



成謙聲匯控股有限公司
Shinhint Acoustic Link Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2728)



2014

ANNUAL REPORT



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Corporate Information

Board of Directors

Executive Directors

Mr. Lin Caihuo (*Chairman of the Board*) (appointed on 21st November, 2014)
Ms. Kang Guiping (appointed on 21st November, 2014)
Mr. Wang Enguang (appointed on 1st December, 2014)
Mr. Cheung Wah Keung (*Chairman of the Board*) (resigned on 21st November, 2014)
Mr. Wong Sau Lik, Weeky Peter (resigned on 25th April, 2014)
Mr. Su Zhiyong (appointed on 7th April, 2014 and resigned on 21st November, 2014)

Non-Executive Director

Mr. Yip Yat Ming (appointed on 7th April, 2014)

Independent Non-Executive Directors

Mr. Yen Chanan (appointed on 20th June, 2014 and resigned on 16th March, 2015)
Mr. Lum Pak Sum (appointed on 1st December, 2014)
Mr. Tsui Man Yin (appointed on 1st December, 2014)
Mr. Liu Yang (appointed on 16th March, 2015)
Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)

Audit Committee

Mr. Lum Pak Sum (*Chairman of the Committee*) (appointed on 1st December, 2014)
Mr. Yen Chanan (appointed on 20th June, 2014 and resigned on 16th March, 2015)
Mr. Tsui Man Yin (appointed on 1st December, 2014)
Mr. Liu Yang (appointed on 16th March, 2015)
Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)

Remuneration Committee

Mr. Liu Yang (*Chairman of the Committee*) (appointed on 16th March, 2015)
Mr. Lin Caihuo (appointed on 21st November, 2014)
Mr. Lum Pak Sum (appointed on 1st December, 2014)
Mr. Tsui Man Yin (appointed on 1st December, 2014)
Mr. Yen Chanan (appointed on 20th June, 2014 and resigned on 16th March, 2015)
Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Mr. Cheung Wah Keung (resigned on 21st November, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)



Corporate Information

Nomination Committee

Mr. Tsui Man Yin (*Chairman of the Committee*) (appointed on 1st December, 2014)
Mr. Yen Chanan (appointed on 20th June, 2014 and resigned on 16th March, 2015)
Mr. Lin Caihuo (appointed on 21st November, 2014)
Mr. Lum Pak Sum (appointed on 1st December, 2014)
Mr. Liu Yang (appointed on 16th March, 2015)
Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Mr. Cheung Wah Keung (resigned on 21st November, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)

Authorized Representatives

Mr. Lin Caihuo (appointed on 21st November, 2014)
Ms. Kang Guiping (appointed on 21st November, 2014)
Mr. Cheung Wah Keung (resigned on 21st November, 2014)
Mr. Wong Sau Lik, Weekly Peter (resigned on 25th April, 2014)
Mr. Su Zhiyong (appointed on 25th April, 2014 and resigned on 21st November, 2014)

Company Secretary

Mr. Lau Wai Piu, Patrick

Auditor

Deloitte Touche Tohmatsu (resigned on 21st November, 2014)
Cheng & Cheng Limited (appointed on 21st November, 2014)

Registered Office

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office

Unit 1105, 11th Floor, Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

Corporate Information

Principal Place of Business in Hong Kong

Unit 1105, 11th Floor, Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Hang Seng Bank Limited
Nanyang Commercial Bank, Limited
Wing Lung Bank, Limited

Legal Advisers

As to Hong Kong Law
Loong & Yeung

As to Cayman Islands Law
Conyers Dill & Pearman, Cayman

Stock Code

2728 (listed on the Main Board of The Stock Exchange of Hong Kong Limited)

Website

www.shinhint.com



Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Shinhint Acoustic Link Holdings Limited (the "Company"), I am pleased to present to you the audited annual results for the year ended 31st December, 2014 of the Company and its subsidiaries (the "Group").

We are delighted that the Group was able to maintain profitability for two consecutive financial years. For the year ended 31st December, 2014, the total turnover, including the continuing and discontinued operations, of the Group dropped 41.1%, which was a result of the disposal of the headphone and speaker system business (the "Disposal"). Nonetheless, the Group has recorded a net profit of HK\$7,572,000, an increase of 35.6% as compared with the net profit of HK\$5,583,000 for the same period in 2013. It was mostly contributed by the one off gain from the Disposal amounting to HK\$5.27 million.

On the market side, the stable automotive industry continued to support the demand for speaker drivers in automobiles. However, given that costs are also on the rise in the People's Republic of China (the "PRC"), it is inevitable that the manufacturing industry suffered from the pressure of costs on margins.

After the Disposal was completed on 28th February, 2014, the Group had raised a significant amount of proceeds and thereafter actively explored other investment opportunities. During the reporting year, the Group commenced the business of energy trading (including but not limited to fuel oil, oil and natural gas) ("Energy Trading").

I am confident that the future growth of Chinese economy, along with the Central Government's plan on reforming the oil and gas sector, and boosting domestic demand, will unleash opportunities for the development of energy industry and energy enterprises in China. I also believe that the Group will capture available opportunities in developing its new business overcome the challenges, and build up Energy Trading and its related businesses with a view to generating fruitful growth and providing steady returns for its shareholders.

On behalf of the Board, I would like to extend my sincere gratitude to our business partners and shareholders for their continued support. The management team and all staff members should also be lauded for their unwavering efforts and dedication to the Group. We will work closely together for ensuring the continuous growth of the Group and remain committed to generating greater returns for our shareholders.

Lin Caihuo

Chairman of the Board

20th March, 2015

Management Discussion and Analysis

Market Review

For the year of 2014, the demand of the Group's speaker drivers has recorded stable growth due to the relatively stable automotive market. However, the operating cost in PRC continued to rise mainly because of the escalated staff cost. This continuously affects the Group's profit margin.

With China's continued future economic growth, the Central Government's determination in reforming the oil and gas market, as well as the sheer scale of that market, China's energy industry offers exceptional opportunities. By maximizing such opportunities, the Group would be able to overcome difficulties and achieve diversified development of its business.

