e-KONG Group Limited

Stock Code: 524

Annual Report 2014

We are together

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Corporate Information

Board of Directors

Executive Directors

Lim Shyang Guey *(Managing Director)*
Chi Chi Hung Kenneth
Lau Wai Ming Raymond

Independent Non-executive Directors

John William Crawford J.P.
Gerald Clive Dobby
Chan Chiu Hung Alex
Fung Chan Man Alex

Company Secretary

Lau Wai Ming Raymond

Auditor

Mazars CPA Limited
Certified Public Accountants

Legal Advisers

Deacons
Conyers Dill & Pearman

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
DBS Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

3705 Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong
Tel: +852 2801 7188
Fax: +852 2801 7238

Stock Codes

Hong Kong Stock Exchange:	524
Ticker Symbol for ADR:	EKONY
CUSIP Reference Number:	26856N109

Website

www.e-kong.com

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Share Registrar in Hong Kong

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

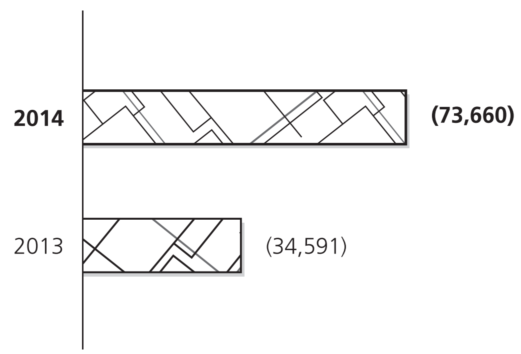
ADR Depositary

The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 30170
College Station, TX 77842-3170
USA

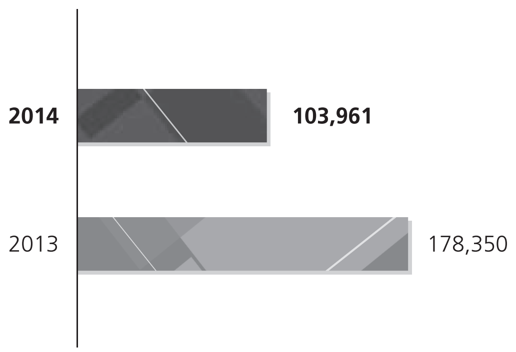
	2014	2013
	HK$'000	*HK$'000*
Turnover	**75,471**	77,345
Loss for the Year	**(73,660)**	(34,591)
Net Assets	**103,961**	178,350
Cash and Bank Balances	**42,087**	32,814

Turnover
(HK$'000)

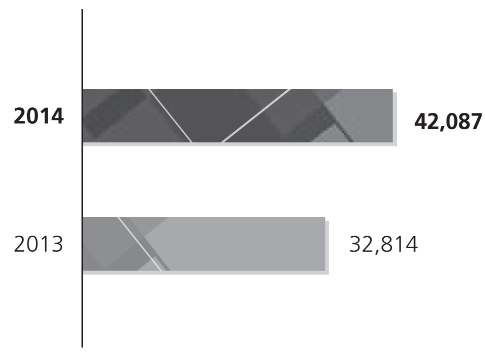
Loss for the Year
(HK$'000)



Net Assets
(HK$'000)



Cash and Bank Balances
(HK$'000)



e-KONG Group currently has a portfolio of business interests in the telecommunications and information technology sectors in China, Hong Kong and Singapore and is actively pursuing other opportunities that are complementary to its existing operations or have high growth potential, ability to generate healthy cashflows and capabilities to produce optimum return on capital. The Company is listed on the main board of the Hong Kong Stock Exchange (SEHK: 524) and maintains a sponsored Level 1 ADR programme through The Bank of New York Mellon (Ticker Symbol: EKONY).

Managing Director's Statement

2014 was certainly an eventful year for e-Kong Group Limited (the Company, together with its subsidiaries collectively referred to as the Group). Operationally, the Group continued its transformation and diversification efforts in ZONE's telecommunications businesses in Asia and made further progress in the roll-out of RMI's insurance distribution business. Following a strategic review of the Group's business and investment portfolio in the latter part of the year, a decision was made to divest its interests in the jointly controlled entity ANZ Communications LLC (ANZ) in the United States. During the year under review and in the early part of 2015, the Company also witnessed certain changes to its shareholding structure and made alterations to the Board composition.

In July 2014, Mrs. Jennifer Wes Saran and Mr. William Bruce Hicks, both directors and substantial shareholders of the Company, disposed of substantially all of their shareholdings in the Company to Costrade Group Limited, a company controlled by Mr. Chan Hing Ping. Mrs. Saran and Mr. Hicks subsequently resigned as directors of the Company. The casual vacancies created by their resignations were filled by the appointment of Mr. Kenneth Chi Chi Hung and Mr. Raymond Lau Wai Ming as executive directors of the Company in September 2014. The addition of Mr. Chi and Mr. Lau (who has been with the Company since July 2000) to the Board strengthens our executive management with extensive corporate skills, diverse industry experience and broad business relationships.

A review was conducted by our executive management team on the strategic direction of the Group, which focussed on assessing the potential long-term value that the Group's holding of ANZ could bring to the Group and its shareholders against the possible additional capital requirements for ANZ until such time its value could be realised as well as the need for the Group to be capitalised to pursue other business opportunities. It was the recommendation of our executive management team to the Board to concentrate our attention and the Group's business development efforts in China and other Asian countries, a proposal which the Board fully endorsed. I firmly believe the Asian region is where our current team's skill set, experience and relationships are located, and is also the most buoyant economic area in the world. We anticipate that growth potential in markets that closely relate to the improvement in living standards and the expanding middle class in the region, including, TMT, property, insurance and financial services sectors, will continue to be tremendous, and we will strive to capitalise on our extensive experience and regional network to pursue such opportunities.

As a result and in order to re-position the Group to be more Asian-focussed and to strengthen its balance sheet and liquidity positions, it was decided that it would be in the best interests of the Group to pursue the option of divesting its holdings in ANZ. In November 2014, an agreement to dispose of the Group's entire interest in ANZ was entered into between the Group and an entity controlled by our then Chairman, Mr. Richard John Siemens. The disposal transaction was completed in January 2015 following fulfillment of all conditions precedent. The receipt of the cash consideration and the assumption of certain debts by the purchaser has resulted in a much improved cash position and also a significantly reduced gearing ratio for the Group.

Mr. Siemens resigned on 10 February 2015 following the divestment of substantially all of his shareholding interests in the Company. Mr. Siemens had held the leadership position in the Group since January 2000. The Board would like to express its gratitude and immense appreciation to Mr. Siemens for his leadership and guidance as the Chairman of the Board and an Executive Director during his tenure of office. Separately, Mr. Thaddeus Thomas Beczak resigned as an Independent Non-executive Director on 25 February 2015 to pursue his personal interests and Mr. Chan Chiu Hung, Alex and Mr. Fung Chan Man, Alex were both appointed as Independent Non-executive Directors. The Board would like to express its appreciation to Mr. Beczak for his valuable contribution during his tenure and welcome Mr. Chan and Mr. Fung to the Board.

Looking ahead, for the rest of the year 2015, the Group's existing telecommunication and insurance distribution businesses will remain focussed on their respective development paths. The Group, now being better capitalised, is prepared to direct its additional resources to accelerate its growth, including pursuing merger and acquisition options, should the opportunities arise. At the same time, I am optimistic that, with the concerted efforts of the reconstituted Board and the existing management team, the Group will be able to make progress in capturing other investment opportunities in the Asian region which the Board believes will deliver business diversity and enhance shareholder value.

I would also like to take this opportunity to thank all fellow directors and employees for their invaluable efforts and hard work, dedication and commitment to the Group and to thank all our customers, shareholders, business associates and professional advisers for their continued support.

Lim Shyang Guey
Managing Director

31 March 2015

Business Review

Overview

During the year under review, the Group continued to invest in its operating companies and its joint ventures as they transformed and diversified themselves in their respective markets. While the investments made into the operating companies were mainly funded by internal resources of the Group, the capital injection made in response to a cash call for US$10 million by its then joint venture, ANZ Communications LLC (ANZ), to its two equity holders in July 2014 was funded for its US$5 million share by the Group through a director's loan.

The Group's turnover for the year under review decreased slightly by 2.4% to HK$75.5 million compared to HK$77.3 million for the prior year. ZONE Asia, comprising the Group's telecom operations in Singapore and Hong Kong, remained the major revenue contributor in 2014. The overall gross margin of the Group (as a percentage of its revenue) improved from 49.1% for the prior year to 52.4%. A higher loss attributable to equity holders of the Company of HK$71.0 million was recorded for the year as compared with a loss of HK$32.6 million in the previous year mainly due to a considerable loss incurred by ANZ, the Group's share of which was HK$48.2 million compared to HK$8.2 million for the prior year. The Group's net asset value decreased from HK$178.4 million as at 31 December 2013 to HK$104.0 million as at 31 December 2014.

ANZ, United States

In the United States, turnover of ANZ decreased by 20.5% from HK$808.0 million in the prior year to HK$642.2 million in 2014 mainly due to further declines in minutes of use as well as a decrease in the average per unit rate of its traditional voice business. During the year under review, ANZ continued to invest significant resources into its new business of providing hosted Unified Communication (UC) solutions and cloud-based applications.

In the fourth quarter of 2014, the management of ANZ advised its board members that the execution of its business plan and its working capital requirements would likely be negatively impacted by the faster-than-expected decline in the revenue from the traditional voice business and longer sales cycle and delays in the roll-out of certain back-office functionalities of its hosted UC solutions.

Thereafter, the Group reviewed the potential risk / return of its holdings in ANZ against the possible additional capital demand from ANZ as well as the need for the Group to be adequately capitalised to pursue other business opportunities. It was concluded that it would be in the best interests of the Group and its shareholders to divest its interest in ANZ. As a result, in November 2014, the Group entered into an agreement to dispose of the entire shareholding of ZONE Global Limited, whose primary asset is the Group's holding of 50% of the voting units in ANZ, to an entity controlled by Mr. Richard John Siemens, the then Chairman of the Company, for a cash consideration of HK$130 million (and the assumption of the US$5 million loan utilised for capital contribution to ANZ) and the completion of this transaction took place in January 2015.

Zone Telecom, Asia

In 2014, ZONE Asia recorded total turnover of HK$74.0 million, a 2.6% decrease as compared to HK$76.0 million for the prior year. The decline was mainly due to the drop in revenue derived from ZONE's Hong Kong operations following its exit from the non-performing infrastructure sales segment, while its operations in Singapore continued to record a year-on-year revenue increase. In terms of financial performance, ZONE's Singapore and Hong Kong operations each continued to generate positive EBITDA in 2014 and, thereby, build a solid base for growth in 2015. Both ZONE businesses continue to follow through on their operational strategies in increasing market awareness, focussing on acquisition of customers with sizable recurring telecom needs, and promoting higher margin products and services.

While the transformation of ZONE Hong Kong into a total communications solution provider to local and overseas customers is near completion with contributions from its project-based revenue segment now exceeding the traditional voice service segment, ZONE Singapore is on track with its strategy to transform itself from a telecoms-centric provider to a leading service provider of business solutions and applications. The revenue increase in 2014 was mainly derived from subscription-based data and cloud services and solutions targeted at the business segment. The growth drivers included revenue from ZONE Singapore's data services that recorded an over 70% increase compared to the prior year. In line with the rapid growth of the cloud-based services industry, Cybersite, ZONE's web / data-hosting subsidiary, also recorded healthy revenue growth in 2014. With the completion of its new infrastructure, Cybersite now offers new and enhanced cloud services including Virtual Private Servers (VPS) and enterprise-grade web services which are generating higher Average Revenue Per User (ARPU). With system automation, productivity is expected to improve which leads to cost savings and better margins. ZONE Asia is well positioned in 2015 to continue its growth path to become a leading organisation to meet the information technology and business solution needs of today's modern businesses in Hong Kong and Singapore and across the geographical boundaries.

RMI, Hong Kong

During the year under review, RMI's proprietary C-O-T programme "RetailAssurance", as facilitated by its mass-market insurance distribution platform, further established its retail presence both in Hong Kong and internationally. RMI's efforts as an insurance intermediary and marketing services company in assisting non-insurance entities to enter this space have proven to be successful in the supermarket, telecommunications and other mass-market sectors. In 2014, RMI successfully rolled out its CARE "BillProtector" programme jointly with the HKT Group, RMI's network partner and the leading telecom service provider in Hong Kong. Looking ahead, RMI, in collaboration with leading insurers and its retail partners, is also preparing other attractive retail-orientated insurance products for launch in the coming months.

Armed with a strong product portfolio, established processes and supporting systems, and a blue chip customer base, RMI is preparing to aggressively enter a 5-year "RetailAssurance" rollout plan. Demonstrated success and industry leading metrics will ensure both customer acceptance and strategic partner alliance support to achieve a multi-country rollout plan.

Outlook

Following strategic reviews conducted by the Board, the Group is re-focussing on its Asian presence and has realigned its resources and efforts in the development of its existing businesses as well as pursuing other growth opportunities in the region, in particular China. Following the completion of the disposal transaction in January 2015, the Group currently has a healthy balance sheet with a much improved cash position and a significantly reduced gearing ratio. The Company is also looking into rationalising its corporate setup and augmenting the Board leadership by adding new board members with diverse industry disciplines and business backgrounds.

Looking ahead, for the year 2015, the Group will build upon a robust foundation of its existing ZONE telecommunication operations and a promising RMI insurance distribution business, and pursue other investment opportunities, in particular those in China and other parts of Asia, which the Board believes will deliver business diversity and enhance shareholder value.

Financial Review

Turnover and Results

The Group turnover for the year amounted to HK$75.5 million, representing a decrease of 2.4% compared to the prior year, mainly due to the reduction in revenue from ZONE Hong Kong operations.

The overall gross margin of the Group was 52.4%, compared to 49.1% for the prior year. The gross profit for the year increased by 4.0% to HK$39.5 million, compared to HK$38.0 million for the previous year.

Total operating expenses of the Group amounted to HK$65.4 million, compared to HK$63.6 million in the previous year.

The operating loss of the Group amounted to HK$24.3 million, as compared to a loss of HK$24.0 million for the previous year.

The Group's share of results of joint ventures reported a loss of HK$48.2 million compared to a loss of HK$8.2 million for the prior year. The material increase in net loss was primarily a result of a decrease in revenue and margin contributions from ANZ's traditional voice business and increased sales, marketing and personnel costs relating to the roll-out of its new hosted solution services.

