investments held by the Group are classified in the statement of financial position as financial assets at fair value through profit or loss as at 31 December 2014 and 31 December 2013.

As at 31 December 2014, if the quoted price of the financial assets at fair value through profit or loss had appreciated/depreciated by 20% (2013: 20%) with all other variables held constant, the Group's pre-tax loss (2013: profit) for the year would have been approximately HK$3,473,000 lower/higher (2013: HK$3,667,000 higher/lower) as a result of gains/losses on change in fair value of the financial asset at fair value through profit or loss.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes that there is no significant liquidity risk as the Group has sufficient cash and cash equivalents to fund its operations.

The following table details the remaining contractual maturities at the end of the reporting period position of the Group's and Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company is required to pay.

	Within 1 year or on demand	Between 2 and 5 years	Over 5 years
	HK$'000	HK$'000	HK$'000
Group			
At 31 December 2014			
Other payables	**3,284**	**–**	**–**
Bank borrowings	**37,765**	**130,017**	**53,952**
Finance lease liabilities	**416**	**135**	**–**
Total	**41,465**	**130,152**	**53,952**
At 31 December 2013			
Trade payables	2,194	–	–
Other payables	10,639	–	–
Bank borrowings	39,449	139,288	84,817
Finance lease liabilities	563	551	–
Total	52,845	139,839	84,817
Company			
At 31 December 2014			
Other payables	**355**	**–**	**–**
Amounts due to subsidiaries	**364,133**	**–**	**–**
Total	**364,488**	**–**	**–**
At 31 December 2013			
Other payables	516	–	–
Amounts due to subsidiaries	20,686	–	–
Total	21,202	–	–

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

As at 31 December 2014, the Group's cash and cash equivalents exceeded the total borrowings by approximately HK$42 million (2013: HK$516 million).

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Refer to Note 15 for disclosures of the investment property that are measured at fair value.

	Level 1	
	2014	2013
	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**17,363**	18,333

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation *(continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to access the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's other financial assets including cash and cash equivalents, trade and other receivables, loan receivable and balances due from related companies, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

4.1 Estimates of fair value of investment property

The fair value of investment property is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 15.

4.2 Impairment of trade and other receivables including loan receivable and balances due from related parties

Management reviews regularly the recoverable amount of each individual trade and other receivables including loans and balances due from related parties to ensure that adequate impairment is made for the balances. Management assesses the recoverable amount of each individual receivables whether there is objective evidence that the receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions.

Management reassesses the provision at each balance sheet date.

4.3 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each date of the statement of financial position and to the extent that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry-forward tax losses, the asset balance will be reduced and charged to the income statement.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

4.4 Income and other taxes

The Group is subject to income and other taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

4.5 Classification of finance leases

Management determines whether an arrangement is, or contains, a finance lease based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or group of assets, and the arrangement conveys a right to use the assets.

Situations that would normally lead to a lease being classified as a finance lease include the following:

– The lease transfers ownership of the asset to the lessee by the end of the lease term;

– The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;

– The lease term is for the major part of the economic life of the asset, even if title is not transferred;

– At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;

– The lease assets are of a specialised nature such that only the lessee can use them without major modifications being made.

For sales and lease back transactions with repurchase options which are almost certain to be exercised and do not convey a right to use of the underlying assets, the management judges that in substance the arrangement is not in the scope of HKAS 17 “Lease”, which instead is accounted for as a financial instrument under HKAS 39 “Financial instruments”.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

4.6 Impairment of non-financial assets

The Group tests whether non-financial assets have suffered any impairment, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on the higher of the value-in-use calculations or fair value less costs to sell.

Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

4.7 Useful lives of non-financial assets

The Group's management determines the estimated useful lives and related depreciation and/or amortisation for its non-financial assets. This estimation is based on the historical experience of the actual useful lives of the assets with similar nature and functions. Management will adjust the depreciation and amortisation where useful lives vary with previously estimated lives.

5 REVENUE AND SEGMENT INFORMATION

Reportable segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the CODM in order to assess performance and allocate resources. The executive directors assess the performance of the reportable segments based on the profit and loss generated.

During the year, the Group is principally engaged in (i) operation of a restaurant in Hong Kong (discontinued business), (ii) investment property holding in the PRC and (iii) the Dongkui business.

Revenue from the three segments is analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Continuing operations		
Investment property holding	**15,753**	25,815
Dongkui business	**816**	–
	16,569	25,815
Discontinued operation		
Restaurant operation (Note 37)	**8,956**	31,026

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

The segment information provided to the CODM for the reportable segments is as follows:

	Continuing operations			Discontinued operation
	Investment property holding HK$'000	Dongkui business HK$'000	Total HK$'000	Restaurant operation HK$'000
Year ended 31 December 2014				
Revenue from external customers	15,753	816	16,569	8,956
Depreciation of property, plant and equipment	(9)	–	(9)	(252)
Fair value loss on investment property	(34,537)	–	(34,537)	–
Fair value loss on financial assets at fair value through profit or loss	–	(732)	(732)	–
Gain on disposal of financial assets at fair value through profit or loss	–	18	18	–
Gain on disposal of available-for-sale financial assets	14	100	114	–
Finance income	12,564	407	12,971	–
Finance costs	(15,444)	–	(15,444)	–
Exchange loss	–	(790)	(790)	–
Segment results	(29,202)	(1,264)	(30,466)	3,033
Income tax credit	3,860	312	4,172	–
Capital expenditure	(512)	–	(512)	–
As at 31 December 2014				
Segment assets	580,608	215,380	795,988	–
Segment liabilities	(179,806)	(1,350)	(181,156)	–

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

	Continuing operations			Discontinued operation
	Investment property holding HK$'000	Dongkui business HK$'000	Total HK$'000	Restaurant operation HK$'000
Year ended 31 December 2013 (Restated)				
Revenue from external customers	25,815	–	25,815	31,026
Depreciation of property, plant and equipment	(8)	–	(8)	(926)
Fair value gain on investment property	4,522	–	4,522	–
Finance income	7,551	–	7,551	–
Finance costs	(22,058)	–	(22,058)	(135)
Segment results	7,939	–	7,939	(621)
Income tax expenses	(4,041)	–	(4,041)	–
Capital expenditure	(21,042)	–	(21,042)	(185)
As at 31 December 2013				
Segment assets	946,979	–	946,979	7,223
Segment liabilities	(510,484)	–	(510,484)	(9,859)