Business Review

The speaker drivers business recorded an increase in the reporting year as the Group has been able to leverage ties with its long-standing business partners. For the year ended 31st December, 2014, its turnover was HK\$517,115,000 (2013: HK\$433,643,000), a year-on-year of surge of 19.25%. The improvement was mainly contributed by the additional sales of speaker drivers for automobiles.

During the year under review, the Group commenced the business of energy trading and recorded a turnover of approximately HK\$34,002,000. As this new business is still at the initial stage of development, it would inevitably only slightly affect the Group's overall financial performance. Nonetheless, the Group believes that, through continuous development, energy trading should become the Group's major source of income in the near term. At the same time, we also believe that the energy trading would drive the Group to greater heights.

Operation Review

The operating environment in the PRC remained challenging for the manufacturing sector during the year under review. With the expected increase of operating costs in China in 2015, we shall continue to implement tighter cost control measures in order to improve our profitability.

Financial Review

Results Performance

For the year ended 31st December, 2014, the Group's turnover, from continuing and discontinued operations, decreased by 41.13% from that of last year to HK\$634,437,000 (2013: HK\$1,077,706,000). The gross profit, from continuing and discontinued operations, dropped to 8.21% and the Group has reported a profit for the year of HK\$7,572,000 (2013: HK\$5,583,000).

For the year under review, basic profit per share, from continuing and discontinued operations, reached approximately HK2.35 cents (2013: HK1.74 cents). The Board did not recommend the payment of a final dividend for the year ended 31st December, 2014 (2013: nil).



Management Discussion and Analysis

Financial Review *(Continued)*

Liquidity and Financial Resources

As at 31st December, 2014, the Group maintained a healthy cash level with net cash (cash and cash equivalents less bank borrowings) of HK\$228,063,000 (2013: HK\$103,702,000 from continuing and discontinued segments) and unutilized banking facilities of HK\$15,133,000 (2013: HK\$15,503,000 from continuing and discontinued segments). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.3 (2013: 1.7).

As at 31st December, 2014, the Group had no bank borrowings (2013: nil). The gearing ratio, being computed by dividing total borrowings by shareholders' equity, was nil as at 31st December, 2014 (2013: nil).

Treasury Policies

The Group does not engage in any leveraged or derivative products. Consistent with this prudent approach to financial risk management, the Group has continued to work towards maintaining a comfortable gearing position. Since the Group's sales and raw material purchases are conducted in US dollars and Hong Kong dollars, the Group believes that it will have sufficient foreign exchange reserves to match necessary requirements. Part of manufacturing overhead is denominated in Renminbi, to mitigate the impact of exchange rate fluctuations, the Group will closely assess and monitor the movement of the Renminbi exchange rate. The Group will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

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

Pledge on the Group's Assets

As at 31st December, 2014, no assets had been pledged to secure the Groups banking facilities.

Material Disposal

Details are disclosed in the Report of the Directors under the section "Connected Transactions".

Management Discussion and Analysis

Prospects

As disclosed in the annual report of the Company for the year ended 31st December, 2013 and the interim report of the Company for the six months ended 30th June, 2014, apart from the speaker drivers business for both automotive and other audio application, the Group has been actively exploring other investment opportunities that are beneficial to our Shareholders.

The Group has recently started engagement in the business of energy trading (including but not limited to fuel oil, oil and natural gas) ("Energy Trading"). The Group considers that this market has great potential. Looking ahead, the Group intends to develop Energy Trading and its related businesses. This should provide more opportunities for the Group to enhance the profitability.

The whole management team is committed to working closely together for the most timely stabilization of the operations and maintaining profitability for the Group and the investors.

Employees

As at 31st December, 2014, the Group's work force totaled approximately 1,400 (2013: approximately 3,900 from continuing and discontinued operations) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK\$88,624,000 (2013: HK\$201,578,000 from continuing and discontinued operations). The Group ensures that the pay levels of its employees are competitive and according to market trends and its employees are rewarded on a performance related basis and within the general framework of the Group's salary and bonus system.



Corporate Governance Report

Compliance with the Code on Corporate Governance Practices and The Listing Rules

The Company is committed to maintaining a high standard of corporate governance and has put in place self regulatory corporate practices to protect the interests of its shareholders and the enhancement of shareholder value. Our mission in terms of corporate governance is to provide high-quality products and services to the satisfaction of our customers; maintain high standards of business ethics and achieve these goals while, at the same time, providing satisfactory and sustainable returns to shareholders.

In addition, the Group acts in a socially responsible manner through a variety of initiatives and sees this as part of its overall commitment to good corporate governance.

The Company has a Code of Business Conduct that sets out principles, values and standards of conduct expected of management and staff throughout the Group, and underpins our operating procedures and policies.

The Company has, throughout the year ended 31st December, 2014, applied and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for certain deviations disclosed below and in the paragraph headed "Chairman and Chief Executive Officer".

Pursuant to Code A.6.7, Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. One Independent Non-Executive Director was unable to attend the extraordinary general meeting of the Company held on 24th January, 2014 as he was away from Hong Kong at the time.

Under Rules 3.10(1) and 3.10A of the Listing Rules, every Board of Directors of a listed issuer must include at least three Independent Non-Executive Directors which must at least represent one-third of the Board. Following the retirement of Mr. Lai Ming, Joseph ("Mr. Lai") on 23rd May, 2014 and the resignation of Dr. Lam King Sun, Frankie ("Dr. Lam") and Mr. Goh Gen Cheung ("Mr. Goh") on 30th November, 2014, the number of Independent Non-Executive Directors fell below the minimum number and proportion required under Rules 3.10(1) and 3.10A of the Listing Rules.

Under Rule 3.21 of the Listing Rules, the Audit Committee established by a listed issuer must comprise a minimum of three members. Following the retirement of Mr. Lai and the resignation of Dr. Lam and Mr. Goh, the Audit Committee had two members and one member only on 23rd May, 2014 and 30th November, 2014 respectively. Hence the number of members of the Audit Committee fell below the minimum number required under Rule 3.21 of the Listing Rules.

Corporate Governance Report

Compliance with the Code on Corporate Governance Practices and The Listing Rules *(Continued)*

During the reporting year, the Company appointed the following persons as Independent Non-Executive Directors to fill in the vacancies.