The consolidated loss attributable to the equity holders of the Company amounts to HK$71.0 million, comparing to a loss of HK$32.6 million for the previous year.

Disposal of ZONE Global Limited

In November 2014, an agreement to dispose of the entire shareholdings of ZONE Global Limited for a consideration of HK$130 million was entered into with a company controlled by the then Chairman of the Company. Details of this transaction have been set out in the Company's circular dated 28 November 2014. The transaction was approved on 16 December 2014 at a special general meeting of shareholders of the Company and was completed on 22 January 2015. A one-off gain arising from the transaction is expected to be recorded for the financial year ending 31 December 2015. For information purposes, had the transaction been completed on 31 December 2014, the Group would have recorded an estimated one-off gain of approximately HK$44.7 million in the financial year ended 31 December 2014, which is calculated based on the consideration, the carrying value and the release of an exchange transaction reserve attributable to the equity interest as reflected in the consolidated financial statements and after taking into account other expenses paid and payable in relation to the transaction.

Capital Structure, Liquidity and Financing

As at 31 December 2014, the net assets of the Group amounted to HK$104.0 million compared to HK$178.4 million as at 31 December 2013 or a net asset value per share of HK$0.200 as at 31 December 2014 (2013: HK$0.342).

Capital expenditures for the year amounted to HK$2.3 million mainly in respect of network and general office equipment enhancements in Singapore and Hong Kong.

Cash and bank balances (excluding pledged bank deposits) amounted to HK$42.1 million as at 31 December 2014 (2013: HK$32.8 million). On the same date, total pledged bank deposits amounted to HK$1.5 million (2013: HK$79.4 million). As at 31 December 2013, the Group had pledged deposits of HK$77.5 million, which were pledged as bank deposits to collateralise a letter of credit issued to a bank in respect of a banking facility extended to a subsidiary, and these deposits were subsequently released during 2014. The bank guarantees of HK$1.5 million (2013: HK$1.9 million) were issued to suppliers for operation requirements.

As at 31 December 2014, total bank and other borrowings of the Group amounted to HK$9.6 million (2013: HK$82.4 million), of which HK$1.9 million (2013: HK$82.4 million) was bank borrowing and the remaining balance of HK$7.7 million (2013: Nil) represented another borrowing described further below. As at 31 December 2013, the Group had another bank borrowing of HK$77.5 million, which was denominated in United States dollars equivalent to US$10,000,000, and such bank borrowing was fully repaid during 2014. As at 31 December 2014, the bank borrowing of HK$1.9 million (2013: HK$4.9 million) was denominated in Singapore dollars. The loan and interest, at a floating rate, are repayable monthly in Singapore dollars over a period of three years. This loan, which was utilised for the acquisition of assets during 2012, is secured by the net assets of subsidiaries in Singapore. The other borrowing of HK$7.7 million (2013: Nil) is denominated in United States dollars and was made by a company controlled by the then Chairman of the Company for a term commencing from July 2014 and expiring in November 2015. Such loan is unsecured and bears interest at a fixed rate.

As at 31 December 2014, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets was 9.3% (2013: 46.2%). The decrease in the gearing ratio is due to the repayment on bank borrowings during the year.

Foreign Exchange Exposure

Since most of the Group's assets and liabilities are denominated in Hong Kong and United States dollars, the Group considers there are no significant exposures to foreign exchange fluctuations as long as the Hong Kong-United States dollar exchange rate remains pegged. Moreover, a substantial portion of the Group's revenue and payments are denominated in Singapore dollars. The Group continues to closely monitor the Singapore-Hong Kong dollar exchange rates and will, whenever appropriate, take appropriate action to mitigate such exchange risks. In this regard, as at 31 December 2014, no related currency hedges had yet been undertaken by the Group.

Contingent Liabilities and Commitments

A joint venture was involved in certain legal actions and claims arising in the ordinary course of business, subject to which certain representations, warranties and indemnities had been provided by a subsidiary of the Company. Subsequent to the year end, in respect of the outstanding legal action, the court dismissed all those claims against the joint venture and awarded the joint venture with damages under its counterclaim plus costs and reasonable attorney's fees. Management believes that it is remote that those representations, warranties and indemnities provided in respect of the said legal action and claims would have a material effect on the Group's financial position. In any event, the contingent liabilities of the Group associated with these representations, warranties and indemnities have been extinguished following the completion of the disposal of ZONE Global Limited referred to above.

Save as disclosed above, as at 31 December 2014, there were no material contingent liabilities or commitments.

Board of Directors and Company Secretary

Board of Directors

Lim Shyang Guey, 55, Managing Director, was appointed in October 1999 as an Executive Director and was re-designated to become the Managing Director in February 2015. Prior to coming to Hong Kong, Mr. Lim gained wide-ranging international exposure in the telecommunications and technology-related industries, including in New Zealand, Russia, Malaysia and Singapore. Mr. Lim holds a Bachelor of Engineering degree and a Master of Engineering degree, both from the University of Auckland in New Zealand.

Chi Chi Hung Kenneth, 46, Executive Director, was appointed in September 2014. He has over 20 years of experience in accounting and financial control areas. Mr. Chi holds a Degree of Bachelor of Accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an executive director of Ceneric (Holdings) Limited and Guocang Group Limited. He is also an independent non-executive director of Perfect Shape (PRC) Holdings Limited, L'sea Resources International Holdings Limited, Noble Century Investment Holdings Limited, Hong Kong Life Sciences and Technologies Group Limited and a non-executive director of China Sandi Holdings Limited, Aurum Pacific (China) Group Limited and China Natural Investment Company Limited. He was also an independent non-executive director of EverChina Int'l Holdings Company Limited from October 2011 to August 2012 and an executive director of GET Holdings Limited (formerly known as M Dream Inworld Limited) from July 2010 to June 2014.

Lau Wai Ming Raymond, 44, Executive Director, Legal Counsel and Company Secretary, joined the Company in June 2000 and was appointed in September 2014 as an Executive Director. Mr. Lau is qualified as a solicitor in Hong Kong. Prior to joining the Company, he was acting as the legal counsel to a group of companies listed on the Hong Kong Stock Exchange. Mr. Lau graduated from the University of Hong Kong with LL.B., and holds a Certificate in Civil and Commercial Law issued by the China University of Political Science and Law.

John William Crawford J.P., 72, Independent Non-executive Director, was appointed in September 2004. He is also an independent non-executive director of Regal Portfolio Management Limited (being the manager of Regal Real Estate Investment Trust) and Entertainment Gaming Asia Inc. Mr. Crawford was an independent non-executive director of Titan Petrochemicals Group Limited from February 2006 to February 2014. He was a founding partner of Ernst & Young, Hong Kong and vice chairman of the firm. Since his retirement from accounting practice, Mr. Crawford has been particularly involved in the education sector, including setting up international schools and providing consulting services. He is also actively involved in various community service areas such as being a founding member of UNICEF Hong Kong Committee and the Hong Kong Institute of Directors. In 1997, he was appointed a Justice of the Peace.

Gerald Clive Dobby, 75, Independent Non-executive Director, was appointed in December 2005. Mr. Dobby, previously held senior positions within the HSBC Group, is currently a director of several companies in Hong Kong and overseas.

Chan Chiu Hung Alex, 48, Independent Non-executive Director, was appointed in February 2015. He is an associate member of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales, and a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, having served in senior financial and company secretarial positions in a number of public companies listed in Hong Kong and Singapore for 17 years. Mr. Chan holds a Bachelor of Business Administration degree (major in finance) from Hong Kong Baptist University and professional diplomas in Hong Kong tax and China tax from the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Co-Prosperity Holdings Limited.

Fung Chan Man Alex, 52, Independent Non-executive Director, was appointed in February 2015. He obtained a BSc (Hons) degree in Electrical Engineering from University of Bath (UK) in 1986 and subsequently an MBA degree from Heriot-Watt University (UK). Mr. Fung has over 15 years working experience in financial market and corporate finance activities in both Hong Kong and China. He is also an independent non-executive director of Luxey International (Holdings) Limited.

Corporate Governance Report

Introduction

The directors of the Company are committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders and enhance long term shareholder value.

The board of directors (the "Board") of the Company, prior to 2005, established written corporate policies that provide a framework and guidelines for its members so they are able to perform their respective duties in an efficient and consistent manner, whereby corporate governance practices of the Company are strengthened, the corporate image is improved and the confidence of shareholders, regulators and the public can be assured.

The Board has amended the written corporate policies of the Company and taken other necessary steps to align with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as well as all code provisions and certain recommended best practices in the Corporate Governance Code and Corporate Governance Report ("Corporate Governance Code") as set out in Appendix 14 to the Listing Rules. The Board reviews these written corporate policies regularly and is committed to continuously improving the Company's practices and ensuring an ethical corporate culture is maintained.

Board of Directors

The Board is collectively responsible for all businesses and affairs of the Company. Pursuant to the Company's Bye-laws, the Board has delegated the day-to-day management of the Company's business to executive directors and focuses its attention on overall strategic matters relating to policies, finance and shareholding issues, while matters such as determining mechanisms for setting the Group's remuneration structure and policies and approving the annual remuneration and incentive plans of the Group are delegated to the Remuneration Committee.

During the year under review and up to the date of this report, the Board was comprised of the following individuals:

Lim Shyang Guey
Chi Chi Hung Kenneth *Note 1*
Lau Wai Ming Raymond *Note 1*
John William Crawford J.P.
Gerald Clive Dobby
Chan Chiu Hung Alex *Note 2*
Fung Chan Man Alex *Note 2*

Richard John Siemens *Note 3*
William Bruce Hicks *Note 4*
Jennifer Wes Saran *Note 4*
Thaddeus Thomas Beczak *Note 5*

Note 1 Appointed on 26 September 2014
Note 2 Appointed on 25 February 2015
Note 3 Resigned on 10 February 2015
Note 4 Resigned on 16 July 2014
Note 5 Resigned on 25 February 2015

Except for the deviations described below, no director of the Company is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the year ended 31 December 2014, acting in compliance with code provisions of the Corporate Governance Code.

Code Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual so that the responsibilities are not concentrated with any one person. The Company has, as part of its written corporate policies, established and recorded in writing the respective responsibilities of the Chairman and the chief executive, being undertaken by the managing director, of the Company, in which it is specified that the Chairman is responsible for providing leadership to and effective running of the Board, while the managing director is delegated with the authority and responsibility for overseeing the realisation of the budgets and objectives set by the Board. Nevertheless, with the unanimous approval of the Board, Mr. Richard John Siemens, Chairman, also assumed the role of the chief executive of the Company.

Mr. Siemens resigned as a director of the Company on 10 February 2015 and, following his resignation, the role of the Chairman of the Company became vacant and Mr. Lim Shyang Guey was re-designated as the Managing Director to undertake the role of the chief executive of the Company. The Nomination Committee is tasked to look for a suitable candidate to fill the vacancy of the Chairman and, in the meantime, the executive directors are collectively responsible for the Board operations. The Board believes that having the Chairmanship vacant is only temporary and the Board, comprised of experienced and high calibre individuals, with a significant number thereof being independent non-executive directors ("INEDs"), will continue to be function effectively during this interim period.

Induction and Continuous Professional Development of Directors

Newly appointed directors receive induction after appointment, so as to ensure that they have appropriate understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations under the Listing Rules, the Corporate Governance Code and other applicable regulatory requirements.

There are also arrangements in place in respect of providing continuing professional development to directors as necessary in order to facilitate the performance of their duties. During the year, directors are provided with monthly updates on the Group's business developments and its financial performance and position to enable them to effectively discharge their duties in an informed manner. The company secretary of the Company organises in-house training for directors on the applicable Listing Rules. Furthermore, the company secretary also distributes various reading materials to directors from time to time to update them on amendments to the relevant laws, rules and regulations to develop and refresh their professional skills. All directors are also encouraged to attend external training courses at the Company's expense.

According to the records maintained by the Company, the training record of each director for the year ended 31 December 2014 is set out below.

Name of Director	Attending Seminar or Briefings / Perusal of Materials in relation to Business or Directors' Duties
Lim Shyang Guey	Yes
Chi Chi Hung Kenneth	Yes
Lau Wai Ming Raymond	Yes
John William Crawford J.P.	Yes
Gerald Clive Dobby	Yes
Richard John Siemens	Yes
William Bruce Hicks	Yes
Jennifer Wes Saran	Yes
Thaddeus Thomas Beczak	Yes

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

Company Secretary

The company secretary reports directly to the Chairman of the Company and supports the Board and each committee to ensure proper policies and procedures are followed. The company secretary also provides directors with updates on the Listing Rules and other applicable regulatory requirements to refresh and reinforce director's awareness of developments in maintaining strong corporate governance. The company secretary is an executive director and employee of the Company. He has confirmed that for the year ended 31 December 2014, he has complied with Rule 3.29 of the Listing Rules to undertake no less than 15 hours of relevant professional training.

Board Meetings

The Board meets regularly and on those occasions when a Board decision is required for major issues. Members of the Board are provided with adequate and timely information prior to Board meetings to ensure that the directors can make informed decisions when fulfilling their responsibilities. During the year under review, the Board held eight meetings and the average attendance rate at the meetings in 2014 was 100% as set out below.

Name of Director	Attendance / Number of Board Meetings in 2014	Attendance Rate
Lim Shyang Guey	8 / 8	100%
Chi Chi Hung Kenneth	4 / 4	100%
Lau Wai Ming Raymond	4 / 4	100%
John William Crawford J.P.	8 / 8	100%
Gerald Clive Dobby	8 / 8	100%
Richard John Siemens	8 / 8	100%
William Bruce Hicks	2 / 2	100%
Jennifer Wes Saran	2 / 2	100%
Thaddeus Thomas Beczak	8 / 8	100%

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

On those occasions where it was not practical to convene physical meetings, in lieu thereof, written resolutions of the Board together with full copies of related documents were circulated to all directors for consideration and approval. All such written resolutions were approved by all directors unanimously.

Minutes of meetings and written resolutions of the Board as well as its committees are kept by the company secretary and such records are available for inspection by directors at all reasonable times.

Appointment and Re-election

All non-executive directors are appointed for specific terms and, upon expiry thereof, the terms are renewable for fixed terms of three years provided that either party may terminate such appointment by giving to the other party not less than one month's notice in writing. All directors, including executive and non-executive directors, retire from office by rotation and are eligible for re-election at annual general meetings.