A reconciliation of segment results to (loss)/profit before income tax is provided as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations:		
Segment results	**(30,466)**	7,939
Elimination of segment finance income from head office	**(12,111)**	–
Depreciation of property, plant and equipment at head office	**(1,055)**	(1,094)
Staff costs at head office	**(10,082)**	(9,891)
Finance income	**40,005**	9,634
Finance cost	**(42)**	(65)
Corporate expenses	**(15,638)**	(11,425)
(Loss)/gain on disposal of property, plant and equipment	**(42)**	4
Fair value loss on financial assets at fair value through profit or loss	**(3,316)**	(118)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**(4,789)**	518
Other income	**6,604**	–
Exchange (loss)/gain – net	**(10,325)**	12,822
(Loss)/profit before income tax	**(41,257)**	8,324

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' assets are reconciled to total assets as follows:

	2014 HK$'000	2013 HK$'000
Total assets for reportable segments	**795,988**	954,202
Property, plant and equipment	**2,121**	1,933
Financial assets at fair value through profit or loss	**11,827**	18,333
Cash and cash equivalents	**46,224**	215,201
Due from related companies	**471,720**	–
Other assets	**9,345**	10,310
Total unallocated assets	**541,237**	245,777
Elimination of inter-company receivables	**(134,253)**	–
Total assets	**1,202,972**	1,199,979

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2014 HK$'000	2013 HK$'000
Total liabilities for reportable segments	**181,156**	520,343
Finance lease liabilities	**534**	1,055
Income tax payable	**4,377**	675
Other liabilities	**13,653**	11,741
Total unallocated liabilities	**18,564**	13,471
Elimination of inter-company payables	**–**	(298,917)
Total liabilities	**199,720**	234,897

All revenue from the restaurant business segment is derived in Hong Kong, while all revenue from the investment property holding and Dongkui business is derived in the PRC. All of the Group's assets, liabilities and capital expenditure of the restaurant operation segment are located in Hong Kong, and all of the Group's assets, liabilities and capital expenditure of the investment property holding and Dongkui business are located in the PRC.

6 STAFF COSTS

	2014 HK$'000	2013 HK$'000 (Restated)
Wages and salaries, including directors' emoluments	**11,630**	9,975
Retirement benefit costs – defined contribution schemes (Note a)	**878**	483
Other staff costs	**1,377**	1,377
	13,885	11,835

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,250 (from 1 January 2014 to 31 May 2014) to HK$1,500 (from 1 June 2014 onwards) for employees' monthly contribution, as appropriate as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the years are as follows:

	2014 HK$'000	2013 HK$'000
Fees	600	600
Other emoluments:		
Salaries, housing and other allowances	5,086	5,236
Employer's contribution to pension scheme	50	58
	5,736	5,894

The remuneration of every director during the year ended 31 December 2014 is set out below:

Name of director	Fees HK$'000	Salary, housing and other allowances HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors				
Mr. Lo Siu Yu	–	2,476	17	2,493
Ms. Luo Shaoying	–	240	12	252
Mr. Chen Yang	–	2,280	16	2,296
Mr. Yang Yong Xi (1) (resigned on 16 May 2014)	–	90	5	95
Non-executive directors				
Mr. Wang Xiaobo	120	–	–	120
Mr. Qin Hong	120	–	–	120
Independent non-executive directors				
Mr. Chan Ying Kay	120	–	–	120
Mr. Wang Jin Ling	120	–	–	120
Dr. Zhu Wenhui	120	–	–	120
	600	5,086	50	5,736

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of every director during the year ended 31 December 2013 is set out below:

Name of director	Fees	Salary, housing and other allowances	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Mr. Lo Siu Yu	–	2,491	15	2,506
Ms. Luo Shaoying	–	240	14	254
Mr. Chen Yang	–	2,265	15	2,280
Mr. Yang Yong Xi	–	240	14	254
Non-executive directors				
Mr. Wang Xiaobo	120	–	–	120
Mr. Qin Hong	120	–	–	120
Independent non-executive directors				
Mr. Chan Ying Kay	120	–	–	120
Mr. Wang Jin Ling	120	–	–	120
Dr. Zhu Wenhui	120	–	–	120
	600	5,236	58	5,894

(1) Mr. Yang Yong Xi has resigned as an executive director of the Company with effective on 16 May 2014.

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group during the year include 2 (2013: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to the remaining 3 (2013: 3) individuals during the year represent basic salary and other benefits amounting to HK$1,867,000 (2013: HK$1,917,000).

The emoluments fell within the following bands:

Emolument bands	**Number of individuals** **2014**	2013
Nil-HK$1,000,000	**3**	3

No emolument was paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

6 STAFF COSTS *(CONTINUED)*

(d) Emoluments of senior management

Other than the emoluments of directors disclosed in Note 6(b), the emoluments of senior management whose profiles are included in the Biographical Details of Directors and Senior Management section of this report fell within the following bands:

	Number of individuals	
Emolument bands	**2014**	2013
Nil – HK$1,000,000	**2**	2

7 EXPENSES BY NATURE

	2014 **HK$'000**	2013 HK$'000 (Restated)
Promotion expense	**2,427**	2,801
Legal and professional expenses	**2,382**	1,768
Auditor's remuneration	**1,463**	1,311
Travelling and accommodation	**1,241**	526
Motor vehicle expenses	**685**	739
Occupancy expense (other than operating lease rentals)	**590**	559
Amortisation of intangible assets (Note 16)	**418**	418
Information and technology ("IT") expenses	**372**	118
Insurance expense	**190**	197
Repair and maintenance expenses	**186**	281
Bank charges	**535**	33
Other expenses	**1,139**	834
Other operating expenses	**11,628**	9,585

8 OTHER INCOME

	2014 **HK$'000**	2013 HK$'000
Reimbursement of tax expenses from a related company (Note 22)	**5,826**	–
Dividend income from investment in financial assets at fair value through profit and loss	**778**	–
	6,604	–

9 FINANCE INCOME AND COSTS

	2014 **HK$'000**	2013 HK$'000 (Restated)
Finance costs:		
– Finance lease liabilities	**(42)**	(65)
– Bank borrowings wholly repayable after 5 years	**(15,444)**	(22,058)
Finance costs	**(15,486)**	(22,123)
Finance income:		
– Interest income from bank deposits	**3,224**	3,780
– Interest income from loan to a related company (Note 22)	**37,214**	–
– Interest income from amount due from a related company	**–**	4,500
– Other interest income	**427**	8,905
Finance income	**40,865**	17,185
Finance income/(costs) – net	**25,379**	(4,938)

10 INCOME TAX

No Hong Kong profits tax has been provided for the year ended 31 December 2014 (2013: Nil) as there was no estimated assessable profit for the year (2013: Nil).