Mr. Yen Chanan ("Mr. Yen") (appointed on 20th June, 2014)

Mr. Lum Pak Sum ("Mr. Lum") (appointed on 1st December, 2014)

Mr. Tsui Man Yin ("Mr. Tsui") (appointed on 1st December, 2014)

At the above date of appointment, Mr. Yen was appointed as the chairman of the Audit Committee and Mr. Lum and Mr. Tsui were also appointed as the members of the Audit Committee. Following the above appointments, the Company has complied with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

Directors' Securities Transactions

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

Board of Directors

Composition

The Board consists of seven members, including three Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors and the members of the Board as at the date of this annual report were:

Executive Directors

Mr. Lin Caihuo (*Chairman*)

Ms. Kang Guiping

Mr. Wang Enguang

Non-Executive Director

Mr. Yip Yat Ming

Independent Non-Executive Directors

Mr. Liu Yang

Mr. Lum Pak Sum

Mr. Tsui Man Yin



Corporate Governance Report

Board of Directors *(Continued)*

The biographical details of the Directors are set out in the section headed “Biographical Details of Directors” on pages 21 to 23 of this annual report. There is no relationship (including financial, business, family or other material or relevant relationships) amongst members of the Board.

The composition of the Board is well balanced with each Director having extensive corporate and strategic planning experience, sound industry knowledge and/or professional expertise. All Non-Executive and Independent Non-Executive Directors have offered sufficient time and efforts to serve the business affairs of the Company. They also possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional opinion. The Board believes that the ratio between Executive Directors, Non-Executive Director and Independent Non-Executive Directors is reasonable and appropriate. The Board also believes that the participation of Independent Non-Executive Directors shall offer their independent judgment on issues relating to strategy, performance, conflict of interest and management process such that the interests of all shareholders and the Group are considered and safeguarded.

Role and Function

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group and to ensure the availability of resources as well as the effectiveness of its system of internal control.

Implementation and execution of the policies and strategies formulated by the Board and the daily operations are delegated from the Board to the management of the Company. In addition, an audit committee (the “Audit Committee”), a remuneration committee (the “Remuneration Committee”) and a nomination committee (the “Nomination Committee”) were set up to assist the Board in fulfilling certain responsibilities. Further details of these committees are set out in the section headed “Board Committees” of this annual report.

Chairman and Chief Executive Officer

The CG Code Provision A.2.1 stipulated that the roles of Chairman of the Board (the “Chairman”) and Chief Executive Officer (the “CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The role of Chairman is assumed by Mr. Lin Caihuo. The Chairman formulates the overall strategic direction of the Group. Following the resignation of Mr. Su Zhiyong on 21st November, 2014, the Company did not have any officer with the CEO title. The role of the CEO has been performed collectively by all the executive Directors of the Company thereafter. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company’s policies and strategies and the interest of the shareholders of the Company as a whole. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

Corporate Governance Report

Board of Directors *(Continued)*

Independence of Independent Non-Executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has appointed three Independent Non-Executive Directors, one of whom has appropriate professional qualification in accounting and financial management expertise. All Independent Non-Executive Directors have confirmed their independence, as set out in Rule 3.13 of the Listing Rules, to the Company and the Board considers that all Independent Non-Executive Directors have satisfied their independence of the Group.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against directors, officers and senior management arising out of corporate activities.

Board Meeting

The Board meets regularly and at least four times each year and additional meetings may be convened as and when necessary. During the meetings of the Board, Directors discussed and formulated the business policies and strategies, corporate governance and system of internal control, reviewed the interim and final business results and other relevant important matters. The Directors had participated in the Board meetings as indicated below. For those Directors who could not attend these meetings in person, they participated through electronic media.

The company secretary of the Company (the "Company Secretary") assists the Chairman in setting the agenda for Board meetings and all Directors are given opportunities to include any matters for discussion in the agenda for regular Board meetings. Notice of Board meeting will be given to all Directors at least 14 days prior to the date of the regular Board meetings.

The Company Secretary is also responsible for ensuring that the Board policy and procedures are followed. Draft minutes of Board meetings and meetings of the Board Committees shall be circulated to all Directors for comment and approval as soon as practicable after the meetings. Minutes of Board meetings and meetings of Board Committees are kept by the Company Secretary and all Board members shall be given a copy of the minutes for their record. Should a matter being considered which involve a potential conflict of interest of a Director, the Director involved in the transaction will be requested to leave the boardroom and abstain from voting. The matter will be discussed and resolved by other Directors. Policy is in place that Directors, upon reasonable request, may seek independent professional advice on issues related to the Group's business at the Company's expenses.



Corporate Governance Report

Board of Directors *(Continued)*

Board Meeting *(Continued)*

During the year, the number of meetings, including Board meetings, Board Committees' meetings, annual general meeting and extraordinary general meeting held and the attendance by each Director is as follows:

	Meetings Attended				Annual General Meeting	Extraordinary General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee		
Number of meetings held during the year	4	2	2	2	1	1
<i>Executive Directors</i>						
Mr. Cheung Wah Keung ⁽¹⁾	4	N/A	2	2	1	1
Mr. Wong Sau Lik, Weeky Peter ⁽²⁾	1	N/A	N/A	N/A	N/A	1
Mr. Su Zhiyong ⁽³⁾	3	N/A	N/A	N/A	1	N/A
<i>Non-Executive Director</i>						
Mr. Yip Yat Ming ⁽⁴⁾	2	N/A	N/A	N/A	1	N/A
<i>Independent Non-Executive Directors</i>						
Mr. Lai Ming, Joseph ⁽⁵⁾	2	1	1	1	1	1
Dr. Lam King Sun, Frankie ⁽⁶⁾	4	2	2	2	1	–
Mr. Goh Gen Cheung ⁽⁶⁾	4	2	2	2	1	1
Mr. Yen Chan ⁽⁷⁾	2	1	1	1	N/A	N/A

Note:

- (1) resigned on 21st November, 2014
- (2) resigned on 25th April, 2014
- (3) appointed on 7th April, 2014 and resigned on 21st November, 2014
- (4) appointed on 7th April, 2014
- (5) retired on 23rd May, 2014
- (6) resigned on 30th November, 2014
- (7) appointed on 20th June, 2014

Directors' Terms of Appointment

All Directors are appointed for a term of three years and are subject to the requirement of retirement by rotation and re-election at the annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

Directors' Training

Revised Code Provision A.6.5 of the CG Code provides that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remain informed and relevant.