In accordance with the Company's Bye-laws, not less than one-third of the directors for the time being will retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years at each annual general meeting. Any director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Messrs. Chi Chi Hung Kenneth, Lau Wai Ming Raymond, Gerald Clive Dobby, Chan Chiu Hung Alex and Fung Chan Man Alex will retire by rotation at the forthcoming annual general meeting and are eligible for re-election.

Pursuant to Code Provision A.4.3 of the Corporate Governance Code, any further appointment of an INED who has served on the Board for more than 9 years should be subject to a separate resolution to be approved by shareholders. As Mr. Dobby has been serving as an INED since 2005, the re-election of Mr. Dobby is subject to a separate resolution to be approved by shareholders in compliance with Code Provision A.4.3 of the Corporate Governance Code.

Board Committees

The Board has delegated certain powers, authorities and discretion to a number of Board committees consisting of such directors and members of senior management as it deems appropriate. Such committees act in conformity with the guidelines and regulations (where applicable) as provided in the code provisions in the Corporate Governance Code and the written corporate policies as promulgated by the Board, and in fulfilment of the purposes for which the committees were appointed.

Executive Management Committee

During the year under review, the Executive Management Committee was comprised of Mr. Richard John Siemens, Mr. Lim Shyang Guey and Mr. Lau Wai Ming Raymond, all being executive directors. Mr. Siemens resigned as a member on 10 February 2015. The committee was principally responsible for directing, planning and managing the Group's businesses and operations, formulating strategies and policies for the consideration of the Board and implementing the same to best achieve the Group's overall business objectives in an effective and efficient manner.

The committee meets regularly to review the Group's business performance with the senior management of each operation within the Group. Ad hoc meetings are also held on an as-needed basis and the committee members are also engaged in frequent informal discussions. In 2014, ten formal meetings were held and the attendance record is set out below.

Name of Director / Officer	Attendance / Number of Executive Management Committee Meetings in 2014	Attendance Rate
Lim Shyang Guey	10 / 10	100%
Lau Wai Ming Raymond	10 / 10	100%
Richard John Siemens	10 / 10	100%

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

Audit Committee

The Audit Committee was established on 29 September 1999 by the Board and during the year 2014 was comprised of all three INEDs with Mr. John William Crawford J.P. as the Chairman, Mr. Thaddeus Thomas Beczak resigned as a member on 25 February 2015 and Mr. Chan Chiu Hung Alex and Mr. Fung Chan Man Alex were appointed as members of the Audit Committee on the same date. A set of written terms of reference, which describes the authority and duties of the committee, as well as proceedings of its meetings, is based on the recommendations as set out in "A Guide For Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants in February 2002. These terms of reference were adopted by the Board in the past and subsequently revised in accordance with the Corporate Governance Code, which terms of reference are incorporated in the written corporate policies of the Company. The terms of reference and related written corporate policies of the Company are under regular review by the committee and the Board to ensure alignment with the Corporate Governance Code and best market practices.

The committee's principal role is to review the effectiveness of the financial reporting practices, quality and integrity of the financial reports of the Company, internal control systems and audit functions of the Company, and review the nature and scope of the external audit. The committee is responsible for nominating external auditors, including the approval of their audit fees and is granted the authority to investigate any activities within its terms of reference.

In 2014, two meetings were held to review and make recommendations to the Board on the consolidated financial statements of the Group for the interim and annual results, and, in particular, assess any changes in accounting policies and practices, major judgmental areas and compliance with applicable legal and accounting requirements and standards, and other matters such as assessing internal control systems. The committee also reviewed, with management and the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed / assessed all key auditing, internal controls and financial reporting matters, including a review of the audited consolidated financial statements of the Group for the year ended 31 December 2013 and the interim consolidated financial statements of the Group for the six months ended 30 June 2014.

The attendance rate at the meetings in 2014 was 100% as set out below. As deemed necessary by the committee, the external auditor and executive officers of the Company attended the meetings to answer any questions raised. Full minutes of the meetings were recorded and submitted to the Board for its information and review. In addition, several ad hoc meetings were held during the year with management of the Company to discuss accounting, reporting and other issues.

Name of Director	Attendance / Number of Audit Committee Meetings in 2014	Attendance Rate
John William Crawford J.P.	2 / 2	100%
Gerald Clive Dobby	2 / 2	100%
Thaddeus Thomas Beczak	2 / 2	100%

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

The Company's external auditor carried out, in the course of the statutory audit process, a review of the effectiveness of the Company's material internal financial controls to the scope laid out in their audit plans. Any non-compliance matters and internal control weaknesses noted during the audit and the auditor's recommendations thereon were reported to and dealt with by the committee.

Remuneration Committee

The Remuneration Committee was established on 18 December 2001 and the composition thereof was changed on 27 March 2012 in compliance with Rule 3.25 of the Listing Rules that requires the committee to be chaired by an INED. During the year under review, Mr. Thaddeus Thomas Beczak, Mr. John William Crawford J.P. and Mr. Richard John Siemens constituted the Remuneration Committee. Mr. Lim Shyang Guey was the alternate member for Mr. Richard John Siemens. As at the date of this report, the Remuneration Committee was comprised of Mr. Fung Chan Man Alex, an INED, as the Chairman of the committee, and Mr. John William Crawford J.P. and Mr. Lim Shyang Guey are members of the committee. A set of written terms of reference, which describes the authority and duties of the committee, as well as proceedings of its meetings, was adopted by the Board in accordance with the Corporate Governance Code, which terms of reference are incorporated in the written corporate policies of the Company. Such terms of reference and related written corporate policies of the Company are under regular review by the Board to ensure alignment with the Corporate Governance Code and best market practices.

The committee is responsible for determining mechanisms for setting the Group's remuneration structure and policies with reference to fair and objective standards, approving the annual remuneration and incentive plans of the Group and, in particular, determining with delegated responsibility, the remuneration packages of individual executive directors and senior management, reviewing and approving management's remuneration proposals with reference to corporate goals and objectives and dealing with such other matters relating to remuneration issues as directed by the Board. During 2014, one meeting was held and the attendance rate was 100% as set out below.

Name of Director	Attendance / Number of Remuneration Committee Meetings in 2014	Attendance Rate
John William Crawford J.P.	1 / 1	100%
Richard John Siemens	1 / 1	100%
Thaddeus Thomas Beczak	1 / 1	100%

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

Nomination Committee

The Nomination Committee was formulated on 9 December 2011 by the Board. During the year 2014, it comprised Mr. Richard John Siemens as the Chairman of the committee, together with Mr. John William Crawford J.P. and Mr. Gerald Clive Dobby, both INEDs. Following the resignation of Mr. Siemens as an executive director of the Company on 10 February 2015, Mr. Chi Chi Hung Kenneth, another executive director, was appointed as a member of the Nomination Committee. A set of terms of reference, which describes the authority and duties of the committee, as well as proceedings of its meetings, was adopted by the Board in accordance with the Corporate Governance Code, which terms of reference are incorporated in the written corporate policies of the Company. Such terms of reference and related written corporate policies of the Company are under regular review by the Board to ensure alignment with the Corporate Governance Code and best market practices.

The committee is responsible for identifying, recruiting and evaluating new nominees to the Board and the assessment of the qualifications of all directors. The criteria adopted to select and recommend candidates for directorship include the candidate's experience, professional knowledge, integrity, time commitment and other statutory or regulatory requirements, together with addressing and dealing with such other matters relating to nominations as directed by the Board from time to time. During the year under review, one meeting was held and the attendance rate was 100% as set out below.

Name of Director	**Attendance / Number of Nomination Committee Meetings in 2014**	**Attendance Rate**
John William Crawford J.P.	1 / 1	100%
Gerald Clive Dobby	1 / 1	100%
Richard John Siemens	1 / 1	100%

Please refer also to the "Board of Directors" section of this report for details of director changes during the year and subsequent to the end of the year.

Corporate Governance Functions

The Board is responsible for performing corporate governance duties including to (a) develop and review the Company's policies and practices on corporate governance; (b) review and monitor the training and continuous professional development of directors and senior management; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct applicable to employees and directors; and (e) review the Company's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

Annual General Meeting

The 2014 Annual General Meeting of the Company was held on 15 May 2014. All directors and the auditor of the Company attended the meeting. In 2011, the Board adopted a shareholders communication policy to ensure that shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company and to allow shareholders and investors to engage actively with the Company.

Directors' Responsibility for the Consolidated Financial Statements

The directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2014 that give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and applicable reporting standards.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out on page 29 under the section titled "Independent Auditor's Report".

Board Diversity Policy

The Company recognises the benefits of a Board that possesses a balance of skills, expertise, experience and diversity of perspectives appropriate to the requirements of the businesses of the Group. The Board adopted a board diversity policy in 2013 and discussed all measurable objectives set for implementing the policy. The Company embraces the practice of seeking to ensure diversity of Board members, which can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. Board appointments will continue to be on a merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Internal Controls

The Board has overall responsibility for maintaining the Group's internal control systems and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance against material misstatements or losses, to manage the risks of system failures, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records, adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting functions and compliance with applicable laws, rules and regulations.

The Board considers that it is a continuous process for the Group to review and improve its internal control systems in order to ensure that they can meet with the dynamic and ever-changing business environment and regulatory framework. A review of the Group's internal control systems is conducted annually by the Audit Committee in conjunction with work undertaken by the external auditor of the Company. As part of an on-going process for identifying, evaluating and managing material risks faced by the Group, the Company conducts regular reviews of material business processes and procedures in the Group's operations. The Board considers that the Group's internal control systems are reasonably implemented. Nevertheless, the Group will continue the process of reviewing the effectiveness of the internal control systems, focussing on specific business processes and will consider, if deemed necessary in future, to set up an internal audit department to assist in fulfilling the objectives of the process.

Directors and Officers Liability Insurance

The Company has arranged for appropriate liability insurance to indemnify directors and officers of the Group against their liabilities in respect of, among others, legal actions against them and arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), as set out in Appendix 10 to the Listing Rules, as its own securities code. All directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

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Auditors' Remuneration

For the year ended 31 December 2014, the remuneration payable to the auditors of the Group amounted to approximately HK$1,805,000, of which HK$1,490,000 related to audit services and HK$315,000 to professional services for special engagements, taxation and other non-audit services including HK$189,000 associated with the transaction for the disposal of the entire shareholding of ZONE Global Limited, which amount is taken into account in the calculation of the gain on disposal of the said shareholding and referred to in notes 19 and 31 to the consolidated financial statements.

Shareholders' Rights

The Company endeavours to ensure equality among all shareholders, especially minority shareholders so that they can fully exercise their rights and undertake their obligations, and to ensure that shareholders are informed and able to participate in the important matters of the Company by establishing effective channels for the Company to communicate with its shareholders. The Company complies strictly with the relevant requirements in respect of voting matters and voting procedures so as to safeguard the legal interests of the Company and its shareholders. The Company encourages its shareholders to participate in general meetings and express their opinions at such meetings.

Shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right to vote at general meetings may deposit a written requisition to convene an extraordinary general meeting ("EGM") with the Company at its principal place of business at 3705 Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and marked for the attention of the board of directors or the company secretary. The written requisition must state the objects of the meeting, signed by the shareholder(s) concerned and may consist of one or more documents in like form, each signed by one or more of those shareholders. The written requisition will be verified by the Company's share registrar and upon confirmation that it is proper and in order, the company secretary will request the Board to convene an EGM by serving a proper meeting notice in compliance with all applicable legal and regulatory requirements to all registered shareholders.

Procedures for a Shareholder to Propose a Person for Election as a Director

In accordance with the Bye-laws of the Company, a shareholder may propose a person for election as a director of the Company at any general meeting by lodging the following documents at the principal place of business of the Company at 3705 Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and marked for the attention of the board of directors or the company secretary of the Company, or at its Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong:

1. A notice in writing signed by a shareholder (other than the person to be proposed) of the intention to propose that person for election as a director; and

2. A notice in writing signed by that person of his willingness to be elected as a director including that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

The period available for lodgement of the aforesaid notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Report of Directors

The board of directors (the "Board") of the Company herein presents its report and the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding.

Following the disposal by the Group of its interests in ANZ Communications, LLC ("ANZ") details of which are disclosed in the Circular to shareholders of the Company ("Shareholders") dated 28 November 2014, the Group currently has a portfolio of business interests in the telecommunications and information technology sector in China, Hong Kong and Singapore. The Group's turnover during the financial year consisted primarily of revenue generated from these operations. Contemporaneously, the Group is actively pursuing other opportunities that are complementary to its existing operations or have high growth potential, ability to generate healthy cashflows and capabilities to produce optimum returns on capital.

Prior to the disposal described in the preceding paragraph, ANZ was a holding company owned as to 50% by Zone USA, Inc., a wholly-owned subsidiary of the Company, with the balance beneficially owned by approximately 140 Rural Local Exchange Carriers (RLECs). ANZ, through its Federal Communications Commission (FCC) – licensed operating subsidiaries ANPI, LLC and ANPI Business, LLC, provides a variety of voice and data telecommunication services, including an advanced hosted Unified Communication solution and cloud applications, to RLECs, competitive local exchange carriers (CLECs), inter-exchange carriers (IXCs), as well as corporate enterprise and residential customers throughout the U.S. (*www.anpi.com*). ANZ's network includes voice and data switching facilities and a SONET-based network spanning cities such as Atlanta, Chicago, Dallas, New York City, Las Vegas and Los Angeles.

In Hong Kong, ZONE Limited ("ZONE Hong Kong"), a wholly-owned subsidiary of the Company, is a telecommunication service provider licensed by the Communications Authority of Hong Kong. ZONE Hong Kong specialises in offering telecom and IT-related services and solutions. Founded in 1999, ZONE Hong Kong has evolved over the years from an International Long Distance (IDD) service provider (*www.zone1511.com*) into a technology partner servicing both SMEs and large corporations as well as carriers (*www.zonetel.com*). ZONE Hong Kong also offers to customers, in addition to IDD services and a range of value-added services, an array of products and services including IP telephony (consultancy, implementation, Hong Kong call origination and international termination), IT hardware, a customer relationship management system (ZONE CRM) and various enterprise grade telecommunications facilities.

In China, 深圳盈港科技有限公司 ("ZONE China"), a wholly-owned subsidiary of the Company, is engaged in marketing and reselling voice and data products and services of China Mobile (中國移動) and China Telecom (中國電信) group companies in Shenzhen, serving cross-border telecommunication needs of customers in Hong Kong and overseas.