PRC corporate income tax is provided on the profit before income tax of subsidiaries which are subject to PRC corporate income tax at the statutory tax rate of 25%, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The amount of income tax (credited)/charged to the consolidated income statement represents:

	Year ended 31 December 2014			Year ended 31 December 2013 (Restated)		
	Continuing operations HK$'000	Discontinued operation HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operation HK$'000	Total HK$'000
Current income tax – PRC corporate income tax						
– charge for the year	4,261	–	4,261	675	–	675
– over-provision in prior years	–	–	–	(4,226)	–	(4,226)
	4,261	–	4,261	(3,551)	–	(3,551)
Deferred income tax						
– current year (credit)/charge	(4,726)	–	(4,726)	4,041	–	4,041
– under-provision in prior years	28	–	28	4,226	–	4,226
	(4,698)	–	(4,698)	8,267	–	8,267
	(437)	–	(437)	4,716	–	4,716

10 INCOME TAX *(CONTINUED)*

The income tax (credit)/charge on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/losses of the consolidated entities as follows:

	Year ended 31 December 2014		Year ended 31 December 2013 (Restated)	
	Continuing operations HK$'000	**Discontinued operation HK$'000**	Continuing operations HK$'000	Discontinued operation HK$'000
(Loss)/profit before tax	**(41,257)**	**3,033**	8,324	(621)
Calculated at domestic taxation rates applicable to the (loss)/profit in the respective jurisdictions	**(11,825)**	**501**	2,047	(102)
Income not subject to income tax	**(1,699)**	**(661)**	(2,599)	–
Expenses not deductible for taxation purposes	**8,462**	**65**	2,471	–
Tax losses not recognised	**4,639**	**470**	2,797	217
Other temporary differences	**(42)**	**(375)**	–	(115)
Recognition of prior years' temporary differences	**–**	**–**	4,226	–
Under/(over) – provision in prior years	**28**	**–**	(4,226)	–
Income tax (credit)/expense	**(437)**	**–**	4,716	–

11 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$8,676,000 (2013: HK$5,990,000).

12 DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Write-back of unclaimed dividends	**25**	343

No final dividend was proposed for the year ended 31 December 2014 (2013: Nil).

13 (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per share are based on the following:

	2014	2013
	HK$'000	HK$'000
		(Restated)
(Loss)/profit attributable to equity holders of the Company from:		
Continuing operations	**(32,826)**	2,439
Discontinued operation	**3,033**	(621)
	(29,793)	1,818
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue	**1,274,039**	1,274,039

Employee share options outstanding as at 31 December 2014 and 2013 would not have dilutive effect on earnings per share since the average market price of the shares of the Company during the year was below the exercise prices of the employee share options.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2013				
Cost	4,745	2,916	2,442	10,103
Accumulated depreciation and impairment losses	(3,766)	(1,364)	(935)	(6,065)
Net book amount	979	1,552	1,507	4,038
Year ended 31 December 2013				
Opening net book amount	979	1,552	1,507	4,038
Additions	–	243	758	1,001
Disposals	–	–	(396)	(396)
Depreciation	(612)	(953)	(463)	(2,028)
Exchange differences	–	1	–	1
Closing net book amount	367	843	1,406	2,616
At 31 December 2013				
Cost	4,745	3,160	2,517	10,422
Accumulated depreciation and impairment losses	(4,378)	(2,317)	(1,111)	(7,806)
Net book amount	367	843	1,406	2,616
Year ended 31 December 2014				
Opening net book amount	**367**	**843**	**1,406**	**2,616**
Additions	**1,286**	**1**	**–**	**1,287**
Disposals	**(53)**	**(382)**	**–**	**(435)**
Depreciation	**(465)**	**(347)**	**(504)**	**(1,316)**
Exchange differences	**–**	**(3)**	**–**	**(3)**
Closing net book amount	**1,135**	**112**	**902**	**2,149**
At 31 December 2014				
Cost	**1,286**	**682**	**2,517**	**4,485**
Accumulated depreciation and impairment losses	**(151)**	**(570)**	**(1,615)**	**(2,336)**
Net book amount	**1,135**	**112**	**902**	**2,149**

As at 31 December 2014, all (2013: same) of the Group's motor vehicles were held under finance lease (Note 31).

15 INVESTMENT PROPERTY

	2014 HK$'000	2013 HK$'000
At fair value		
At 1 January	**433,920**	396,788
Additions	**512**	21,014
Fair value (loss)/gain	**(34,537)**	4,522
Exchange differences	**(10,207)**	11,596
At 31 December	**389,688**	433,920

Investment property at its net book value was analysed as follows:

	2014 HK$'000	2013 HK$'000
In the PRC, land use rights with leases between 10 to 50 years	**389,688**	433,920

Rental income derived from the investment property amounted to approximately HK$15,753,000 during the year (2013: HK$25,815,000). Direct operating cost from property that generated rental income amounted to approximately HK$2,431,000 during the year (2013: HK$2,540,000).

Valuation process of the Group

The Group measures its investment property at fair value. The fair value of the Group's investment property at 31 December 2014 has been determined on the basis of valuation carried out by an independent qualified valuer, American Appraisal China Limited (the "Valuer") (2013: same). The valuation, which conforms to the valuation standards issued by Hong Kong Institute of Surveyors ("HKIS"), was arrived at by reference to the current and forecast rental income, allowing for reversionary potential of the investment property.