Corporate Governance Report

Directors' Training *(Continued)*

All Directors are encouraged to participate in continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. A summary of training received by Directors for the year ended 31st December, 2014 according to the records provided by the Directors is as follows:

Attending training and/or reading materials relevant to the Company's business or directors' duties

Mr. Lin Caihuo	✓
Ms. Kang Guiping	✓
Mr. Wang Enguang	✓
Mr. Yip Yat Ming	✓
Mr. Lum Pak Sum	✓
Mr. Tsui Man Yin	✓
Mr. Yen Chanan	✓

Board Diversity Policy

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Committees

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee with specific terms of reference.



Corporate Governance Report

Board Committees *(Continued)*

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. As at 31st December, 2014, the Audit Committee consisted of three Independent Non-Executive Directors, namely, Mr. Yen Chanan, Mr. Lum Pak Sum and Mr. Tsui Man Yin. It was chaired by Mr. Yen Chanan, who has the appropriate professional accounting qualification and financial management expertise. During the reporting year, the movement of the members of Audit Committee is as follows:

Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Mr. Yen Chanan (appointed on 20th June, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)
Mr. Lum Pak Sum (appointed on 1st December, 2014)
Mr. Tsui Man Yin (appointed on 1st December, 2014)

Regular attendees at the Audit Committee meetings include the Head of Finance and the external auditor. The Audit Committee meets with the external auditor without the presence of the Company's management. The terms of reference of the Audit Committee follow the code provisions set out in the CG Code and are available on the website of the Company and the Stock Exchange.

The Audit Committee held two meetings in 2014. Each meeting received written reports from the external auditor that deal with matters of significance arising from the work conducted since the previous meeting. During 2014, the work performed by the Audit Committee included:

- reviewing the consolidated financial statements for the year ended 31st December, 2013 and the annual results announcement;
- reviewing the interim consolidated financial statements for the six months ended 30th June, 2014 and the interim results announcement;
- reviewing the significant audit and accounting issues arising from the external auditor's audit;
- considering the appointment of the external auditor and their audit fees;
- meeting with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the auditor might wish to raise;

Corporate Governance Report

Board Committees *(Continued)*

Audit Committee *(Continued)*

- reviewing the development in accounting standards and the Group's response, including the preparation for adoption of Hong Kong Financial Reporting Standards;
- reviewing the Company's compliance with regulatory and statutory requirements; and
- reviewing the Group's risk management processes.

The Audit Committee assesses the independence of the external auditor during the year through a series of questions and the external auditor also formally communicate to the Audit Committee their business relationship with the Group and any other independence matters. The annual results for the year ended 31st December, 2014 have been reviewed by the Audit Committee.

Remuneration Committee

As at 31st December, 2014, the Remuneration Committee comprised three Independent Non-Executive Directors, namely Mr. Lum Pak Sum, Mr. Tsui Man Yin and Mr. Yen Chanan and one Executive Director, namely Mr. Lin Caihuo. The Remuneration Committee was chaired by Mr. Lum Pak Sum. During the reporting year, the movement of the members of the Remuneration Committee is as follows:

- Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
- Mr. Yen Chanan (appointed on 20th June, 2014)
- Mr. Lin Caihuo (appointed on 21st November, 2014)
- Mr. Cheung Wah Keung (resigned on 21st November, 2014)
- Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
- Mr. Goh Gen Cheung (resigned on 30th November, 2014)
- Mr. Lum Pak Sum (appointed on 1st December, 2014)
- Mr. Tsui Man Yin (appointed on 1st December, 2014)

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. They have the delegated responsibility to determine the remuneration packages of individual executive directors and senior management. The terms of reference of the Remuneration Committee follow the code provisions set out in the CG Code and are available on the website of the Company and the Stock Exchange.

In order to be able to attract and retain staff of suitable calibre, the Group provides a competitive remuneration package. This comprises salary and provident fund. Although the remuneration of these executives is not entirely linked to the profits of the Company or division in which they are working, it is considered that, given the volatility of various businesses within the Group, this has contributed considerably to the maintenance of a stable, motivated and high-calibre senior management team in the Company.



Corporate Governance Report

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

During the year under review, the Remuneration Committee held two meetings with the presence of all committee members and dealt with the following matters at the said meetings or by way of written resolutions:

- to review and discuss the remuneration packages for the Directors and senior management;
- to consider and approve the remuneration packages for the proposed Directors; and
- to review and approve the employees' salary increments proposal.

No member took part in voting on his own remuneration at the meeting.

Nomination Committee

As at 31st December, 2014, the Nomination Committee comprised three Independent Non-Executive Directors, namely, Mr. Tsui Man Yin, Mr. Lum Pak Sum and Mr. Yen Chanan and one Executive Director, namely, Mr. Lin Caihuo. The Nomination Committee was chaired by Mr. Tsui Man Yin. During the reporting year, the movement of the members of Nomination Committee is as follows:

Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
Mr. Yen Chanan (appointed on 20th June, 2014)
Mr. Lin Caihuo (appointed on 21st November, 2014)
Mr. Cheung Wah Keung (resigned on 21st November, 2014)
Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
Mr. Goh Gen Cheung (resigned on 30th November, 2014)
Mr. Lum Pak Sum (appointed on 1st December, 2014)
Mr. Tsui Man Yin (appointed on 1st December, 2014)

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations to the Board on the appointment or re-appointment of Directors and assess the independence of independent non-executive Directors. The term of reference of the Nomination Committee follow the code provisions set out in the CG Code and available on the websites of the Company and the Stock Exchange.

In considering the new appointment or re-election of Directors, the Nomination Committee will take into consideration the expertise, experience and integrity of that appointee.