In Singapore, ZONE Telecom Pte Ltd ("ZONE Singapore"), a wholly-owned subsidiary of the Company, is an info-communication service provider licensed by the Infocomm Development Authority of Singapore. ZONE Singapore offers, in addition to IDD and other value-added services (*www.zone1511.com.sg*), broadband connectivity, and a comprehensive suite of data services and solutions to business organisations and residential customers (*www.zonetel.com.sg*) as well as domain name registration, web design and hosting and email hosting services through its subsidiary Cybersite Services Pte Ltd (*www.cybersite.com.sg*).

Descriptions of the activities of other principal subsidiaries of the Company are set out in note 13 to the consolidated financial statements.

Segmental Information

Analyses of the Group's segmental information by business and geographical segments for the year ended 31 December 2014 are set out in note 30 to the consolidated financial statements.

Results and Dividends

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

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

Group Financial Summary

A summary of results, assets and liabilities of the Group for the last five financial years is set out on page 84.

Major Customers and Suppliers

In the year under review, the aggregate turnover attributable to the five largest customers of the Group accounted for approximately 16.0% of total turnover for the year, and sales to the largest customer included therein amounted to approximately 9.9%.

The aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 45.0% of total purchases of the Group for the year, and purchases from the largest supplier included therein amounted to approximately 14.8%.

At no time during the year have the directors of the Company, their associates or those shareholders which, to the knowledge of the directors of the Company, owned more than 5% of the Company's share capital, had any interests in any of the five largest customers or suppliers of the Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 11 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the consolidated financial statements.

Board of Directors

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

Executive Directors:

Lim Shyang Guey
Chi Chi Hung Kenneth *Note 1*
Lau Wai Ming Raymond *Note 1*
Richard John Siemens *Note 2*
William Bruce Hicks *Note 3*

Non-executive Director:

Jennifer Wes Saran *Note 3*

Independent Non-executive Directors:

John William Crawford J.P.
Gerald Clive Dobby
Chan Chiu Hung Alex *Note 4*
Fung Chan Man Alex *Note 4*
Thaddeus Thomas Beczak *Note 5*

Note 1 Appointed on 26 September 2014
Note 2 Resigned on 10 February 2015
Note 3 Resigned on 16 July 2014
Note 4 Appointed on 25 February 2015
Note 5 Resigned on 25 February 2015

Biographical details of directors of the Company are set out on page 10 under the section titled "Board of Directors and Company Secretary".

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") and the Company considers such directors to be independent.

In accordance with bye-laws 86 and 87 of the Company's Bye-laws, Mr. Chi Chi Hung Kenneth, Mr. Lau Wai Ming Raymond, Mr. Gerald Clive Dobby, Mr. Chan Chiu Hung Alex and Mr. Fung Chan Man Alex will retire by rotation at the forthcoming annual general meeting and are eligible for re-election.

Directors' Interests in Securities

As at 31 December 2014, the interests and short positions of the directors and the chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules are set out below.

Name of director	Capacity	Number of Shares* held	Approximate percentage of shareholding
Richard John Siemens	Held by controlled corporations	128,010,200 *(Note)*	24.6%
Lim Shyang Guey	Personal	3,930,000	0.8%

* *"Shares" means ordinary shares of HK$0.01 each in the share capital of the Company.*

Note: 28,010,000 Shares were beneficially owned by Siemens Enterprises Limited and 100,000,200 Shares were beneficially owned by Goldstone Trading Limited, both companies controlled by Mr. Richard John Siemens. Mr. Siemens, through Goldstone Trading Limited and Siemens Enterprises Limited, disposed of his aggregate 128,010,000 Shares on 28 January 2015.

All interests disclosed above represent long positions in the shares of the Company and there were no underlying shares held by the directors as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, none of the directors or the chief executive of the Company (including their spouses and children under the age of 18) had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangement to Enable Directors to Acquire Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any director or the chief executive of the Company to acquire benefits, by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors, the chief executive of the Company nor any of their spouses or children under the age of 18 had any interests in, or had been granted, any rights to subscribe for shares in or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights during the year.

Directors' Service Contracts

The service contract with Mr. Gerald Clive Dobby will expire on 31 December 2015, the ones with Mr. Chan Chiu Hung Alex and Mr. Fung Chan Man Alex on 31 December 2016 and the one with Mr. John William Crawford J.P. on 31 December 2017, and all upon expiry thereof are renewable for fixed terms of three years provided that either party may terminate the appointment by giving to the other party not less than one month's notice in writing.

As at 31 December 2014, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Directors' Interests in Contracts of Significance

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

Substantial Shareholders

As at 31 December 2014, the interests and short positions of the persons, other than the directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, are set out below.

Name of shareholder	Number of Shares* held	Approximate percentage of shareholding
Costrade Group Limited	140,012,342	26.9%
Chan Hing Ping	140,012,342 *(Note 1)*	26.9%
Goldstone Trading Limited	100,000,200 *(Note 2)*	19.2%
Siemens Enterprises Limited	28,010,000 *(Note 2)*	5.4%

* *"Shares" means ordinary shares of HK$0.01 each in the share capital of the Company.*

Note 1: Mr. Chan Hing Ping held these interests through Costrade Group Limited, a company controlled by him.

Note 2: These interests represent the same interests as the corporate interests of Mr. Richard John Siemens as set out in the "Directors' Interests in Securities" section above.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 December 2014, the Company was not notified of any persons, other than the directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

Particulars of Principal Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 13 to the consolidated financial statements.

Liquidity

As at 31 December 2014, the Group managed to maintain stable liquidity with cash and cash equivalents (including pledged bank deposits) of approximately HK$43.6 million (2013: HK$112.2 million).

Bank and Other Borrowings

As at 31 December 2014, the bank and other borrowings of the Group amounted to approximately HK$9.6 million (2013: HK$82.4 million).

Retirement Benefit Schemes

Details of the retirement benefit schemes operated by the Group are set out in note 2 to the consolidated financial statements.

Remuneration Policies and Employee Relations

As at 31 December 2014, the Group had 84 (2013: 77) employees in China, Hong Kong and Singapore and its total staff costs for 2014 were HK$37.3 million (2013: HK$36.2 million). The Group maintains good relationships with employees and none are represented by a labour union.

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. The Group has established incentive bonus schemes to motivate and reward employees at all levels to achieve its objectives. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda although there are no restrictions against such rights under such laws.

Public Float

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

Auditor

The financial statements of the Company for the year ended 31 December 2014 have been audited by Mazars CPA Limited, *Certified Public Accountants*.

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited as auditor of the Company.

Shareholders Matter

On 28 January 2015, the Board was informed by Mr. Richard John Siemens, then an executive Director, and a substantial shareholder of the Company, that on 28 January 2015, he, through Goldstone Trading Limited and Siemens Enterprises Limited (both being substantial shareholders of the Company and companies controlled by Mr. Siemens), disposed of an aggregate of 128,010,000 shares of HK$0.01 each in the share capital of the Company at a price of HK$0.70 per share to not less than six purchasers (the "Disposal"). The shares so disposed represent approximately 24.57% of the issued share capital of the Company. To the best of the Directors' knowledge and information, immediately prior to the Disposal, the purchasers of the disposed shares are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Environmental Awareness

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. Since 2008, the Company has participated in the "Wastewi$e Label" of the Hong Kong Awards for Environmental Excellence, which is a recognition scheme established by, among others, the Environmental Protection Department and Environmental Campaign Committee to encourage Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide. The Company has been awarded with the "Class of Excellence" Wastewi$e Label for seven consecutive years.

The Company has also commenced the process of identifying the areas of concern and interest, shortlisting information points applicable and possible to be collected across the Group, formulating the Group's strategy objectives and developing a strategy implementation plan, in order to prepare for its first environmental, social and governance (ESG) report next year.

By Order of the Board

Lau Wai Ming Raymond
Executive Director and
Company Secretary

31 March 2015

MAZARS

Mazars CPA Limited
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.cn

To the members of

e-Kong Group Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of e-Kong Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 83, which comprise the consolidated and the Company's statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), 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 HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

Mazars CPA Limited
Certified Public Accountants

Hong Kong, 31 March 2015

Weatherseed, Stephen Peter Stuart
Practising Certificate number: P05588

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	3	**75,471**	77,345
Cost of sales		**(35,948)**	(39,358)
Gross profit		**39,523**	37,987
Other revenue and income	4	**1,601**	1,622
		41,124	39,609
Selling and distribution expenses		**(6,232)**	(5,313)
Business promotion and marketing expenses		**(4,217)**	(3,279)
Operating and administrative expenses		**(49,438)**	(49,500)
Other operating expenses		**(5,490)**	(5,505)
Loss from operations		**(24,253)**	(23,988)
Finance costs	5(a)	**(1,474)**	(1,118)
Share of results of joint ventures	14	**(48,231)**	(8,180)
Loss before taxation	5	**(73,958)**	(33,286)
Taxation credit / (charges)	7		
Current tax		**298**	(1,352)
Deferred tax		**–**	47
		298	(1,305)
Loss for the year		**(73,660)**	(34,591)

Consolidated Statement of Profit or Loss (continued)

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Loss for the year attributable to:			
Equity holders of the Company	8	**(71,011)**	(32,629)
Non-controlling interests		**(2,649)**	(1,962)
Loss for the year		**(73,660)**	(34,591)
		HK cents	*HK cents*
Loss per share	10		
Basic and diluted		**(13.6)**	(6.3)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 **HK$'000**	2013 HK$'000
Loss for the year	**(73,660)**	(34,591)
Other comprehensive loss for the year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign subsidiaries and joint ventures	**(729)**	(581)
Total comprehensive loss for the year	**(74,389)**	(35,172)
Total comprehensive loss for the year attributable to:		
Equity holders of the Company	**(71,740)**	(33,210)
Non-controlling interests	**(2,649)**	(1,962)
Total comprehensive loss for the year	**(74,389)**	(35,172)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	11	**6,466**	6,503
Intangible assets	12	**10,887**	13,505
Interests in joint ventures	14	**–**	131,655
Deferred tax assets	22	**45**	45
		17,398	151,708
Current assets			
Inventories	15	**–**	847
Trade and other receivables	16	**14,401**	17,041
Pledged bank deposits	17	**1,504**	79,402
Cash and bank balances	18	**42,087**	32,814
		57,992	130,104
Assets classified as held for sale	19	**124,539**	–
		182,531	130,104
Current liabilities			
Trade and other payables	20	**43,436**	19,606
Current portion of bank and other borrowings	21	**9,635**	2,968
Taxation payable		**–**	267
		53,071	22,841
Liabilities associated with assets classified as held for sale	19	**41,766**	–
		94,837	22,841
Net current assets		**87,694**	107,263
Total assets less current liabilities		**105,092**	258,971
Non-current liabilities			
Deferred revenue		**780**	775
Bank and other borrowings	21	**–**	79,478
Deferred tax liabilities	22	**351**	368
		1,131	80,621
NET ASSETS		**103,961**	178,350
Capital and reserves			
Share capital	23	**5,210**	5,210
Reserves	24	**106,403**	178,143
Equity attributable to equity holders of the Company		**111,613**	183,353
Non-controlling interests	24	**(7,652)**	(5,003)
TOTAL EQUITY		**103,961**	178,350

Approved and authorised for issue by the Board of Directors on 31 March 2015

Lim Shyang Guey
Director

Chi Chi Hung Kenneth
Director

Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	11	**210**	2,159
Interests in subsidiaries	13	**–**	77,668
		210	79,827
Current assets			
Trade and other receivables	16	**794**	4,056
Pledged bank deposits	17	**278**	77,778
Cash and bank balances	18	**27,976**	19,441
		29,048	101,275
Current liabilities			
Trade and other payables	20	**26,753**	2,052
Net current assets		**2,295**	99,223
NET ASSETS		**2,505**	179,050
Capital and reserves			
Share capital	23	**5,210**	5,210
Reserves	24	**(2,705)**	173,840
TOTAL EQUITY		**2,505**	179,050

Approved and authorised for issue by the Board of Directors on 31 March 2015

Lim Shyang Guey
Director

Chi Chi Hung Kenneth
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Accumulated profits / (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2013	5,210	67,093	3,724	25	6	83,489	54,945	214,492	(970)	213,522
Loss for the year	–	–	–	–	–	–	(32,629)	(32,629)	(1,962)	(34,591)
Other comprehensive loss for the year										
Item that may be subsequently reclassified to profit or loss:										
Exchange differences on translation of foreign subsidiaries and joint ventures	–	–	(581)	–	–	–	–	(581)	–	(581)
Total comprehensive loss for the year	–	–	(581)	–	–	–	(32,629)	(33,210)	(1,962)	(35,172)
Transaction with equity holders of the Company										
Change in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	2,071	–	–	2,071	(2,071)	–
Total transaction with equity holders of the Company	–	–	–	–	2,071	–	–	2,071	(2,071)	–
As at 31 December 2013	5,210	67,093	3,143	25	2,077	83,489	22,316	183,353	(5,003)	178,350
Loss for the year	–	–	–	–	–	–	(71,011)	(71,011)	(2,649)	(73,660)
Other comprehensive loss for the year										
Item that may be subsequently reclassified to profit or loss:										
Exchange differences on translation of foreign subsidiaries and joint ventures	–	–	(729)	–	–	–	–	(729)	–	(729)
Total comprehensive loss for the year	–	–	(729)	–	–	–	(71,011)	(71,740)	(2,649)	(74,389)
As at 31 December 2014	**5,210**	**67,093**	**2,414**	**25**	**2,077**	**83,489**	**(48,695)**	**111,613**	**(7,652)**	**103,961**

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
Cash used in operations	*25*	**(18,043)**	(15,967)
Income taxes refunded / (paid)		**119**	(1,479)
Interest received		**183**	585
Interest paid		**(876)**	(1,118)
Net cash used in operating activities		**(18,617)**	(17,979)
INVESTING ACTIVITIES			
Deposit from disposal of assets classified as held for sale		**26,000**	–
Purchase of property, plant and equipment	*11*	**(2,323)**	(2,247)
Proceeds from disposal of property, plant and equipment		**15**	2
Release of pledged deposits		**77,821**	–
Distributions received from a joint venture		**–**	567
Capital contribution to a joint venture		**(38,750)**	–
Net cash generated from / (used in) investing activities		**62,763**	(1,678)
FINANCING ACTIVITIES			
Proceeds from loan from a related company		**46,500**	–
Repayment of bank loans		**(80,328)**	(2,967)
Net cash used in financing activities		**(33,828)**	(2,967)
Net increase / (decrease) in cash and cash equivalents		**10,318**	(22,624)
Cash and cash equivalents as at 1 January		**32,814**	55,706
Exchange losses on cash and cash equivalents		**(448)**	(268)
Cash and cash equivalents as at 31 December		**42,684**	32,814
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	*18*	**42,087**	32,814
Cash and bank balances classified as assets held for sale		**597**	–
		42,684	32,814

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. CORPORATE INFORMATION

e-KONG Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's principal place of business is located at 3705 Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. The principal activity of the Company is investment holding. Details of the principal subsidiaries and joint ventures of the Company and their principal activities are disclosed in notes 13 and 14 to the consolidated financial statements, respectively.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 financial statements. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All inter-group balances, transactions, income and expenses and profits and losses resulting from inter-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRS.