The Group's finance department led by the financial controller reviews the valuation performed by the Valuer for financial reporting purposes and reports to the chief executive officer and the audit committee. Discussions of valuation processes and results are held between the chief executive officer, the finance department and the Valuer at least once every year, in line with the Group's annual reporting date.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report;
- Holds discussions with the Valuer.

15 INVESTMENT PROPERTY *(CONTINUED)*

Fair value measurements using significant unobservable inputs (level 3)

Fair value of the Group's investment property is derived using the capitalisation approach (term and reversionary analysis), which is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and Valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

There was no change to the valuation technique with that of prior period.

Details of the unobservable inputs in determining the valuation as at 31 December 2014 and 2013 are as follows:

For the year ended	Unobservable inputs	Relationship of unobservable inputs of fair value
31 December 2014	Long term vacancy rate – 5%	The higher the vacancy rate, the lower the fair value
	Average monthly gross unit market rent – RMB45 to RMB231 per square meter	The higher the rents, the higher the fair value
	Letting void – 1 year	The longer the letting void, the lower the fair value
	Adjustment to term yield – 7.5%	The higher the adjustment to term yield, the lower the fair value
	Reversionary yield – 8%	The higher the reversionary yield, the lower the fair value
31 December 2013	Long term vacancy rate – 5%	The higher the vacancy rate, the lower the fair value
	Average monthly gross unit market rent – RMB46 to RMB231 per square meter	The higher the rents, the higher the fair value
	Letting void – Nil	The longer the letting void, the lower the fair value
	Adjustment to term yield – 7.5%	The higher the adjustment to term yield, the lower the fair value
	Reversionary yield – 8%	The higher the reversionary yield, the lower the fair value

15 INVESTMENT PROPERTY *(CONTINUED)*

The investment property as at 31 December 2013 and 2014 was pledged against the Group's borrowings (Note 30).

Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable at regular intervals during the year based on the payment terms. At 31 December 2014, the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**14,124**	24,965
Later than one year and not later than five years	**13,617**	42,084
	27,741	67,049

16 INTANGIBLE ASSETS

Intangible assets represent the Group's and the Company's interests in certain club memberships in Hong Kong with cost of HK$8,820,000 (2013: HK$8,820,000). Amortisation of those intangible assets during the year amounted to approximately HK$418,000 (2013: HK$418,000). As at 31 December 2014, accumulated amortisation of those intangible assets was amounted HK$888,000 (2013: HK$470,000). No addition or disposal of intangible assets was made during the year.

17 LOAN RECEIVABLE

During the current year, Shanghai Dongkui advanced a loan of RMB71,000,000 to a customer under a sale-and-lease-back arrangement. Such loan is secured by the customer's coal mining production equipment, interest-bearing at 12.7% per annum and repayable by instalments within three years from the draw-down date, which is 1 December 2014.

18 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

As at 31 December 2014	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets			
Loan receivable	81,644	–	81,644
Due from related companies	471,720	–	471,720
Deposits and other receivables	700	–	700
Financial assets at fair value through profit or loss	–	17,363	17,363
Cash and cash equivalents	217,313	–	217,313
Total	771,377	17,363	788,740

As at 31 December 2014	Other financial liabilities at amortised cost HK$'000
Liabilities	
Other payables	3,284
Bank borrowings	174,860
Finance lease liabilities	534
Total	178,678

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

As at 31 December 2013	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets			
Trade receivables	181	–	181
Deposits and other receivables	3,935	–	3,935
Financial assets at fair value through profit or loss	–	18,333	18,333
Restricted bank deposits	397	–	397
Cash and cash equivalents	720,566	–	720,566
Total	725,079	18,333	743,412

As at 31 December 2013	Other financial liabilities at amortised cost HK$'000
Liabilities	
Trade payables	2,194
Other payables	10,639
Bank borrowings	204,800
Finance lease liabilities	1,055
Total	218,688

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company

As at 31 December 2014	**Loans and receivables HK$'000**	**Total HK$'000**
Assets		
Due from subsidiaries	**129,028**	**129,028**
Due from related companies	**456,720**	**456,720**
Cash and cash equivalents	**4,635**	**4,635**
Total	**590,383**	**590,383**

As at 31 December 2014	**Other financial liabilities at amortised cost HK$'000**
Liabilities	
Due to subsidiaries	**364,133**
Other payables	**355**
Total	**364,488**

As at 31 December 2013	Loans and receivables HK$'000	Total HK$'000
Assets		
Due from subsidiaries	100,785	100,785
Other receivables	5	5
Restricted bank deposits	397	397
Cash and cash equivalents	129,979	129,979
Total	231,166	231,166

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company *(continued)*

As at 31 December 2013	Other financial liabilities at amortised cost HK$'000
Liabilities	
Due to subsidiaries	20,686
Other payables	516
Total	21,202

19 CREDIT QUALITY OF FINANCIAL ASSETS

(a) Group

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2014 HK$'000	2013 HK$'000
Trade receivables		
Existing customers (aged more than 6 months) with no defaults in the past	**–**	181
Loan receivable		
New customer (aged less than 6 months)	**81,644**	–
Due from related companies		
Related companies with no defaults in the past	**471,720**	–

All bank deposits and financial assets at fair value through profit or loss are with reputable banks. None of the bank deposits and financial assets at fair value through profit or loss is considered as exposed to major credit risk.

All other receivables are recoverable and not exposed to major credit risk.

None of the financial assets that are fully performing has been renegotiated in the year ended 31 December 2014 (2013: Nil).

19 CREDIT QUALITY OF FINANCIAL ASSETS *(CONTINUED)*

(b) Company

	2014 HK$'000	2013 HK$'000
Due from subsidiaries		
Subsidiaries with no defaults in the past	129,028	100,785
Due from related companies		
Related companies with no defaults in the past	456,720	–

As at 31 December 2014 and 2013, all bank deposits are with reputable banks. None of the bank deposits is considered as exposed to major credit risk.

All other receivables are recoverable and not exposed to major credit risk.

20 INVENTORIES

	2014 HK$'000	2013 HK$'000
Food and beverages for the restaurant operation business	–	1,702

As at 31 December 2013, all inventories were stated at cost.