Corporate Governance Report

Board Committees *(Continued)*

Nomination Committee *(Continued)*

During the year under review, the Nomination Committee held two meetings with the presence of all committee members and dealt with the following matters at the said meetings or by way of written resolutions:

- to consider the proposed appointment of Directors;
- to assess the independence of the independent non-executive Directors;
- to consider the re-election of Directors; and
- to review the composition of the Board.

No member took part in voting on his re-election of Director at the meeting.

Corporate Governance Functions

The Board is also responsible for performing the corporate governance duties as set out below:

- a. to approve and review the Company's policies and practices on corporate governance;
- b. to review the Company's overall corporate governance arrangements;
- c. to review and monitor the training and continuous professional development of Directors and senior management;
- d. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- e. to review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and
- f. to review the Company's compliance with the New Code and disclosure in the Corporate Governance Report.



Corporate Governance Report

Control Mechanisms

The Board acknowledges its responsibility in maintaining a sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times.

Audit and Internal Control

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The Board requires management to establish and maintain sound and effective internal controls. Evaluation of the Company's internal controls is independently conducted by the management on an on-going basis.

The Board confirms that it has reviewed the effectiveness of the internal control system of the Company and its subsidiaries for the year ended 31st December, 2014 and that they consider this system to be reasonably effective and adequate. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31st December, 2014 and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such consolidated financial statements.

The statement of the external auditor of the Company, Cheng & Cheng Limited with regard to their reporting responsibilities on the Company's consolidated financial statements, is set out in the Independent Auditor's Report on pages 34 to 35 of this annual report.

The Directors confirm that, to the best of their knowledge, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Company not to continue as a going concern.

Corporate Governance Report

Auditor's Remuneration

For the year ended 31st December, 2014, services provided to the Company by its external auditor, Cheng & Cheng Limited, and the respective fees paid were:

	2014	2013 ⁽¹⁾
	HK\$'000	HK\$'000
Audit services	320	720
Other non-audit services	–	215
	_____	_____

Note:

(1) For the year ended 31st December, 2013, the external auditor of the Company was Messrs. Deloitte Touche Tohmatsu.

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by depositing a written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner.

Shareholders may at any time put forward their enquiries to the Board in writing through the Company Secretary whose contact details are as follows:

Shinhint Acoustic Link Holdings Limited
Unit 1105, 11/F, Jubilee Centre
18 Fenwick Street, Wanchai
Hong Kong

Tel No.: (852) 3579 4636

Fax No.: (852) 3579 4833



Corporate Governance Report

Investor Relations and Communication with Shareholders

The Board established a shareholders' communication policy to ensure that shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

The Company has maintained a corporate website at www.shinhint.com through which the Company's updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the shareholders and investors.

The annual general meeting also provides an important opportunity for constructive communication between the Board and shareholders. The Chairman, members of the Board and external auditor attended the annual general meeting held on 23rd May, 2014 to answer questions raised by the shareholders.

Biographical Details of Directors

Board of Directors

Executive Directors

Mr. Lin Caihuo, aged 43, has been the Chairman of the Board and an Executive Director of the Company since November 2014. He has been engaging in the business of trading, warehousing, transporting and distributing oil products since 2003 and has gained extensive experience in the industry. He has been an Executive Director and the General Manager of Fujian Yuhua Petrochemical Company Limited (福建裕華石油化工有限公司) since February 2003, Xiamen Star of Sea Shipping Company Limited (廈門海之星航運有限公司) since July 2010, Fujian Yuhua Energy Company Limited (福建裕華能源有限公司) since April 2013, Fujian Yuhua Group Company Limited (福建裕華集團有限公司) since April 2013, Fujian Yuhua Property Management Limited (福建裕華物業管理有限公司) since February 2014 and Fujian Yuhua Shipping Company Limited (福建裕華船務有限公司) since March 2014.

Mr. Lin has also been the Vice President of Fujian Oil and Gas Association (福建省油氣商會副會長) since 2014. In July 2014, he was elected as the Executive Vice President of the Chamber of Commerce of Zhangzhou Xiamen (廈門市漳州商會常務副會長). Mr. Lin was appointed as a representative of Zhangzhou City at the Fifteenth People's Congress (漳州市第十五屆人民代表大會代表) and was the Honorary President of the Chamber of Zhangzhou Oil (第三屆漳州市石油商會名譽會長). In addition, Mr. Lin was appointed as the first Vice President of the Federation of Enterprises and Entrepreneurs of Dongshan County (第一屆東山縣企業與企業家聯合會副會長) and the Vice Chairman of the Ninth Dongshan County Chamber of Commerce (第九屆東山縣工商聯合會(商會)副主席). Since August 2012, he has been the Honorary President of Charity of Dongshan County (東山縣慈善總會榮譽會長). He had been an Executive Director of Sino Haijing Holdings Limited (中國海景控股有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1106) during the period from 10th July, 2014 to 2nd November, 2014.

Ms. Kang Guiping, aged 29, has been an Executive Director of the Company since November 2014. She holds a Bachelor degree in Accountancy from Xiamen University. Prior to July 2014, Ms. Kang acted as the Vice President of T&S (Xiamen) Investment Management and Consultancy Company Limited* (時位(廈門)投資管理諮詢有限公司). From 2008 to 2011, she was an auditor and senior auditor of Ernst & Young Hua Ming LLP, and thereafter, she worked with Xiamen Allied Most Investment and Consultancy Limited* (廈門聯萃投資諮詢有限公司) as a senior manager. Ms. Kang has rich experience in auditing, management and investment.

Mr. Wang Enguang, aged 64, has been an Executive Director of the Company since December 2014. He completed Basic Courses for Officials of Chinese Government and Communist Party* (黨政幹部基礎專科) from Liaoning Radio and TV University* (遼寧廣播電視大學) in 1986. For the period from 1972 to 1999, he worked in Liaoning Petrochemical Fiber Company* (遼寧石油化纖公司). He was a Vice-Manager of raw material supply before leaving. Mr. Wang began serving PetroChina Company Limited* (中國石油天然氣股份有限公司) in 1999 until retirement in July 2010. Before his retirement, he was a Manager of the sales company in Jiangxi, the PRC. Mr. Wang has decades of rich experience in the areas of sales and management.