Allocation of total comprehensive income

Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests

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

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others, as appropriate, from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses. The carrying amounts of the investments are reduced to their respective recoverable amounts on an individual basis if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investments in joint ventures are accounted for under the equity method, except when the investments or a portion thereof are classified as held for sale. Under the equity method, an investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised gains or losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of joint control, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and the proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be a joint venture is regarded as the fair value on initial recognition as a financial asset.

Non-current assets (or disposal groups) held for sale

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the remaining lease terms
Machinery and equipment	20% – 33%
Office equipment, furniture and fittings	20% – 33%
Motor vehicles	20% – 33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over the estimated useful lives which is eight years in the case of the existing intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The capitalised expenditure includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as expenses in profit or loss as incurred. When the asset is available for use, the capitalised development costs are amortised and subject to impairment review on the same basis as intangible assets acquired separately.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is expensed in profit or loss when incurred.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables including trade and other receivables, pledged bank deposits and cash and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment terms or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less any impairment loss. Amortised cost is calculated by taking into account any discounts or premiums on acquisitions, over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Financial liabilities

The Group's financial liabilities include trade and other payables, and bank and other borrowings. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets, interests in joint ventures and investments in subsidiaries to determine whether there are any indications that such assets have suffered impairment losses or that impairment losses previously recognised no longer exist or may be reduced. If the recoverable amount of an asset is estimated to be less than its carrying amount, the latter is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

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

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Revenue recognition

Consolidated revenue comprises revenue of the Company and its subsidiaries and excludes sales taxes and discounts.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably.

Income in respect of telecommunication services, insurance-related product distribution services and consultancy services provided to customers is recognised when the services are rendered.

Interest income is accrued on a time proportion basis by reference to the principal outstanding at the effective interest rate applicable.

Distribution from joint ventures is recognised when the Group's rights to receive payment have been established.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases

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

Rentals payable under operating leases are recognised as an expense in profit or loss on the straight-line basis over the term of the relevant leases.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Share capital

Ordinary shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental transaction costs (net of income taxes, if applicable), is deducted from equity attributable to the equity holders of the Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Company.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translations

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 ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the financial position of group entities denominated in a currency other than Hong Kong dollars, being the presentation currency, are translated at the approximate rates of exchange ruling at the end of the reporting period while profit or loss are translated at average rates for the year. All exchange differences arising from the translation of an entity are recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. On disposal of such entity, the related cumulative amount of the exchange differences is transferred from equity to profit or loss when the gain or loss on disposal is recognised.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising 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 the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefit schemes

The Group, other than overseas subsidiaries (including Mainland China), operates Mandatory Provident Fund ("MPF") schemes to provide retirement benefits for its full time permanent employees in Hong Kong. The obligations for contributions to retirement benefit schemes are recognised as expenses in profit or loss as incurred. The assets of the schemes are held separately from those of the Group with independent trustees.

Under the MPF schemes, both the Group and each eligible employee are required to contribute 5% of the employee's basic monthly income, as mandatory contributions, up to a maximum of HK$1,500 starting from June 2014 (*2013: HK$1,250*), and they may choose to make additional or voluntary contributions. The Group makes the same additional contribution if an employee chooses to make a voluntary contribution of up to a maximum limit of HK$1,500 starting from June 2014 *(2013: HK$1,250)*.

Under the MPF schemes, employees are entitled to the Group's mandatory contributions in accordance with the provisions in the Hong Kong Mandatory Provident Fund Schemes Ordinance, and are entitled to 100% of the Group's voluntary contributions after completion of the first year of service.

Overseas subsidiaries (including Mainland China) also operate pension schemes or similar arrangements for their employees in accordance with the statutory requirements prescribed by the relevant legal authorities.

At the end of the reporting period, the Group had no significant forfeited voluntary contributions which arose as a result of employees leaving the MPF schemes and which are available to reduce the contributions payable by the Group in future years.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is related to the Group as set out below.

(a) A person or a close member of that person's family is related to the Group if that person:
   (i) has control or joint control over the Group;
   (ii) has significant influence over the Group; or
   (iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:
   (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
   (vi) The entity is controlled or jointly-controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in those cases where the revision also affects future periods.

Allowance for doubtful debts

The provisioning policy for doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of the trade receivables and on management judgements. A considerable amount of judgement is required in assessing the ultimate realisation of receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements *(continued)*

Allowance for inventories

The Group's management reviews the condition of inventories at the end of each reporting period, and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

Recognition of deferred tax assets

Deferred tax assets are recognised principally 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 judgements regarding the future performance of the particular subsidiary in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence 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.

Impairment of interests in subsidiaries and interests in joint ventures

The Company determines whether interests in subsidiaries and interests in joint ventures are impaired at least on an annual basis. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in the financial performance and position of these entities could affect the estimation of impairment losses and cause adjustments to their carrying amounts.

Impairment of property, plant and equipment and intangible assets with finite useful lives

In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant estimate levels relating to sales volume, selling prices and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

Useful lives of intangible assets

The Group assesses whether the intangible assets have finite useful lives at the end of each reporting period. In determining useful lives of intangible assets, the Group considers various factors, such as expected usage of the asset, forecasted customer attrition pattern, expected period of future economic benefit and legal or similar limits on the use of the asset. The estimation of the useful lives of intangible assets is based on the experience of the Group with similar intangible assets that generate similar future economic benefits.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Future changes in HKFRS

At the date of approval of these consolidated financial statements, the Group has not early adopted the following new and revised HKFRS issued by the HKICPA that are not yet effective for the current year.

Amendments to HKAS 19 (2011)	*Defined Benefit Plans – Employee Contributions* [1]
Various HKFRSs	*Annual Improvements Project 2010-2012 Cycle* [2]
Various HKFRSs	*Annual Improvements Project 2011-2013 Cycle* [2]
Amendments to HKAS 1	*Presentation of Financial Statements: Disclosure Initiative* [3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [3]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [3]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [3]
Amendments to HKAS 28 (2011) and HKFRS 10	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to HKAS 28 (2011), HKFRS 10 and HKFRS 12	*Investment Entities: Applying the Consolidation Exception* [3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [3]
HKFRS 14	*Regulatory Deferral Accounts* [3]
Various HKFRSs	*Annual Improvements Project 2012-2014 Cycle* [4]
HKFRS 15	*Revenue from Contracts with Customers* [5]
HKFRS 9 (2014)	*Financial Instruments* [6]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2016, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the possible impact of the adoption of these new and revised HKFRS in the future. So far it has concluded that the adoption is unlikely to have a material impact on the Group's consolidated financial statements in the future.

3. TURNOVER

	Group	
	2014	2013
	HK$'000	*HK$'000*
Telecommunication services income	**74,018**	75,992
Other	**1,453**	1,353
	75,471	77,345

Notes to the Consolidated Financial Statements (continued)
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4. OTHER REVENUE AND INCOME

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest income on bank deposits	**183**	585
Other	**1,418**	1,037
	1,601	1,622

5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging / (crediting) the following:

	Group	
	2014	2013
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**876**	1,118
Interest on other loan from a related company	**598**	–
	1,474	1,118

The above bank and other loans are wholly repayable within five years.

(b) Other items		
Employee salaries and other benefits (including directors' emoluments)	**35,129**	34,173
Retirement benefit scheme contributions	**2,123**	2,010
Total staff costs	**37,252**	36,183
Auditors' remuneration		
– audit fees	**1,490**	2,039
Cost of services provided	**35,023**	37,190
Cost of inventories sold	**493**	1,226
Write-down of inventories	**–**	942
Write-off of inventories	**432**	–
Depreciation of property, plant and equipment	**2,291**	2,571
Amortisation of intangible assets	**2,066**	2,094
Allowance for doubtful debts	**220**	88
Operating lease charges on premises	**6,095**	6,533
Exchange losses / (gains), net	**232**	(314)
(Gain) / Loss on disposals of property, plant and equipment	**(15)**	3

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Company's directors are as follows:

	2014			
	Director fees *HK$'000*	**Salaries and other emoluments** *HK$'000*	**Retirement benefit scheme contributions** *HK$'000*	**Total** *HK$'000*
Executive directors				
Richard John Siemens	–	1,800	17	1,817
Lim Shyang Guey	–	2,600	33	2,633
William Bruce Hicks *(resigned on 16 July 2014)*	–	800	17	817
Chi Chi Hung Kenneth *(appointed on 26 September 2014)*	–	253	5	258
Lau Wai Ming Raymond *(appointed on 26 September 2014)*	–	583	10	593
Non-executive director				
Jennifer Wes Saran *(resigned on 16 July 2014)*	88	–	–	88
Independent non-executive directors				
John William Crawford J.P.	150	100	–	250
Gerald Clive Dobby	150	–	–	150
Thaddeus Thomas Beczak	150	–	–	150
	538	6,136	82	6,756

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

	2013			
	Director fees *HK$'000*	Salaries and other emoluments *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors				
Richard John Siemens	–	1,950	15	1,965
Lim Shyang Guey	–	2,600	30	2,630
William Bruce Hicks *(re-designated on 1 May 2013)*	–	870	10	880
Non-executive directors				
William Bruce Hicks *(re-designated as executive director on 1 May 2013)*	50	33	–	83
Jennifer Wes Saran	150	–	–	150
Independent non-executive directors				
John William Crawford J.P.	150	100	–	250
Gerald Clive Dobby	150	–	–	150
Shane Frederick Weir *(retired on 16 May 2013)*	75	–	–	75
Thaddeus Thomas Beczak *(appointed on 1 October 2013)*	38	–	–	38
	613	5,553	55	6,221

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

There were no arrangements under which a director waived or agreed to waive any emoluments for the year *(2013: Nil)*. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year *(2013: Nil)*.

Individuals with highest emoluments

Of the five *(2013: five)* individuals with the highest emoluments, two *(2013: two)* are directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the other three *(2013: three)* individuals are as follows:

	2014 **HK$'000**	2013 *HK$'000*
Salaries and other emoluments	**3,621**	4,590
Retirement benefit scheme contributions	**120**	157
	3,741	4,747

The emoluments of the three *(2013: three)* individuals with the highest emoluments are within the following bands:

	2014 ***Number of individuals***	2013 *Number of individuals*
HK$1,000,001 to HK$1,500,000	**3**	1
HK$1,500,001 to HK$2,000,000	**–**	2
	3	3

The directors of the Company, together with the above-mentioned three *(2013: three)* highest paid individuals, are regarded as the key management personnel of the Group for related parties disclosure purposes.

During the year, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office *(2013: Nil)*. There were no arrangement under which any of the five highest paid individuals waived or agreed to waive any remuneration during the year *(2013: Nil)*.

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of the individuals and market trends.

7. TAXATION CREDIT / (CHARGES)

During the year, Hong Kong Profits Tax has not been provided as the Group's assessable profits for the year were wholly absorbed by unrelieved tax losses brought forward from previous years. In 2013, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purpose.

Overseas taxation represents income tax provision in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	–
Overseas income taxes	**(77)**	(1,352)
	(77)	(1,352)
Over-provisions on overseas income taxes in prior years	**375**	–
	298	(1,352)
Deferred tax		
Tax losses	**–**	(71)
Depreciation allowances	**–**	118
	–	47
Taxation credit / (charges)	**298**	(1,305)

Further details of the deferred taxation status are set out in note 22.

7. TAXATION CREDIT / (CHARGES) *(continued)*

Reconciliation of effective tax rate

	Group	
	2014	2013
	%	%
Applicable tax rate	**(28)**	(22)
Non-deductible expenses	**5**	12
Tax exempt revenue	**–**	(1)
Overprovision in prior year	**(1)**	–
Unrecognised tax losses	**22**	12
Unrecognised temporary differences	**(1)**	–
Recognition of previously unrecognised temporary differences	**–**	(1)
Other	**2**	4
Effective tax rate for the year	**(1)**	4

The applicable rate is the weighted-average of the tax rates prevailing in the territories in which the Group operates. The tax rates adopted in various territories range from 16.5% to 34%.

8. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss for the year attributable to equity holders of the Company includes a loss of HK$176,545,000 *(2013: HK$34,480,000)* which has been dealt with in the financial statements of the Company.