21 TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables as at 31 December 2013 is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	–	181

The Group's trade receivables are either repayable within one month or on demand and denominated in Hong Kong dollars.

The fair value of the Group's trade receivables approximates its carrying amount. The trade receivables included in the above ageing are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above.

22 DUE FROM RELATED COMPANIES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Entrusted loan to a related company (Note a)	**449,640**	–	**449,640**	–
Interest income receivable from a related company	**1,305**	–	**1,305**	–
Earnest money (Note b)	**15,000**	–	**–**	–
Reimbursement for tax expenses (Note c)	**5,775**	–	**5,775**	–
	471,720	–	**456,720**	–

Notes:

(a) On 9 December 2013, the Company, Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu"), a subsidiary and Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen"), a company incorporated in the PRC and wholly owned by Mr. Lo Siu Yu ("Mr. Lo"), Chairman, executive Director and controlling shareholder of the Company, entered into a loan agreement whereby the Company agreed to advance a loan of RMB360 million through a licensed bank in the PRC (the "entrusted loan") to Chongqing Doyen. Such loan was unsecured, interest-bearing at 9.5% per annum and repayable within one year from the draw-down date, which was 26 January 2014. On 23 January 2015, such loan was fully repaid. On the same date, the Group extended two loans with the same amount in aggregate (RMB360 million) to Chongqing Doyen pursuant to two loan agreements signed on 21 November 2014 and approval by the Company's shareholders on 23 January 2015 (Note 43).

(b) On 14 April 2014, the Group entered into a memorandum of understanding ("MOU") through Super Dynasty Investment Limited ("Super Dynasty"), a subsidiary, with Shanghai Dongsheng Equity Investment Company Limited ("Shanghai Dongsheng"), a company incorporated in the PRC and controlled by Mr. Lo and his spouse, which also owns 12.5% interests in Shanghai Dongkui. The MOU set out the major principal terms for the proposed acquisition by Super Dynasty of 35% equity interest in Shanghai Zhongshengda Asset Management Company Limited ("Shanghai Zhongshengda"), a company incorporated in the PRC, which is owned by Shanghai Dongsheng and the proposed cooperation to develop financial and investment business in the PRC with further terms and conditions to be agreed.

In consideration of the exclusive negotiation right and the undertaking by Shanghai Dongsheng that it will facilitate Super Dynasty's due diligence process in relation to Shanghai Zhongshengda, the Group paid HK$15 million to Shanghai Dongsheng through Super Dynasty as earnest money for the proposed acquisition.

Such earnest money was non-interest bearing and is repayable (i) within 10 business days upon expiring of the MOU on 14 April 2015 or (ii) as part of the consideration should the acquisition be successful. If repayment is not made within 10 business days after the MOU is terminated, the earnest money is interest bearing at 10% per annum from the date of default up to the date of full repayment, both days inclusive.

22 DUE FROM RELATED COMPANIES *(CONTINUED)*

Notes: (continued)

(c) Under the loan agreement as mentioned in Note 22(a) above, Chongqing Doyen would reimburse any tax expenses relevant to the advancement of the entrusted loan to the Group in order that the Group receives the full loan principal together with the interest income. Accordingly, the Group recorded other income amounting to HK$5,826,000 (2013: Nil) during the year, which represented the relevant tax payable as recorded by the Company in the current year, including corporate income tax amounting to HK$3,735,000 and business tax amounting to HK$2,091,000, in respect of the interest income being received by the Group from such entrusted loan. Such corporate income tax and business tax has been recorded in the Group's consolidated income statement for the current year.

23 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepaid loan arrangement fee	**1,817**	–	**–**	–
Other prepayments	**355**	613	**73**	80
Rental deposits – current portion	**–**	2,555	**–**	–
Accrued rental	**6,233**	7,840	**–**	–
Other deposits	**38**	528	**–**	–
Other receivables	**385**	1,325	**40**	35
	8,828	12,861	**113**	115
Rental deposits – non-current portion	**648**	–	**–**	–
	9,476	12,861	**113**	115

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**11,827**	18,333
– Equity securities listed in the PRC	**5,536**	–
Market value of listed securities	**17,363**	18,333

Changes in fair value of financial assets through profit or loss are recorded in the consolidated income statement and are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows. The fair values of financial assets at fair value through profit or loss are based on their bid prices quoted on The Hong Kong Stock Exchange Limited.

During the current year, the Group recorded gain on disposal of listed equity securities amounting to HK$3,834,000 (2013: HK$518,000).

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

Other than trading in equity securities listed in Hong Kong and the PRC, during the year, the Group also bought two callable notes which were linked to prices of crude oil and were expired in May 2014 and December 2014, respectively. The Group recorded interest income amounting to HK$125,000 (2013: Nil) (Note 9) and realised loss amounting to HK$8,605,000 (2013: Nil) from such notes.

25 CASH AND BANK BALANCES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and on hand	**201,142**	520,094	**4,245**	6,801
Short-term fixed deposits (Note a)	**16,171**	200,472	**390**	123,178
Cash and cash equivalents	**217,313**	720,566	**4,635**	129,979
Restricted bank deposits – deposits pledged as securities for the Group's banking facilities (Note b)	**–**	397	**–**	397

(a) The effective interest rate on the Group's short-term bank deposits was 0.69% (2013: 0.66%). These deposits have maturities of less than 3 months.

(b) As at 31 December 2013, bank deposits of HK$397,000 were pledged as securities for the guarantees provided by banks to certain vendors of the Group in relation to the restaurant business. Such deposit was released during the year upon cessation of the restaurant business.