Biographical Details of Directors

Board of Directors *(Continued)*

Non-Executive Director

Mr. Yip Yat Ming, aged 60, has been a Non-Executive Director of the Company since April 2014. He has over 30 years experience in corporate management. Since 1981, Mr. Yip has been in the management in the agriculture and fisheries, entertainment and tourism industries. During 2004 – 2005, Mr. Yip was appointed as a board member of the Fish Marketing Advisory Board. During 2005 – 2010, Mr. Yip was invited to be a General Manager of the Sino Union Petroleum & Chemical International Limited (currently known as Yanchang Petroleum International Limited), a company whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited. His focus was mainly on the development of oil and mineral sectors. Mr. Yip also has a rich operational experience and relationship in Greater China region.

Independent Non-Executive Directors

Mr. Lum Pak Sum, aged 54, has been an Independent Non-Executive Director of the Company since December 2014. He obtained a master's degree in business administration from The University of Warwick in 1994 and a bachelor's degree in laws from University of Wolverhampton in 2002. He is currently a Fellow Member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Mr. Lum was an Independent Non-Executive Director of Energy International Investments Holdings Limited (stock code: 353), Bestway International Holdings Limited (stock code: 718), Radford Capital Investments Limited (stock code: 901), Pak Tak International Limited (stock code: 2668), Sinogreen Energy International Group Limited (stock code: 1159) and Asia Resources Holdings Limited (stock code: 899), whose shares are listed on the Main Board of the Stock Exchange, for the period from September 2005 to July 2011, from March 2010 to May 2013, from May 2010 to November 2013, from June 2014 to November 2014, from April 2009 to November 2014 and from November 2010 to January 2015, respectively.

Since August 2007 and January 2014, Mr. Lum has been an Independent Non-Executive Director of Great China Properties Holdings Limited (stock code: 21) and Beautiful China Holdings Company Limited (stock code: 706), both of whose shares are listed on the Main Board of the Stock Exchange. Mr. Lum has been a Non-Executive Director of Orient Securities International Holdings Limited (stock code: 8001), listed on the GEM of the Stock Exchange, since January 2014. He has also been an Independent Director of Asia Green Agriculture Corporation, a company trading on the Over-the-Counter Bulletin Board in the United States of America, since September 2011.

Biographical Details of Directors

Board of Directors *(Continued)*

Independent Non-Executive Directors *(Continued)*

Mr. Tsui Man Yin, aged 35, has been an Independent Non-Executive Director of the Company since December 2014. He graduated from HKU SPACE majoring in Archives and Financial Planning. He established HAMMER INVESTMENT LIMITED in 2012 and held the position of chief investment officer. Mr. Tsui has more than ten years of experience in financial markets. With his in depth knowledge acquired on financial market and identification of new investment projects, he held numerous investment talks and programmes with over a thousand of people enrolled.

Mr. Liu Yang, aged 33, graduated from Xian Jiaotong University (西安交通大學) with a bachelor degree in bio-medical engineering in July 2004 and graduated from Xiamen University (廈門大學) with a master degree in bio-medical engineering in June 2007. He was the project manager and senior manager at GF Securities Company Limited (Guangzhou) (廣發證券股份有限公司(廣州)) from July 2007 to April 2011. He has also been serving as the business director at Industrial Securities Company Limited (Fuzhou) (興業證券股份有限公司(福州)) since April 2011. He was also an Independent Non-Executive Director of Sino Haijing Holdings Limited, whose shares are listed on the Main Board of Stock Exchange, during the period from 12th August, 2014 to 3rd November, 2014.

* *For identification purpose only*



Report of the Directors

The directors of the Company (the "Directors") are pleased to present to the shareholders their report together with the audited consolidated financial statements of the Group for the year ended 31st December, 2014.

Principal Activities

The principal activity of the Company is an investment holding. Particulars of the Company's principal subsidiaries are set out in note 31 to the consolidated financial statements.

Results and Appropriations

The results for the year ended 31st December, 2014 are set out in the consolidated statement of profit or loss on page 36.

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

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 39.

Material Investment and Acquisition

During the reporting period, the Group had no significant investment and acquisition activities.

Property, Plant and Equipment

Movements in property, plant and equipment during the year and details of the Group's property, plant and equipment are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 22 to the consolidated financial statements.

Report of the Directors

Directors

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

Executive Directors

- Mr. Lin Caihuo (*Chairman*) (appointed on 21st November, 2014)
- Ms. Kang Guiping (appointed on 21st November, 2014)
- Mr. Wang Enguang (appointed on 1st December, 2014)
- Mr. Cheung Wah Keung (resigned on 21st November, 2014)
- Mr. Su Zhiyong (appointed on 7th April, 2014 and resigned on 21st November, 2014)
- Mr. Wong Sau Lik, Weekly Peter (resigned on 25th April, 2014)

Non-Executive Director

- Mr. Yip Yat Ming (appointed on 7th April, 2014)

Independent Non-Executive Directors

- Mr. Lai Ming, Joseph (retired on 23rd May, 2014)
- Mr. Yen Chanan (appointed on 20th June, 2014 and resigned on 16th March, 2015)
- Dr. Lam King Sun, Frankie (resigned on 30th November, 2014)
- Mr. Goh Gen Cheung (resigned on 30th November, 2014)
- Mr. Lum Pak Sum (appointed on 1st December, 2014)
- Mr. Tsui Man Yin (appointed on 1st December, 2014)
- Mr. Liu Yang (appointed on 16th March, 2015)

In accordance with Articles 86(3) and 87 of the Articles of Association of the Company, Mr. Yip Yat Ming, Mr. Lin Caihuo, Ms. Kang Guiping, Mr. Wang Enguang, Mr. Lum Pak Sum, Mr. Tsui Man Yin and Mr. Liu Yang will retire from office and, being eligible offer themselves for re-election at the forthcoming annual general meeting.

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



Report of the Directors

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

At 31st December, 2014, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of shares ⁽¹⁾	Number of underlying shares	Total number of shares	Approximate percentage of the issued shares
Lin Caihuo	Beneficial owner	91,239,473	–	91,239,473	28.30%

Note:

(1) Interests in shares stated above represent long positions.