9. DIVIDEND

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

10. LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31 December 2014 is based on the consolidated loss attributable to equity holders of the Company of HK$71,011,000 *(2013: HK$32,629,000)* and on the number of 521,000,000 *(2013: 521,000,000)* shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted loss per share is the same as basic loss per share for the years presented.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements *HK$'000*	Machinery and equipment *HK$'000*	Office equipment, furniture and fittings *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 1 January 2013	–	86	6,865	–	6,951
Additions	306	–	1,941	–	2,247
Disposals	–	–	(729)	–	(729)
Write-back of accumulated depreciation on disposals	–	–	724	–	724
Depreciation	(35)	(47)	(2,489)	–	(2,571)
Exchange adjustments	–	–	(119)	–	(119)
As at 31 December 2013	271	39	6,193	–	6,503
As at 1 January 2014	271	39	6,193	–	6,503
Additions	–	–	2,323	–	2,323
Disposals	–	–	(65)	–	(65)
Write-back of accumulated depreciation on disposals	–	–	65	–	65
Depreciation	(105)	(26)	(2,160)	–	(2,291)
Exchange adjustments	–	–	(69)	–	(69)
As at 31 December 2014	**166**	**13**	**6,287**	**–**	**6,466**
Representing:					
Cost	1,937	28,251	27,174	1,400	58,762
Accumulated depreciation	(1,666)	(28,212)	(20,981)	(1,400)	(52,259)
As at 1 January 2014	271	39	6,193	–	6,503
Cost	1,937	27,917	28,427	1,400	59,681
Accumulated depreciation	(1,771)	(27,904)	(22,140)	(1,400)	(53,215)
As at 31 December 2014	**166**	**13**	**6,287**	**–**	**6,466**

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

	Company			
	Leasehold improvements *HK$'000*	**Office equipment, furniture and fittings** *HK$'000*	**Motor vehicle** *HK$'000*	**Total** *HK$'000*
As at 1 January 2013	–	2,183	–	2,183
Additions	–	34	–	34
Depreciation	–	(58)	–	(58)
As at 31 December 2013	–	2,159	–	2,159
As at 1 January 2014	–	2,159	–	2,159
Additions	–	211	–	211
Disposals	–	(51)	–	(51)
Transferred to a subsidiary	–	(2,045)	–	(2,045)
Write-back of accumulated depreciation on disposals	–	51	–	51
Depreciation	–	(115)	–	(115)
As at 31 December 2014	**–**	**210**	**–**	**210**
Representing:				
Cost	1,631	3,362	1,400	6,393
Accumulated depreciation	(1,631)	(1,203)	(1,400)	(4,234)
As at 1 January 2014	–	2,159	–	2,159
Cost	1,631	1,477	1,400	4,508
Accumulated depreciation	(1,631)	(1,267)	(1,400)	(4,298)
As at 31 December 2014	**–**	**210**	**–**	**210**

12. INTANGIBLE ASSETS

	Group		
	Development costs *HK$'000*	**Customer contracts** *HK$'000*	**Total** *HK$'000*
As at 1 January 2013	–	16,115	16,115
Amortisation	–	(2,094)	(2,094)
Exchange adjustments	–	(516)	(516)
As at 31 December 2013	–	13,505	13,505
As at 1 January 2014	–	13,505	13,505
Amortisation	–	(2,066)	(2,066)
Exchange adjustments	–	(552)	(552)
As at 31 December 2014	**–**	**10,887**	**10,887**
Representing:			
Cost	3,597	16,621	20,218
Accumulated amortisation and impairment losses	(3,597)	(3,116)	(6,713)
As at 1 January 2014	–	13,505	13,505
Cost	3,597	15,835	19,432
Accumulated amortisation and impairment losses	(3,597)	(4,948)	(8,545)
As at 31 December 2014	**–**	**10,887**	**10,887**

Intangible assets related to development costs and customer contracts in respect of domain name registration, web / data hosting and other services.

13. INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**–**	–
Due from subsidiaries	**354,701**	545,200
Less: Provisions	**(354,701)**	(467,532)
	–	77,668

The amounts due from subsidiaries are unsecured, interest-free and not expected to be repaid within one year. The carrying values of the amounts due approximate their fair values.

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation / operation	Particulars of issued share capital	Effective ownership interest held by the Company		Principal activities
			Directly	*Indirectly*	
Zone USA, Inc. *(i) & (iv)*	United States of America	US$10	–	100%	Investment holding
ZONE Telecom Pte Ltd	Singapore	S$100,000	–	100%	Provision of telecommunication services
ZONE Resources Limited	Hong Kong	HK$2	–	100%	Provision of consultancy services
ZONE Limited	Hong Kong	HK$2	–	100%	Provision of telecommunication services
ZONE Global Limited *(iv)*	British Virgin Islands	US$1	–	100%	Investment holding
ZONE Asia Holdings Limited	British Virgin Islands	US$1	–	100%	Investment holding
speedinsure Global Limited	British Virgin Islands	US$10,102	–	100%	Investment holding
RMI Group International Limited *(iii)*	Hong Kong	HK$100	–	50.1%	Investment holding
Relevant Marketing IP Holding Limited *(iii)*	British Virgin Islands	US$1	–	50.1%	Holding of intellectual property

13. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation / operation	Particulars of issued share capital	Effective ownership interest held by the Company		Principal activities
			Directly	*Indirectly*	
Relevant Marketing (HK) Limited *(iii)*	Hong Kong	HK$10,000	–	50.1%	Provision of sales and fulfilment services
Relevant Marketing Group Limited *(iii)*	British Virgin Islands	US$10	–	50.1%	Investment holding
Relevant Marketing (Canada) Limited *(iii)*	Canada	C$1	–	50.1%	Provision of sales and fulfilment services
Relevant Marketing (Singapore) Pte. Limited *(iii)*	Singapore	S$100	–	50.1%	Provision of sales and fulfilment services
i-Guard Insurance Agency Limited *(iii)*	Hong Kong	HK$1	–	50.1%	Insurance agency
i-Guard Direct Limited *(iii)*	Hong Kong	HK$1	–	50.1%	Provision of marketing services
e-Kong Pillars Holdings Limited	British Virgin Islands	US$1	100%	–	Investment holding
Cybersite Services Pte Limited	Singapore	S$100,000	–	100%	Provision of domain name registration and hosting services
Cyber Insurance Brokers Limited *(iii)*	Hong Kong	HK$5,000,000	–	50.1%	Insurance brokerage
China Portal Limited	British Virgin Islands	US$1	–	100%	Provision of consultancy services
深圳盈港科技有限公司 *(i) & (ii)*	The People's Republic of China	RMB1,000,000 Registered capital	–	100%	Provision of technical consultancy services

(i) Companies not audited by Mazars.
(ii) A wholly foreign-owned enterprise established in the People's Republic of China.
(iii) Companies collectively referred to as the RMI Group.
(iv) Companies, being indirect wholly-owned subsidiaries of the Company, reclassified as assets held for sale (note 19).

The above summary includes those subsidiaries which, in the opinion of the Company's directors, principally affect the results or form a substantial portion of the net assets of the Group. The classes of shares held are ordinary shares unless otherwise stated. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. None of the subsidiaries had any debt securities in issue at any time during the years ended 31 December 2014 and 2013.

13. INTERESTS IN SUBSIDIARIES *(continued)*

At the end of the reporting period, the RMI Group represents the group of subsidiaries in the Group which has non-controlling interests ("NCI"). The following table shows the aggregate information relating to the consolidated results and financial position of the RMI Group. The summarised financial information as shown below represents amounts before inter-company eliminations.

	2014 **HK$'000**	2013 HK$'000
Proportion of NCI's ownership interests	**49.9%**	49.9%
Non-current assets	**435**	560
Current assets	**1,490**	1,307
Current liabilities	**(17,259)**	(11,893)
Net liabilities	**(15,334)**	(10,026)
Carrying amount of NCI	**(7,652)**	(5,003)

	2014 **HK$'000**	2013 HK$'000
Proportion of NCI's ownership interests	**49.9%**	49.9% / 49% / 25%
Revenue	**1,434**	1,711
Expenses	**(6,742)**	(6,523)
Loss for the year	**(5,308)**	(4,812)
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(5,308)**	(4,812)
Total comprehensive loss for the year attributable to NCI	**(2,649)**	(1,962)
Dividend to NCI	**–**	–

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2014

13. INTERESTS IN SUBSIDIARIES *(continued)*

	2014 HK$'000	2013 HK$'000
Net cash flows generated from / (used in) operating activities	**419**	(3,974)
Net cash flows used in investing activities	**(131)**	(489)
Net cash flows (used in) / generated from financing activities	**(386)**	3,685
Net decrease in cash and cash equivalents	**(98)**	(778)

14. INTERESTS IN JOINT VENTURES

	Group	
	2014 HK$'000	2013 HK$'000
Share of total equity	**94,749**	104,230
Goodwill	**27,425**	27,425
	122,174	131,655
Reclassified as held for sale *(notes 19 & 31)*	**(122,174)**	–
	–	131,655

As at 31 December 2014, the Group had interests in the following joint ventures:

Name of joint venture	Form of business structure	Place of establishment / operation	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held	Principal activities
			Directly	*Indirectly*		
ANZ Communications, LLC ("ANZ")	Limited liability company	United States of America	50%	–	50%	Investment holding
ANPI Business, LLC	Limited liability company	United States of America	–	50%	50%	Provision of telecommunication services
ANPI, LLC	Limited liability company	United States of America	–	50%	50%	Provision of telecommunication services
ANPI India Research & Development Private Limited	Limited liability company	India	–	50%	50%	Provision of research and development in the area of telecommunications

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements up to the time transferred to assets classified as held for sale.

14. INTERESTS IN JOINT VENTURES *(continued)*

The Group, through ZONE Global Limited ("ZONE Global"), has a 50% equity interest in ANZ. ANZ is an investment holding company and its subsidiaries are principally engaged in the business of provision of voice and data telecommunication services, and is in the course of investing in and executing its plan to roll-out Unified Communication hosted solutions and cloud applications in the United States.

The Group holds 50% of the voting units outstanding in ANZ and controls 50% of the voting power in general meetings. Since the major financing and operational decisions of ANZ need to be unanimously approved by the Group and another joint venturer, ANZ and its subsidiaries are regarded as joint ventures of the Group.

The disposal of ZONE Global was approved by shareholders of the Company in a special general meeting held on 16 December 2014. Subsequent to this approval, the interest in ANZ was transferred to "Assets Classified as Held for Sale". Further information on the disposal group held for sale is detailed in note 19 to the consolidated financial statements.

The financial information in respect of the Group's joint ventures has been extracted from their financial statements, which were prepared in accordance with generally accepted accounting principles in their places of establishment, and has been adjusted by the Group for equity method purposes including adjustments for impairment losses, amortisation and depreciation, and is shown as follows.

	2014		2013	
	100%	**The Group's 50% share**	100%	The Group's 50% share
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets	**120,566**	**60,283**	130,700	65,350
Current assets	**142,748**	**71,374**	193,114	96,557
Current liabilities	**(73,816)**	**(36,908)**	(115,354)	(57,677)
Total equity	**189,498**	**94,749**	208,460	104,230
Revenue	**642,188**	**321,094**	807,964	403,982
Expenses (*note*)	**(738,650)**	**(369,325)**	(824,324)	(412,162)
Loss for the year	**(96,462)**	**(48,231)**	(16,360)	(8,180)
Other comprehensive income for the year	**–**	**–**	–	–
Total comprehensive loss for the year	**(96,462)**	**(48,231)**	(16,360)	(8,180)
Distributions from a joint venture	**–**	**–**	1,134	567

Note: The amounts include cost of sales and all operating expenses.

14. INTERESTS IN JOINT VENTURES *(continued)*

The above information for the year includes the following:

	2014		2013	
	100%	**The Group's 50% share**	100%	The Group's 50% share
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Cash and bank balances	**65,800**	**32,900**	83,430	41,715
Depreciation and amortisation	**(38,510)**	**(19,255)**	(25,700)	(12,850)
Interest income	**118**	**59**	228	114
Interest expenses	**(12)**	**(6)**	(24)	(12)

The above financial information has been prepared using the same accounting policies as those adopted by the Group.

15. INVENTORIES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Finished goods	–	847

All inventories are stated at the lower of cost and net realisable value.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**10,250**	11,365	**–**	–
Allowance for doubtful debts	**(2,008)**	(2,015)	**–**	–
	8,242	9,350	**–**	–
Other receivables				
Deposits, prepayments and other debtors	**6,159**	7,691	**794**	2,578
Due from a subsidiary	**–**	–	**–**	1,478
	14,401	17,041	**794**	4,056

The amount due from a subsidiary is unsecured, interest-free and repayable on demand. The carrying value of the amount due approximates its fair value.

The Group's credit terms on sales mainly range from 30 to 90 days. Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis by invoice date:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Less than 1 month	**5,232**	5,766
1 to 3 months	**1,870**	2,164
More than 3 months but less than 12 months	**1,140**	1,420
	8,242	9,350

The Group's credit policy is set out in note 27.

16. TRADE AND OTHER RECEIVABLES *(continued)*

The movements in allowance for doubtful debts are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
As at 1 January	**2,015**	2,070	**–**	–
Increase in allowance	**220**	88	**–**	–
Amounts written off as uncollectible	**(195)**	(120)	**–**	–
Exchange adjustments	**(32)**	(23)	**–**	–
As at 31 December	**2,008**	2,015	**–**	–

The ageing analysis of trade debtors by past due date that is neither individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Less than 3 months past due	**3,180**	3,562
More than 3 months but less than 12 months past due	**764**	963
Amounts past due	**3,944**	4,525
Neither past due nor impaired	**4,298**	4,825
	8,242	9,350

The Group has not provided for any impairment losses on the above past due trade debtors as there have not been significant changes in credit quality and the directors believe that the amounts are recoverable. The Group does not hold any collateral over the balances.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there have been no histories of defaults.

17. PLEDGED BANK DEPOSITS

At the end of the reporting period, the Group and the Company had pledged bank deposits amounting to HK$1,504,000 *(2013: HK$79,402,000)* and HK$278,000 *(2013: HK$77,778,000)*, respectively. As at 31 December 2013, an amount of HK$77,500,000 of the Group and of the Company was pledged as bank deposits to collateralise a letter of credit issued to a bank in respect of a banking facility granted to a subsidiary, which pledged bank deposits were released during 2014. At the end of the reporting period, bank guarantees of HK$1,504,000 *(2013: HK$1,902,000)* of the Group and HK$278,000 *(2013: HK$278,000)* of the Company were issued to suppliers for operational requirements. The directors do not consider it probable that a claim will be made against the Group and the Company under these guarantees. The amounts utilised by the Group and the Company at the end of the reporting period under these guarantees were HK$848,000 *(2013: HK$78,344,000)* and HK$78,000 *(2013: HK$77,578,000)*, respectively, representing the outstanding amounts payable to these security-holders.

18. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**22,712**	19,695	**8,601**	6,322
Short-term time deposits	**19,375**	13,119	**19,375**	13,119
	42,087	32,814	**27,976**	19,441

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made with maturities of three months or less depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

19. ASSETS CLASSIFIED AS HELD FOR SALE

On 4 November 2014, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement for the sale of 100% of its equity interest in ZONE Global Limited together with its subsidiary (the "Disposal Group") to Distacom International Limited, a company controlled by Mr. Richard John Siemens, the then Chairman of the Company, for a cash consideration of HK$130,000,000 (the "Disposal"). Details of the Disposal were set out in the circular of the Company dated 28 November 2014. The Disposal was approved by shareholders of the Company at a special general meeting held on 16 December 2014. Accordingly, the assets and liabilities of the Disposal Group have been presented as assets and liabilities classified as held for sale. A deposit of HK$26,000,000 was received during the reporting period .

The Disposal was completed on 22 January 2015, and the balance of consideration of HK$104,000,000 was received upon completion. The Group expects to record an estimated one-off gain of approximately HK$44.8 million for the financial year ending 31 December 2015 as a result of the Disposal.