At 31 December 2014, the carrying amounts of the cash and bank balances were denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**18,213**	13,176	**4,097**	4,175
RMB	**198,760**	707,757	**508**	126,171
USD	**340**	30	**30**	30
	217,313	720,963	**4,635**	130,376

RMB is not a freely convertible currency in the international market. The conversion of RMB denominated balances into foreign currencies and the remittance of the foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

26 SHARE CAPITAL

	2014 HK$'000	2013 HK$'000
Authorised: (Note a)		
5,000,000,000 ordinary shares of HK$0.1 each (2013: 5,000,000,000) (Note b)	–	500,000

Issued and fully paid:	**Number of shares (thousands)**	**Share capital HK$'000**
At 1 January and 31 December 2013	1,274,039	127,404
Transition to no-par regime on 3 March 2014 (Note c)	–	1,046,974
At 31 December 2014	1,274,039	1,174,378

Note:

(a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap.622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

27 (DEFICIT)/RESERVES

(a) Movements of the reserves of the Company during the year are as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Total HK$'000
At 1 January 2013	1,046,974	(388,915)	9,189	667,248
Loss for the year (Note 11)	–	(5,990)	–	(5,990)
Write-back of unclaimed dividends	–	343	–	343
At 31 December 2013 and 1 January 2014	**1,046,974**	**(394,562)**	**9,189**	**661,601**
Loss for the year (Note 11)	**–**	**(8,676)**	**–**	**(8,676)**
Write-back of unclaimed dividends	**–**	**25**	**–**	**25**
Transition to no par value regime on 3 March 2014 (Note 26(c))	**(1,046,974)**	**–**	**–**	**(1,046,974)**
At 31 December 2014	**–**	**(403,213)**	**9,189**	**(394,024)**

(b) Other reserve in the consolidated and company statement of change in equity as at 31 December 2014 comprised share-based payment reserve.

28 PROVISION FOR LONG SERVICE PAYMENTS

The Group's provision for long service payments is determined with reference to the statutory requirements, the employees' remuneration and their years of services and age profile. Upon cessation of the restaurant business, the provision were fully utilised during the year.

Movements in provision for long service payments of the Group during the year/period are as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**310**	324
(Write back)/provision for the year	**(15)**	3
Amounts utilised	**(295)**	(17)
	–	310
Less: non-current portion	**–**	(310)
At 31 December	**–**	–

29 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method.

The movements on the net deferred income tax assets are as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**1,053**	9,307
Credited/(charged) to consolidated income statement	**4,698**	(8,267)
Exchange differences	**(64)**	13
At 31 December	**5,687**	1,053

The movements in deferred income tax assets and liabilities during the year, without taking into consideration offsetting balances within the same tax jurisdiction, are as follows:

Deferred tax assets	**Fair value adjustment** HK$'000	**Tax losses** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 January 2013	9,307	–	–	9,307
(Charged)/credited to the consolidated income statement (Note 10)	(1,131)	2,037	–	906
Exchange differences	255	29	–	284
At 31 December 2013	8,431	2,066	–	10,497
Credited/(charged) to the consolidated income statement (Note 10)	**8,817**	**(2,034)**	**656**	**7,439**
Exchange differences	**(280)**	**(32)**	**(6)**	**(318)**
At 31 December 2014	**16,968**	**–**	**650**	**17,618**

29 DEFERRED INCOME TAX *(CONTINUED)*

Deferred tax liabilities	Tax depreciation HK$'000	Accrued rental HK$'000	Total HK$'000
At 1 January 2013	–	–	–
Charged to the consolidated income statement (Note 10)	(7,659)	(1,514)	(9,173)
Exchange differences	(249)	(22)	(271)
At 31 December 2013	(7,908)	(1,536)	(9,444)
Charged to the consolidated income statement (Note 10)	**(2,703)**	**(38)**	**(2,741)**
Exchange differences	**216**	**38**	**254**
At 31 December 2014	**(10,395)**	**(1,536)**	**(11,931)**

The deferred income tax assets not recognised by the Group and the Company are summarised as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Tax losses				
– Without expiry date	**23,300**	23,252	**17,973**	17,973
– Expiring in 2016	**2,711**	2,049	**–**	–
– Expiring in 2018	**1,342**	–	**–**	–
– Expiring in 2019	**1,405**	–	**–**	–
	28,758	25,301	**17,973**	17,973

As at 31 December 2014, all of the subsidiaries of the Group in the PRC had no unremitted earnings (2013: Nil) and accordingly, there was no unrecognised deferred income tax liabilities with regard to withholding tax on unremitted earnings being recorded.

30 BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Non-current:		
Bank borrowings, secured	**149,880**	179,200
Current:		
Bank borrowings, secured	**24,980**	25,600
	174,860	204,800

As at 31 December 2014, the Group's borrowings were repayable as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	**24,980**	25,600
Between 2 and 5 years	**99,920**	102,400
Over 5 years	**49,960**	76,800
	174,860	204,800

All of the Group's bank borrowings were denominated in RMB.

As at 31 December 2014, the Group's bank borrowings were secured by the investment property of the Group and its rights to receive rental income. The Group's bank borrowings bore effective annual interest rate (floating) of 8.1 % during the year (2013: 10.28%).

The carrying amounts of the Group's current bank borrowings at the respective reporting dates approximate their fair values as the impact of discounting is insignificant.

31 FINANCE LEASE LIABILITIES

Finance lease liabilities are effectively secured as the rights to the leased assets (motor vehicles) amounting to HK$902,000 as at 31 December 2014 (2013: HK$1,406,000) would revert to the lessors in the event of default.

	2014 **HK$'000**	2013 HK$'000
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	**416**	563
– Later than 1 year and no later than 5 years	**135**	551
	551	1,114
Future finance charges on finance lease	**(17)**	(59)
Present value of finance lease liabilities	**534**	1,055

The present value of finance lease liabilities is as follows:

	2014 **HK$'000**	2013 HK$'000
No later than 1 year	**401**	521
Later than 1 year and no later than 5 years	**133**	534
	534	1,055

32 TRADE PAYABLES

The ageing analysis of the Group's trade payables as at 31 December 2013 is as follows:

	2014 **HK$'000**	2013 HK$'000
0 to 30 days	**–**	2,191
Over 60 days	**–**	3
	–	2,194

As at 31 December 2013, the Group's trade payables were denominated in HKD and RMB.

33 OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accrual and other payables (Note)	**3,742**	11,397	**2,303**	2,592
Rental deposits from tenants	**2,503**	3,063	**–**	–
Provision for reinstatement cost	**100**	1,116	**–**	–
Other tax payables	**13,082**	10,287	**2,073**	–
	19,427	25,863	**4,376**	2,592

Note:

As at 31 December 2014, accrual and other payables mainly comprised professional fee and other miscellaneous payables (2013: same).