Save as disclosed above, as at 31st December, 2014, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

A summary of the share option scheme is set out in note 23 to the consolidated financial statements. No share options were granted and no share options granted under the share option scheme of the Company approved and adopted on 25th June, 2005 (the "Share Option Scheme") were cancelled during the year.

Report of the Directors

Share Option Scheme (Continued)

Details of the share options granted, exercised, lapsed and outstanding under the Share Option Scheme during the year are as follows:

Name	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					As at 01/01/2014	Granted	Exercised	Lapsed	As at 31/12/2014
Director									
Wong Sau Lik, Weeky Peter (resigned on 25th April, 2014)	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	1,056,000	-	-	1,056,000	-
			15/01/2013	15/01/2013 – 27/12/2020	1,056,000	-	-	1,056,000	-
			15/01/2014	15/01/2014 – 27/12/2020	1,088,000	-	-	1,088,000	-
					<u>3,200,000</u>	<u>-</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
Lai Ming, Joseph (retired on 23rd May, 2014)	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2013	15/01/2013 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2014	15/01/2014 – 27/12/2020	102,000	-	102,000	-	-
					<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Lam King Sun, Frankie (resigned on 30th November, 2014)	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2013	15/01/2013 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2014	15/01/2014 – 27/12/2020	102,000	-	102,000	-	-
					<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Goh Gen Cheung (resigned on 30th November, 2014)	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2013	15/01/2013 – 27/12/2020	99,000	-	99,000	-	-
			15/01/2014	15/01/2014 – 27/12/2020	102,000	-	102,000	-	-
					<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Sub-total					<u>4,100,000</u>	<u>-</u>	<u>900,000</u>	<u>3,200,000</u>	<u>-</u>
Eligible employees⁽¹⁾	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	-	99,000	-
			15/01/2013	15/01/2013 – 27/12/2020	99,000	-	-	99,000	-
			15/01/2014	15/01/2014 – 27/12/2020	102,000	-	-	102,000	-
					<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Sub-total					<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Total					<u>4,400,000</u>	<u>-</u>	<u>900,000</u>	<u>3,500,000</u>	<u>-</u>



Report of the Directors

Share Option Scheme *(Continued)*

Note:

- (1) Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance.

Substantial Shareholders' Interests

As at 31st December, 2014, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or Chief Executive of the Company) had interests of 5% or more in the shares or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of shares held⁽¹⁾	Approximate percentage of the issued shares
Lin Caihuo	Beneficial owner	91,239,473	28.30%
David Michael Webb ⁽²⁾	Beneficial owner and interest of a controlled corporation	25,332,000	7.86%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) 18,024,000 shares were held by Preferable Situation Assets Limited which is wholly owned by Mr. David Michael Webb. By virtue of the SFO, Mr. David Michael Webb is deemed to be interested in all the shares held by Preferable Situation Assets Limited. Together with 7,308,000 shares held beneficially, Mr. David Michael Webb is deemed to be interested in 25,332,000 shares in the Company.

Save as disclosed above, as at 31st December, 2014, no other person (other than a Director or Chief Executive of the Company) had registered an interest or short position in the shares, underlying shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Report of the Directors

Directors' Interests in Contracts of Significance

Save as disclosed in the paragraph headed "Connected Transactions", there is no contract of significance to which the Company, its holding company, subsidiaries or fellow 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.

Related Party Transactions

Save as disclosed in the paragraph headed "Connected Transactions", the significant related party transactions that did not constitute connected transactions under the Listing Rules made during the year were disclosed in note 28 to the consolidated financial statements.

Competing Interest

During the year ended 31st December, 2014, Mr. Lin Caihuo had interests in the following business conducted through the companies named below:-

Name of company	Nature of interest	Description of business of the company
Fujian Yuhua Petrochemical Company Limited	Executive Director and the General Manager	Engage in petroleum product trade, storage, transportation and distribution business
Fujian Yuhua Energy Company Limited	Executive Director and the General Manager	Wholesale and retail of dangerous chemicals, petroleum products, chemical products and machinery equipment leasing
Fujian Yuhua Group Company Limited	Shareholder, Executive Director and the General Manager	Wholesale and retail of petroleum products, management of real estate investment, development, sales, rental, property management and equity investment, business consulting, and enterprise financial management consulting

Save as disclosed above, none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.



Report of the Directors

Change in Information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Save as disclosed in the announcements of the Company dated 21st November, 2014, 1st December, 2014 and 13th March, 2015 and in the section headed "Biographical Details of Directors" in this annual report, there was no change in information of Directors pursuant to Rule 13.51B(1) of the Listing Rules since the date of the publication of the 2014 Interim Report of the Company.

Remuneration Policy

The remuneration policy of the Group is set up by the Remuneration Committee on the basis of the individuals' merit, qualifications and competence.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, made recommendations to the Board for all remuneration of the Executive Directors and senior management of the Company.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 23 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Securities

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year ended 31st December, 2014.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

Report of the Directors

Connected Transactions

During the year, the Group had the following connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Agreement on Disposal of a Subsidiary

On 18th November, 2013, the Group entered into a disposal agreement with Metro Star Investments Limited, which is 100% beneficially owned by Mr. Cheung Wah Keung⁽¹⁾ ("Mr. Cheung"), to dispose of 100% equity interest in Tai Sing Industrial Company Limited, one of the subsidiaries of the Group, which has headphones and speaker systems businesses for a consideration of HK\$122.2 million.

This transaction constitutes a major disposal and connected transaction and details are disclosed in the announcements dated 21st November, 2013, 12th December, 2013, 2nd January, 2014 and 7th January, 2014, the circular of the Company dated 8th January, 2014 and the announcement of the Company dated 24th January, 2014 in relation to the poll results of the extraordinary general meeting of the Company held on 24th January, 2014. This transaction was completed on 28th February, 2014.

Supply Agreement

On 28th February, 2014, Crown Million Industries (International) Limited ("CMI"), an indirectly wholly owned subsidiary of the Company entered into supply agreement (the "Supply Agreement") with Tai Sing Industrial Company Limited ("TSI") for a term of 3 years from 1st January, 2014 to 31st December, 2016. Pursuant to the Supply Agreement, CMI supplies the speaker units to TSI.