The major classes of assets and liabilities of the Disposal Group classified as held for sale measured at the lower of the carrying amounts and fair values less costs to sell are as follows:

	HK$'000
Interests in joint ventures *(note 14)*	**122,174**
Trade and other receivables	**1,768**
Cash and bank balances	**597**
Assets classified as held for sale	**124,539**
Trade and other payables	**3,016**
Loan from a related company *(note)*	**38,750**
Liabilities associated with assets classified as held for sale	**41,766**
Net assets of the Disposal Group	**82,773**
Accumulated exchange losses in exchange reserve attributable to the Disposal Group	**1,218**

Note: An unsecured loan was made by a company with a common director, Mr. Richard John Siemens. The unsecured loan is for a term from July 2014 and expiring in November 2015, and bears interest at the rate of 3% per annum.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**2,313**	2,229	**–**	–
Other payables				
Deferred revenue	**3,382**	3,390	**–**	–
Accrued charges and other creditors	**11,741**	11,868	**1,702**	1,894
Deposit from disposal of assets classified as held for sale *(note 19)*	**26,000**	–	**–**	–
Due to a joint venture	**–**	2,119	**–**	–
Due to subsidiaries	**–**	–	**25,051**	158
	43,436	19,606	**26,753**	2,052

The amounts due to a joint venture and subsidiaries were unsecured, interest-free and had no fixed terms of repayment.

Included in trade and other payables are trade creditors with the following ageing analysis by invoice date:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Less than 1 month	**1,576**	1,828
1 to 3 months	**346**	323
More than 3 months but less than 12 months	**391**	78
	2,313	2,229

21. BANK AND OTHER BORROWINGS

The bank and other loans are repayable as follows:

	Group	
	2014 **HK$'000**	2013 *HK$'000*
Bank loans due, secured:		
Within one year	**1,885**	2,968
After one year but within two years	**–**	1,978
After two years but within five years	**–**	77,500
	1,885	82,446
Other loan due, unsecured:		
Within one year	**7,750**	–
	9,635	82,446

The bank and other loans are denominated in the following currencies:

	2014 **HK$'000**	2013 *HK$'000*
United States dollars *(a)*	**–**	77,500
United States dollars *(b)*	**7,750**	–
	7,750	77,500
Singapore dollars *(c)*	**1,885**	4,946
	9,635	82,446
Reported as:		
Current liabilities	**9,635**	2,968
Non-current liabilities	**–**	79,478
	9,635	82,446

(a) The loan beared an interest at a floating rate. The loan was collateralised by bank letter of credit supported by the Company and repaid during 2014.

(b) An unsecured loan was made by a company with a common director, Mr. Richard John Siemens. The unsecured loan is for a term from July 2014 and expiring in November 2015, and bears interest at the rate of 3% per annum.

(c) The loan requires monthly principal and interest payments over three years. The loan bears interest at the 3-month Singapore Interbank Offered Rate ("SIBOR") plus 5% per annum and is secured by net assets of subsidiaries in Singapore. The loan is repayable in August 2015.

22. DEFERRED TAX

The movements for the year in the recognised deferred tax assets and liabilities were as follows:

	Group		
	Tax losses	Depreciation allowances	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2013	112	(500)	(388)
(Charges) / Credit to profit or loss	(71)	118	47
Exchange adjustments	–	18	18
As at 31 December 2013	41	(364)	(323)
Exchange adjustments	–	17	17
As at 31 December 2014	**41**	**(347)**	**(306)**

The analysis of recognised deferred tax assets and liabilities, determined after appropriate offsetting, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Deferred tax assets to be recovered:		
Within 12 months	**41**	41
After 12 months	**4**	4
	45	45
Deferred tax liabilities to be settled:		
Within 12 months	**(199)**	(276)
After 12 months	**(152)**	(92)
	(351)	(368)
As at 31 December	**(306)**	(323)

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22. DEFERRED TAX *(continued)*

Unrecognised deferred tax assets

	Group	
	2014	2013
	HK$'000	*HK$'000*
Tax losses	**120,648**	107,318
Deductible temporary differences	**16,655**	17,709
As at 31 December	**137,303**	125,027

The unrecognised tax losses of HK$439,339,000 *(2013: HK$408,138,000)* and deductible temporary differences of HK$45,553,000 *(2013: HK$48,858,000)* have no expiry dates under current tax legislation, except for tax losses of HK$275,165,000 *(2013: HK$228,390,000)* which are related to a subsidiary in the United States and that subsidiary was subsequently disposed of in January 2015. These tax losses have a carry-forward period of 20 years from the year they arose and will begin to expire from 2020 onwards.

23. SHARE CAPITAL

Authorised and issued share capital

	2014		2013	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
As at 1 January and **31 December**	**12,000,000,000**	**120,000**	12,000,000,000	120,000
Issued and fully paid:				
As at 1 January and **31 December**	**521,000,000**	**5,210**	521,000,000	5,210

24. RESERVES

	Attributable to equity holders of the Company								
	Share premium *HK$'000*	**Exchange reserve** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Capital reserve** *HK$'000*	**Contributed surplus** *HK$'000*	**Accumulated profits / (losses)** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Group									
As at 1 January 2013	67,093	3,724	25	6	83,489	54,945	209,282	(970)	208,312
Loss for the year	–	–	–	–	–	(32,629)	(32,629)	(1,962)	(34,591)
Other comprehensive loss for the year									
Item that may be subsequently reclassified to profit or loss:									
Exchange differences on translation of foreign subsidiaries and joint ventures	–	(581)	–	–	–	–	(581)	–	(581)
Total comprehensive loss for the year	–	(581)	–	–	–	(32,629)	(33,210)	(1,962)	(35,172)
Transaction with equity holders of the Company									
Changes in ownership interests in subsidiaries that do not result in loss of control	–	–	–	2,071	–	–	2,071	(2,071)	–
Total transaction with equity holders of the Company	–	–	–	2,071	–	–	2,071	(2,071)	–
As at 31 December 2013	67,093	3,143	25	2,077	83,489	22,316	178,143	(5,003)	173,140
Loss for the year	–	–	–	–	–	(71,011)	(71,011)	(2,649)	(73,660)
Other comprehensive loss for the year									
Item that may be subsequently reclassified to profit or loss:									
Exchange differences on translation of foreign subsidiaries and joint ventures	–	(729)	–	–	–	–	(729)	–	(729)
Total comprehensive loss for the year	–	(729)	–	–	–	(71,011)	(71,740)	(2,649)	(74,389)
As at 31 December 2014	**67,093**	**2,414**	**25**	**2,077**	**83,489**	**(48,695)**	**106,403**	**(7,652)**	**98,751**
Company									
As at 1 January 2013	67,093	–	25	–	83,489	57,713	208,320	–	208,320
Loss for the year and other comprehensive loss for the year	–	–	–	–	–	(34,480)	(34,480)	–	(34,480)
As at 31 December 2013	67,093	–	25	–	83,489	23,233	173,840	–	173,840
Loss for the year and other comprehensive loss for the year	–	–	–	–	–	(176,545)	(176,545)	–	(176,545)
As at 31 December 2014	**67,093**	**–**	**25**	**–**	**83,489**	**(153,312)**	**(2,705)**	**–**	**(2,705)**

24. RESERVES *(continued)*

The following provides a description of the nature and purpose of each reserve within equity:

Share premium

The application of share premium is governed by the Companies Act 1981 of Bermuda (as amended).

Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Capital reserve

Capital reserve represents the difference between the fair value of consideration paid or received and the change in the carrying value of non-controlling interests of a subsidiary in circumstances where changes in the Group's ownership interests in the subsidiary do not result in a loss of control.

Contributed surplus

Contributed surplus represents the amounts transferred from the share premium account as a result of a capital reorganisation undertaken by the Company in November 2002. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

At the end of the reporting period, the Company has no reserves available for distribution to the equity holders of the Company *(2013: HK$106,722,000)*.

25. CASH USED IN OPERATIONS

	Group 2014 HK$'000	2013 HK$'000
Loss before taxation	**(73,958)**	(33,286)
Interest income	**(183)**	(585)
Interest expenses	**1,474**	1,118
Depreciation of property, plant and equipment	**2,291**	2,571
Amortisation of intangible assets	**2,066**	2,094
Share of results of joint ventures	**48,231**	8,180
Exchange differences	**(97)**	(4)
(Gain) / Loss on disposal of property, plant and equipment	**(15)**	3
Allowance for doubtful debts	**220**	88
Write-down of inventories	**–**	942
Write-off of inventories	**432**	–
Changes in working capital:		
Inventories	**415**	(66)
Trade and other receivables	**296**	554
Trade and other payables	**785**	2,424
Cash used in operations	**(18,043)**	(15,967)

26. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

	Group 2014 HK$'000	2013 HK$'000
Nature of transactions		
Management fee income from a joint venture	**388**	388
Distribution income from a joint venture	**–**	567
Interest expenses on loan from a related company	**598**	–
Outstanding balances		
Amount due to a joint venture	**2,109**	2,119
Deposit from disposal of assets classified as held for sale from a related company	**26,000**	–
Loan from a related company	**46,500**	–
Interest payable on loan from a related company	**598**	–

The above related companies represent that the companies are with common directors.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank and other borrowings, cash and bank balances and pledged bank deposits. The main purpose of these financial instruments is to raise or maintain financial resources for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables which arise directly from its business activities.

Exposures to currency, interest rate, credit and liquidity risks arise in the normal course of the Group's business. Management of the Group monitors and manages these exposures to ensure appropriate measures are implemented on a timely and effective manner. The key policies on monitoring and controlling these risks are set out below.

Currency risk

Since most of the Group's assets and liabilities are denominated in Hong Kong and United States dollars, the Group considers there are no significant exposures to foreign exchange fluctuations as long as the Hong Kong-United States dollar exchange rate remains pegged. Moreover, a substantial portion of the Group's revenue and payments are denominated in Singapore dollars. The Group continues to closely monitor the Singapore-Hong Kong dollar exchange rates and will, whenever appropriate, take appropriate action to mitigate such exchange risks.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's pledged deposits, bank balances, and bank and other borrowings. Details of interest rates of the Group's bank balances, and bank and other borrowings at the end of the reporting period are set out in notes 18 and 21, respectively. The Group closely monitors the interest rate level and outlook as well as the potential impact on the Group's results and financial position arising from volatility.

The sensitivity analysis below has been determined assuming that a change in interest rates had occurred at the end of the reporting period and had been applied to both derivative and non-derivative financial instruments that would have affected profit or loss. A change of 100 basis points ("bps") was applied to the yield curves at the end of the respective reporting period, representing management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2013.

	2014		2013	
	100 bps increase	**100 bps decrease**	100 bps increase	100 bps decrease
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Increase / (decrease) in loss	**96**	**(96)**	824	(824)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group's credit risks are primarily attributable to trade and other receivables. Management of the Group has a credit limit policy in place and exposures to credit risks are monitored on an ongoing basis. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by counterparties arises to the extent of the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise credit risk, management of the Group has established credit limits, credit approvals and other monitoring procedures to ensure appropriate actions are taken to recover overdue debts.

The Company's credit risk is primarily related to amounts due from subsidiaries. As at 31 December 2014, the Company had a concentration of risk to the extent of 77% *(2013: 50%)* and 100% *(2013: 99%)* of the total amounts are due from the Company's largest subsidiary and five largest subsidiaries, respectively, before allowances.

Liquidity risk

Individual operating units within the Group are responsible for their own cash management. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	Group				
	On demand	**Less than 3 months**	**3 to 12 months**	**After 1 year but within 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014					
Bank and other borrowings	**–**	**490**	**9,174**	**–**	**9,664**
Trade and other payables	**29,140**	**10,029**	**885**	**–**	**40,054**
Bank guarantee commitments	**656**	**–**	**–**	**–**	**656**
	29,796	**10,519**	**10,059**	**–**	**50,374**
As at 31 December 2013					
Bank and other borrowings	–	988	2,906	81,466	85,360
Trade and other payables	5,652	9,507	1,057	–	16,216
Bank guarantee commitments	1,058	–	–	–	1,058
	6,710	10,495	3,963	81,466	102,634

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

	Company				
	On demand *HK$'000*	**Less than 3 months** *HK$'000*	**3 to 12 months** *HK$'000*	**After 1 year but within 5 years** *HK$'000*	**Total** *HK$'000*
As at 31 December 2014					
Trade and other payables	**25,051**	**1,117**	**585**	**–**	**26,753**
Bank guarantee commitments	**278**	**–**	**–**	**–**	**278**
	25,329	**1,117**	**585**	**–**	**27,031**
As at 31 December 2013					
Trade and other payables	158	1,358	536	–	2,052
Bank guarantee commitments	278	–	77,500	–	77,778
	436	1,358	78,036	–	79,830

Fair value

The carrying values of the Group's and the Company's financial instruments are not materially different from their fair values as at 31 December 2014 and 2013.

28. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2014 and 2013.

The Group aims at maintaining a net surplus position and monitors capital on the basis of its net debt-to-equity ratio, which is net debt divided by total equity at the end of the reporting period, as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Bank and other borrowings	**(9,635)**	(82,446)
Trade and other payables	**(17,436)**	(19,606)
Taxation payable	**–**	(267)
Less: Cash and bank balances	**42,087**	32,814
Pledged bank deposits	**1,504**	79,402
Net surplus	**16,520**	9,897
Total equity	**103,961**	178,350
Net debt-to-equity ratio	**N / A**	N / A

29. COMMITMENTS AND CONTINGENCIES

Commitments under operating leases

At the end of the reporting period, the total future minimum lease payments in respect of land and buildings under non-cancellable operating leases were payable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**6,469**	4,360	**960**	3,092
In the second to fifth year inclusive	**8,298**	1,407	**1,219**	–
	14,767	5,767	**2,179**	3,092

Operating lease payments mainly represent rentals payable for certain office premises and directors' quarters. Leases are negotiated for and rentals are fixed for an average of 2 to 5 years.

Litigation

A joint venture was involved in certain legal actions and claims arising in the ordinary course of business, subject to which certain representations, warranties and indemnities were provided by a subsidiary of the Company. Subsequent to the year end, in respect of the outstanding legal action, the court dismissed all those claims against the joint venture and awarded the joint venture with damages under its counterclaim plus costs and reasonable attorney's fees. Management believes that it is remote that those representations, warranties and indemnities provided in respect of the said legal action and claims would have a material effect on the Group's financial position. In any event, the contingent liabilities of the Group associated with these representations, warranties, and indemnities have been extinguished following the completion of the disposal of ZONE Global Limited.

Please refer also to note 19 to the consolidated financial statements.