34 INVESTMENTS IN SUBSIDIARIES

(a)

	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**23,203**	35,213
Amounts due from subsidiaries	**894,845**	901,355
Provision for impairment losses	**(363,911)**	(363,911)
	554,137	572,657

Two wholly owned subsidiaries of the Company, High Value Limited (formerly known as "Imperial Kitchen Co. Ltd") and Banqueting Caterers Limited, with unlisted shares at cost of HK$6,000,080 and HK$6,010,100, were deregistered on 12 December 2014 and 7 November 2014, respectively.

The amounts due from subsidiaries as at 31 December 2014 were unsecured and interest free (2013: same). These amounts have no fixed terms of repayment and are regarded as equity contribution to the subsidiaries.

Details of the principal subsidiaries as at 31 December 2014 are set out in Note 42.

34 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Material non-controlling interests

As at 31 December 2014, the Group's non-controlling interest of HK$208,145,000 (2013: HK$130,948,000) are attributable to two non-wholly owned subsidiaries, Chongqing Baoxu and Shanghai Dongkui, in the PRC.

Set out in below is the summarised financial information of Chongqing Baoxu and Shanghai Dongkui. There was no transaction with non-controlling interests during the year ended 31 December 2014.

Summarised statement of financial position

	Shanghai Dongkui	Chongqing Baoxu	
	2014	2014	2013
	HK$'000	HK$'000	HK$'000
Current			
Assets (Note)	166,704	186,045	511,967
Liabilities	(1,350)	(29,926)	(331,284)
Total current net assets	165,354	156,119	180,683
Non-current			
Assets	48,676	394,571	435,012
Liabilities	–	(149,880)	(179,200)
Total non-current net assets	48,676	244,691	255,812
Net assets	214,030	400,810	436,495

Note: As at 31 December 2014, cash and short-term deposits held by Chongqing Baoxu and Shanghai Dongkui amounting to HK$43,731,000 (FY2013: HK$504,124,000) and HK$127,358,000 respectively, are subject to exchange control regulations in the PRC. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

34 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Material non-controlling interests *(continued)*

Summarised statement of comprehensive income

	Shanghai Dongkui	Chongqing Baoxu	
	2014	**2014**	2013
	HK$'000	**HK$'000**	HK$'000
Revenue	**816**	**15,753**	25,815
(Loss)/profit before income tax	**(1,264)**	**(29,202)**	7,939
Income tax expense	**312**	**3,860**	(4,041)
Total and other comprehensive (loss)/income	**(952)**	**(25,342)**	3,898
Total comprehensive (loss)/income allocated to non-controlling interests	**(391)**	**(7,603)**	1,169

Summarised statement of cash flows

	Shanghai Dongkui	Chongqing Baoxu	
	2014	**2014**	2013
	HK$'000	**HK$'000**	HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	**(81,805)**	**(8,366)**	19,153
Income tax refund	**–**	**–**	76
Net cash (used in)/generated from operating activities	**(81,805)**	**(8,366)**	19,229
Net cash (used in)/generated from investing activities	**(5,791)**	**(124,318)**	323,524
Net cash generated from/(used in) financing activities	**218,400**	**(319,446)**	(41,178)
Net increase/(decrease) in cash and cash equivalents	**130,804**	**(452,130)**	301,575
Cash and cash equivalents at the beginning of the year	**–**	**504,124**	195,975
Exchange differences on cash and cash equivalents	**(3,446)**	**(8,263)**	6,574
Cash and cash equivalents at the end of the year	**127,358**	**43,731**	504,124

The information above is the amount before inter-company elimination.

35 AMOUNTS DUE FROM/TO SUBSIDIARIES

As at 31 December 2014, amounts due from/to subsidiaries are unsecured, interest free and repayable on demand. As at 31 December 2013, except for an amount due from a subsidiary of HK$9,967,000 which was unsecured and interest bearing at 10% per annum, other amounts due from/to subsidiaries are unsecured, interest free and repayable on demand. As at 31 December 2014, the amounts due from/to subsidiaries are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
Amount due from subsidiaries		
HK$	**129,028**	100,785
Amount due to subsidiaries		
HK$	**4,767**	20,686
RMB	**359,366**	–
	364,133	20,686

36 SHARE-BASED PAYMENT – GROUP AND COMPANY

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008. 16,200,000 share options were granted to directors and selected employees during the year ended 31 March 2011. The exercise price of the granted options is the market price of the shares times 101.7% to 107.8% on the respective dates of the grant. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 December 2014, no option has been granted under the existing share option scheme (2013: Same).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	Options (thousands) 2014	2013
At 1 January	1.637	**10,800**	10,800
Lapsed during the year		**–**	–
Forfeited during the year		**–**	–
At 31 December		**10,800**	10,800

All of the 10,800,000 outstanding options were vested as at 31 December 2014.

36 SHARE-BASED PAYMENT – GROUP AND COMPANY *(CONTINUED)*

Share options outstanding at 31 December 2014 have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share	Options (thousands)
14 October 2020	1.638	8,700
1 December 2020	1.628	2,100
		10,800

No options were granted or exercised during the year ended 31 December 2014 (2013: same).

37 DISCONTINUED OPERATION

During the year, the Group closed down its only restaurant in Hong Kong upon expiration of the relevant lease on 30 April 2014. The results relating to the restaurant operation for the years ended 31 December 2014 and 2013 are disclosed as discontinued operation in the accompanying income statements, details of which are as follows:

	2014 HK$'000	2013 HK$'000
Revenue	**8,956**	31,026
Cost of sales	**(2,240)**	(8,125)
Staff costs	**(2,941)**	(10,332)
Severance payment	**(202)**	(24)
Operating lease rentals	**(1,597)**	(4,792)
Utilities expenses	**(643)**	(2,486)
Depreciation of property, plant and equipment	**(252)**	(926)
Repair and maintenance expenses	**(57)**	(300)
Write back of payable upon waiver of debt by a creditor	**4,005**	–
Loss on write down of inventory	**(30)**	–
Loss on disposal of property, plant and equipment	**(393)**	–
Other operating expenses	**(1,573)**	(4,527)
Operating profit/(loss)	**3,033**	(486)
Finance costs	**–**	(135)
Profit/(loss) before income tax	**3,033**	(621)
Income tax	**–**	–
Discontinued operation		
Profit/(loss) for the year	**3,033**	(621)
Net cash outflow from operating activities	**(1,241)**	(379)
Net cash outflow from investing activities	**(1)**	(215)
Net cash outflow from discontinued operations	**(1,242)**	(594)