30. SEGMENTAL INFORMATION

The Group's management, who are the chief operating decision makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services and other operations, representing the provision of insurance-related product distribution services and consultancy services.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly cash and bank balances. All liabilities are allocated to reportable segments other than corporate liabilities.

30. SEGMENTAL INFORMATION *(continued)*

Analyses of the Group's segmental information by business and geographical segments during the year are set out below.

(a) By business segments

	Year ended 31 December 2014				Year ended 31 December 2013			
	Telecom-munication services	**Other operations**	**Eliminations**	**Consolidated**	Telecom-munication services	Other operations	Eliminations	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover								
External sales	**74,018**	**1,453**	**–**	**75,471**	75,992	1,353	–	77,345
Inter-segment sales	**288**	**–**	**(288)**	**–**	269	–	(269)	–
	74,306	**1,453**	**(288)**	**75,471**	76,261	1,353	(269)	77,345
Results								
Segment results	**(243)**	**(5,577)**	**–**	**(5,820)**	(724)	(4,826)	–	(5,550)
Finance costs	**(1,474)**	**–**	**–**	**(1,474)**	(1,118)	–	–	(1,118)
Share of results of joint ventures	**(48,231)**	**–**	**–**	**(48,231)**	(8,180)	–	–	(8,180)
	(49,948)	**(5,577)**	**–**	**(55,525)**	(10,022)	(4,826)	–	(14,848)
Other operating income and expenses				**(18,433)**				(18,438)
Loss before taxation				**(73,958)**				(33,286)

Inter-segment sales are charged at prevailing market prices.

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30. SEGMENTAL INFORMATION *(continued)*

(a) By business segments *(continued)*

	Year ended 31 December 2014			Year ended 31 December 2013		
	Telecom-munication services *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*	Telecom-munication services *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Assets						
– Reportable segments	**164,607**	**5,878**	**170,485**	177,701	1,962	179,663
– Unallocated assets			**29,444**			102,149
			199,929			281,812
Liabilities						
– Reportable segments	**(66,768)**	**(2,597)**	**(69,365)**	(99,221)	(2,347)	(101,568)
– Unallocated liabilities			**(26,603)**			(1,894)
			(95,968)			(103,462)
Other information						
Capital expenditures						
– Reportable segments	**1,981**	**131**	**2,112**	1,735	478	2,213
– Unallocated assets			**211**			34
			2,323			2,247
Interest income						
– Reportable segments	**4**	**–**	**4**	3	–	3
– Unallocated income			**179**			582
			183			585
Amortisation and depreciation						
– Reportable segments	**(3,987)**	**(255)**	**(4,242)**	(4,457)	(150)	(4,607)
– Unallocated expenses			**(115)**			(58)
			(4,357)			(4,665)
Non-cash items other than amortisation and depreciation						
– Reportable segments	**(652)**	**–**	**(652)**	(1,027)	(5)	(1,032)

30. SEGMENTAL INFORMATION *(continued)*

(b) By geographical information

The Group generates its turnover from the Asia Pacific region. Its property, plant and equipment and intangible assets are located in the Asia Pacific region, and its interests in joint ventures are located in North America.

31. EVENTS AFTER THE REPORTING PERIOD

On 4 November 2014, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement for the sale of its 100% equity interest in ZONE Global Limited (the "Equity Interest") to Distacom International Limited, a company controlled by Mr. Richard John Siemens, the then Chairman of the Company, for a cash consideration of HK$130,000,000. Details of this transaction have been set out in the Company's circular dated 28 November 2014.

An ordinary resolution to approve the above sale and purchase agreement was duly passed by shareholders of the Company at a special general meeting held on 16 December 2014 and the transaction was completed on 22 January 2015.

Upon completion of the transaction, the Group expects to record an estimated one-off gain of approximately HK$44.8 million for the financial year ending 31 December 2015, which calculation is based on the consideration, the carrying value and the release of an exchange reserve attributable to the Equity Interest as reflected in the consolidated financial statements and after taking into account other expenses paid and payable in relation to the transaction.

Please refer also to notes 14 and 19 to the consolidated financial statements.

Summary of Results, Assets and Liabilities of the Group

	Results of the Group for the five years ended 31 December				
	Continued and discontinued operations				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*	
Turnover	**75,471**	77,345	79,176	288,919	769,748
(Loss) / Profit before taxation	**(73,958)**	(33,286)	(552)	38,124	(7,210)
Taxation credit / (charges)	**298**	(1,305)	(13,203)	(22,057)	17,205
(Loss) / Profit for the year	**(73,660)**	(34,591)	(13,755)	16,067	9,995

	HK cents	*HK cents*	*HK cents*	*HK cents*	*HK cents*
(Loss) / Earnings per share					
Basic and diluted	**(13.6)**	(6.3)	(2.5)	3.2	1.9

	Assets and liabilities of the Group as at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*	
Non-current assets	**17,398**	151,708	163,612	153,377	51,744
Current assets	**182,531**	130,104	154,762	86,954	271,577
Total assets	**199,929**	281,812	318,374	240,331	323,321
Non-current liabilities	**1,131**	80,621	83,782	348	707
Current liabilities	**94,837**	22,841	21,070	14,390	110,594
Total liabilities	**95,968**	103,462	104,852	14,738	111,301
Net assets	**103,961**	178,350	213,522	225,593	212,020

PRO FORMA INFORMATION

On 4 November 2014, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement for the sale of its 100% equity interest in ZONE Global Limited (the "Equity Interest") to Distacom International Limited, a company controlled by Mr. Richard John Siemens, the then Chairman of the Company, for a cash consideration of HK$130,000,000. Details of this transaction have been set out in the Company's circular dated 28 November 2014.

An ordinary resolution to approve the sale and purchase agreement was duly passed by shareholders of the Company at a special general meeting held on 16 December 2014 and the transaction was completed on 22 January 2015.

For illustration purpose only, had the transaction been completed on 31 December 2014, set out below are the unaudited pro forma consolidated statement of profit or loss of the Group for the year ended 31 December 2014 and the unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2014, which are prepared basing on (i) the audited consolidated financial statements of the Group for year ended 31 December 2014 and (ii) the calculation of the estimated one-off gain of disposal by the Group of 100% equity interest in ZONE Global Limited of approximately HK$44.7 million, which calculation is based on the consideration, the carrying value and the release of an exchange reserve attributable to the Equity Interest as reflected in the consolidated financial statements and after taking into account other expenses paid and payable in relation to the transaction.

Pro Forma Information (continued)

For the year ended 31 December 2014

Unaudited Pro Forma Consolidated Statement of Profit or Loss

	Audited 2014 *HK$'000*	Unaudited pro forma adjustments *HK$'000*	Unaudited pro forma 2014 *HK$'000*
Turnover	75,471	–	75,471
Cost of sales	(35,948)	–	(35,948)
Gross profit	39,523	–	39,523
Other revenue and income	1,601	–	1,601
	41,124	–	41,124
Selling and distribution expenses	(6,232)	–	(6,232)
Business promotion and marketing expenses	(4,217)	–	(4,217)
Operating and administrative expenses	(49,438)	–	(49,438)
Other operating expenses	(5,490)	–	(5,490)
Loss from operations	(24,253)	–	(24,253)
Finance costs	(1,474)	–	(1,474)
Share of results of joint ventures	(48,231)	–	(48,231)
Gain on disposal	–	44,749	44,749
Loss before taxation	(73,958)	44,749	(29,209)
Taxation	298	–	298
Loss for the year	(73,660)	44,749	(28,911)

Unaudited Pro Forma Consolidated Statement of Financial Position

	Audited 2014 HK$'000	Unaudited pro forma adjustments HK$'000	Unaudited pro forma 2014 HK$'000
Non-current assets			
Property, plant and equipment	6,466	–	6,466
Intangible assets	10,887	–	10,887
Deferred tax assets	45	–	45
	17,398	–	17,398
Current assets			
Trade and other receivables	14,401	–	14,401
Pledged bank deposits	1,504	–	1,504
Cash and bank balances	42,087	103,839	145,926
	57,992	103,839	161,831
Assets classified as held for sale	124,539	(124,539)	–
	182,531	(20,700)	161,831
Current liabilities			
Trade and other payables	43,436	(24,901)	18,535
Current portion of bank and other borrowings	9,635	–	9,635
	53,071	(24,901)	28,170
Liabilities associated with assets classified as held for sale	41,766	(41,766)	–
	94,837	(66,667)	28,170
Net current assets	87,694	45,967	133,661
Total assets less current liabilities	105,092	45,967	151,059
Non-current liabilities			
Deferred revenue	780	–	780
Deferred tax liabilities	351	–	351
	1,131	–	1,131
NET ASSETS	103,961	45,967	149,928

Pro Forma Information (continued)

For the year ended 31 December 2014

Unaudited Pro Forma Consolidated Statement of Financial Position *(continued)*

	Audited 2014 *HK'000*	Unaudited pro forma adjustments *HK'000*	Unaudited pro forma 2014 *HK'000*
Capital and reserves			
Share capital	5,210	–	5,210
Reserves	106,403	1,218	107,621
Gain on disposal	–	44,749	44,749
Equity attributable to equity holders of the Company	111,613	45,967	157,580
Non-controlling interests	(7,652)	–	(7,652)
TOTAL EQUITY	103,961	45,967	149,928

Shareholder Information

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 20 May 2015 at 10:00 a.m. A notice of the Annual General Meeting is published on both the websites of Hong Kong Exchanges and Clearing Limited and the Company on 13 April 2015, and a copy thereof is printed on the circular to shareholders of the Company (the "Shareholders") dated 13 April 2015 and despatched to Shareholders and other recipients together with this 2014 Annual Report.

SHAREHOLDER ENQUIRIES

Any enquiries relating to your shareholding, for example transfer of shares, change of name or address, or lost share certificates, should be sent to the Registrars:

Share Registrar in Bermuda:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Share Registrar in Hong Kong:
Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Any enquiries relating to your holding of the Company's American Depositary Receipts ("ADR") should be sent to the Depositary, The Bank of New York Mellon at BNY Mellon Shareowner Services, P.O. Box 30170, College Station, TX 77842-3170, USA.

INVESTOR RELATIONS

Enquiries may be directed to:

Investor Relations Team
e-Kong Group Limited
3705 Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Telephone: +852 2801 7188
Facsimile: +852 2801 7238
Email: investor@e-kong.net

AMERICAN DEPOSITARY RECEIPT PROGRAMME

Since May 2003, the Company has maintained its Level 1 ADR Programme, whereby the Company's shares are now able to be priced and quoted in US Dollars and traded as American securities under the ticker symbol "EKONY" in the United States.

For further information, please contact the Depositary, The Bank of New York Mellon at BNY Mellon Shareowner Services, P.O. Box 30170, College Station, TX 77842-3170, USA or through its website *www.mybnymdr.com* or toll-free number 1-888-269-2377.

CORPORATE COMMUNICATIONS

On 15 September 2003, the Company sent a letter to Shareholders to enable them to select, among others, to receive all future corporate communications of the Company in either the English language or the Chinese language or both languages. This 2014 Annual Report, in either the English language or the Chinese language or both languages, is being delivered to each Shareholder in accordance with his / her selection made or, if no selection has been made by Shareholder, the arrangement as set forth in the said letter.

Shareholders may also obtain this 2014 Annual Report in the language other than that he / she now receives upon request to the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. For further enquiries, please contact Tricor Secretaries Limited at telephone no. 2980 1766 or facsimile no. 2861 1465.

股東亦可向本公司之股份過戶登記處香港分處卓佳秘書商務有限公司 (地址為香港皇后大道東183號合和中心22樓) 索取此二零一四年年報之另一語言文本。如欲查詢更多資料，請聯絡卓佳秘書商務有限公司，電話號碼2980 1766或傳真號碼2861 1465。

This 2014 Annual Report, in both the English and Chinese languages and in accessible format, has been made available on the Company's website and a soft copy thereof has been submitted to Hong Kong Exchanges and Clearing Limited.

Shareholders may at any time choose to receive corporate communications in printed form or electronically.

In order to elect to receive corporate communications of the Company in the English language or the Chinese language or both languages, or to receive electronic communications, or to revoke or amend an instruction previously made, Shareholders may complete, sign and return to the Company or Tricor Secretaries Limited, the Company's Branch Share Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong a prescribed instruction slip by mail or by email to *ekong524-ecom@hk.tricorglobal.com*, a copy of which is printed at the end of this 2014 Annual Report and is available on the Company's website (*www.e-kong.com*).

INSTRUCTION SLIP
ON RECEIVING FUTURE CORPORATE COMMUNICATIONS

To: e-Kong Group Limited (the "Company")
c / o Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Please tick only one box of this instruction slip

1. PRINTED FORM

(a) Full Financial Reports and other Corporate Communications (English, Chinese or both)

In future,

☐ I / We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in the English language only; OR

☐ I / We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in the Chinese language only; OR

☐ I / We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in both the English and Chinese languages.

(b) Summary Financial Reports and other Corporate Communications (English, Chinese or both)

In future,

☐ I / We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in the English language only; OR

☐ I / We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in the Chinese language only; OR

☐ I / We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in both the English and Chinese languages.

2. ELECTRONIC MEANS

☐ In future, I / we would like to receive the Corporate Communications through electronic means in lieu of any or all of the printed copies referred to in 1(a) and (b) above:

My / Our E-mail Address: ______________________________

(for notification of Corporate Communication release)

☐ I / We would like to change my / our E-mail Address as follows:

My / Our New E-mail Address: ______________________________

(for notification of Corporate Communication release)

With effect from: ______________________________

Signature: ______________________________ Date: ______________________________

Name of Shareholder: ______________________________

Address: ______________________________

Contact telephone number: ______________________________

Notes:

1. The above instruction will apply to all future Corporate Communications to be sent to shareholders of the Company ("Shareholders") until you notify the Company the otherwise by reasonable notice in writing.

2. All future Corporate Communications in both the English and Chinese languages will be available from the Company or Tricor Secretaries Limited, the Company's Branch Share Registrar in Hong Kong, upon request.

3. Shareholders are entitled to change the choice of language of and means of receiving Corporate Communications at any time by completing, signing and returning this instruction slip to the Company or Tricor Secretaries Limited, the Company's Branch Share Registrar in Hong Kong, by mail or by email to *ekong524-ecom@hk.tricorglobal.com*.

4. A soft copy of this instruction slip is available on the Company's website.

e-KONG Group Limited

3705 Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong
Tel: +852 2801 7188
Fax: +852 2801 7238
Web: www.e-kong.com

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