37 DISCONTINUED OPERATION *(CONTINUED)*

Loss for the year ended 31 December 2014 from discontinued operation includes the following:

	2014 HK$'000	2013 HK$'000
Depreciation of property, plant and equipment	**252**	926
Wages and salaries	**2,790**	9,860
Contributions to defined contribution pension plans	**151**	472
Severance payment	**202**	24
Finance costs:		
Others	**–**	135

38 CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of (loss)/profit before income tax to cash used in operations is as follows:

	2014 HK$'000	2013 HK$'000
(Loss)/profit before income tax including discontinued operation	**(38,224)**	7,703
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**1,316**	2,028
Amortisation of intangible assets	**418**	418
Loss/(gain) on disposal of property, plant and equipment	**435**	(4)
Fair value loss on financial assets at fair value through profit or loss	**4,048**	118
Loss/(gain) on disposal of financial assets at fair value through profit or loss	**4,771**	(518)
Gain on disposal of available-for-sale financial assets	**(114)**	–
Fair value loss/(gain) on investment property	**34,537**	(4,522)
Interest income	**(40,865)**	(17,185)
Interest expense	**15,486**	22,258
Dividend income	**(778)**	–
Loss on write down of inventory	**30**	–
Net exchange loss/(gain)	**11,115**	(12,822)
Operating loss before working capital changes	**(7,825)**	(2,526)
Decrease in inventories	**1,672**	361
Decrease in trade and accrued rent receivables	**1,788**	1,453
Decrease in deposits, prepayments and other receivables	**3,595**	5,053
Increase in due from a related company	**(7,080)**	–
Increase in loan receivable	**(81,644)**	–
Decrease in trade payables	**(2,194)**	(589)
Decrease in other payables and accrued charges	**(5,925)**	(6,375)
Decrease in provision for long service payments	**(310)**	(14)
Cash used in operations	**(97,923)**	(2,637)

39 COMMITMENTS

Operating lease commitments – where the Group is the lessee

At 31 December 2014, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,217**	3,909	**–**	–
After one year and within five years	**899**	65	**–**	–
	3,116	3,974	**–**	–

The actual payments in respect of certain operating leases as at 31 December 2013 are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the restaurant.

As at 31 December 2014, the Group had no capital expenditure committed but not yet contracted for (2013: same).

40 BANK GUARANTEE

As at 31 December 2013, the Group had bank guarantee of HK$133,000 in favour of the Group's utility service providers in lieu of utility deposits payable with respect to its rented premises. The bank guarantee was secured by the pledged bank deposits of HK$397,000. Such guarantee has been released upon cessation of restaurant operation during the year and there is no bank guarantee for the Group as at 31 December 2014.

41 RELATED-PARTY TRANSACTIONS

The ultimate controlling party of the Group is Mr. Lo.

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

(a) Rental expense

	2014 HK$'000	2013 HK$'000
Rental expense to a related company	12	–

The amount represented Shanghai Dongkui's office rental expenses charged by Shanghai Dongsheng, a non-controlling shareholder of Shanghai Dongkui.

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	2014 HK$'000	2013 HK$'000
Salaries, housing and other allowances	6,953	6,691
Pension contributions	66	73
	7,019	6,764

42 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 December 2014:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital/paid in capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Advance HR Management Limited (formerly known as "Hong Kong Catering Management Limited")	Hong Kong	100 ordinary shares, 120,100 non-voting deferred shares	100%	Restaurant operator
Interests held indirectly:				
Money Success Business Management Limited	Hong Kong	10,000 ordinary shares	100%	Provision of management services
Money Success Corporate Management Limited	Hong Kong	10,000 ordinary shares	100%	Provision of management services
Chongqing Baoxu	The PRC	RMB350,000,000	70%	Investment property holding
Shanghai Dongkui	The PRC	USD28,000,000	58.97%	Financial leasing business

43 SUBSEQUENT EVENTS

Loan advancements to Chongqing Doyen

On 21 November 2014, the Group entered into two loan agreements with Chongqing Doyen pursuant to which the Company and Chongqing Baoxu have agreed to advance two loans of RMB255 million and RMB105 million, respectively, to Chongqing Doyen. Such loans are unsecured, interest-bearing at 10.5% per annum, and repayable within one year from the draw-down date. Resolution in relation to advancement of the loans was approved by the independent shareholders in an extraordinary general meeting of the Company held on 23 January 2015.

Upon receiving the loan repayment from Chongqing Doyen of RMB360 million (Note 22) on 23 January 2015, the two loans have been advanced to Chongqing Doyen by way of entrusted loans through a bank in the PRC on the same date.

Issuance of bond

On 5 December 2014, Haitong International Finance Company Limited (the "Subscriber") entered into a subscription agreement with the Group pursuant to which the Subscriber would subscribe a bond of the Group with face value of HK$195 million. Such bond has been fully issued as of 26 March 2015. The bond is unsecured, interest bearing at 9.5% per annum, repayable within two years from the subscription date and is guaranteed by Mr. Lo, director and controlling shareholder of the Company.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December		Period from 1 April to 31 December	For the year ended 31 March	
	2014	2013	2012	2012	2011
		(Restated)			(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**25,525**	56,841	59,559	73,790	72,144
Profit/(Loss) attributable to equity holders of the Company	**(29,793)**	1,818	150,750	(13,078)	(66,430)

ASSETS AND LIABILITIES

	At 31 December			At 31 March	
	2014	2013	2012	2012	2011
			(Restated)		(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,202,972**	1,199,979	1,214,284	1,710,577	1,628,568
Total liabilities	**199,720**	234,897	264,830	649,302	939,232
Net assets	**1,003,252**	965,082	949,454	1,061,275	689,336
Non-controlling interests	**208,145**	130,948	126,101	116,342	846
Capital and reserves attributable to the Company's equity holders	**795,107**	834,134	823,353	944,933	688,490