R&D Service Agreement

On 28th February, 2014, Shinhint Technology (Shenzhen) Limited ("Shinhint Technology"), an indirectly wholly owned subsidiary of the Company entered into R&D service agreement (the "Service Agreement") with Dongguan Tai Sing Audio Technology Limited ("TSAT") for a term of 3 years from 1st January, 2014 to 31st December, 2016. Pursuant to the Service Agreement, Shinhint Technology provides the services of research and development to TSAT.

As at 31st December, 2014, TSI and TSAT are companies directly controlled by Mr. Cheung.

For the year ended 31st December, 2014, the supply of speaker units by CMI, its subsidiary and fellow subsidiaries to TSI amounted to about HK\$26,181,000.

For the year ended 31st December, 2014, the provision of R&D service by Shinhint Technology, its subsidiary and fellow subsidiaries to TSAT amounted to about HK\$5,150,000.



Report of the Directors

Connected Transactions *(Continued)*

R&D Service Agreement *(Continued)*

At an extraordinary general meeting of the Company held on 24th January, 2014, independent shareholders of the Company (namely, shareholders of the Company other than Mr. Cheung and Pro Partner Development Limited) had approved:–

- 1) the Supply Agreement and the related annual caps for the amount of sales by the Group to TSI pursuant to the Supply Agreement for the three years ending 31st December, 2014 in the amount of HK\$36,000,000, HK\$47,000,000 and HK\$58,000,000 respectively.
- 2) the Service Agreement and the related annual caps for the amount of service provided by the Group to TSAT pursuant to the Service Agreement for the three years ending 31st December, 2014 in the amount of HK\$10,000,000, HK\$10,000,000 and HK\$10,000,000 respectively.

Pursuant to Rule 14A.56 of the Listing Rules on the Stock Exchange, the Board of Directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board of Directors.

The Independent Non-Executive Directors had reviewed the above continuing connected transaction and confirmed that the transactions:

- (i) in the ordinary and usual course of business of the listed issuer's group;
- (ii) on normal commercial terms or better; and;
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

Note:

- (1) resigned as an Executive Director and the Chairman of the Company on 21st November, 2014

Report of the Directors

Major Customers and Suppliers

For the year ended 31st December, 2014, the five largest customers accounted for approximately 95% of the Group's total turnover and turnover attributable to the Group's largest customer accounted for approximately 81% of the Group's total turnover.

For the year ended 31st December, 2014, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the Directors, their associate or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, basing on the information that is publicly available to the Company and within the knowledge of the Directors.

Auditor

The consolidated financial statements have been audited by Messrs. Cheng & Cheng Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting ("AGM"). A resolution will be submitted to the AGM for the re-appointment of Messrs. Cheng & Cheng Limited as auditor of the Company.

Following the resignation of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as auditor of the Company on 21st November, 2014, Messrs. Cheng & Cheng Limited was appointed as the new auditor of the Company on 21st November, 2014 to fill in the vacancy following the resignation of Deloitte.

On behalf of the Board

Lin Caihuo

Chairman

Hong Kong, 20th March, 2015



Independent Auditor's Report



CHENG & CHENG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

鄭 鄭 會 計 師 事 務 所 有 限 公 司

10/F., Allied Kajima Building,
138 Gloucester Road, Wanchai, Hong Kong

TO THE MEMBERS OF SHINHINT ACOUSTIC LINK HOLDINGS LIMITED

成謙聲匯控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Shinhint Acoustic Link Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 96, which comprise the consolidated statement of financial position as at 31st December, 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

Independent Auditor's Report

Auditor's Responsibility *(Continued)*

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

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

Opinion

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

Cheng & Cheng Limited

Certified Public Accountants

Hong Kong, 20th March, 2015

Y. Y. Li, Alice

Practising Certificate number P03373



Consolidated Statement of Profit or Loss

For the year ended 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Revenue	7	551,117	433,643
Cost of sales		(508,003)	(402,708)
Gross profit		43,114	30,935
Other income		1,591	247
Selling and distribution costs		(2,653)	(4,232)
Administrative expenses		(31,860)	(21,736)
Research and development expenses		(2,586)	(2,624)
Other gains and losses		(203)	(1,537)
Finance costs	8	(2)	–
Profit before taxation	9	7,401	1,053
Taxation	10	(2,126)	(543)
Profit for the year from continuing operations		5,275	510
Discontinued operations			
Profit for the year from discontinued operations	11	2,297	5,073
Profit for the year		7,572	5,583
Profit attributable to owners of the Company			
– from continuing operations		5,275	510
– from discontinued operations		2,297	5,073
Profit for the year attributable to owners of the Company		7,572	5,583
Earnings per share	14		
From continuing and discontinued operations			
Basic (HK cents)		2.35	1.74
Diluted (HK cents)		2.35	1.74
From continuing operations			
Basic (HK cents)		1.64	0.16
Diluted (HK cents)		1.64	0.16

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	<u>7,572</u>	<u>5,583</u>
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>356</u>	<u>2,892</u>
Other comprehensive income for the year	<u>356</u>	<u>2,892</u>
Total comprehensive income for the year	<u>7,928</u>	<u>8,475</u>



Consolidated Statement of Financial Position

At 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current Assets			
Property, plant and equipment	15	14,992	16,887
Intangible assets	16	978	978
Rental deposits		643	649
		16,613	18,514
Current Assets			
Inventories	17	39,218	46,864
Trade debtors, deposits and prepayments	18	182,664	137,353
Bank balances and cash	19	228,063	50,407
		449,945	234,624
Assets classified as held for sale	11	–	367,013
		449,945	601,637
Current Liabilities			
Trade creditors and accrued charges	20	197,238	147,682
Tax liabilities		828	598
Obligations under finance lease	21	50	–
		198,116	148,280
Liabilities associated with assets classified as held for sale	11	–	210,089
		198,116	358,369
Net Current Assets		251,829	243,268
Total Assets less Current Liabilities		268,442	261,782
Non-current Liabilities			
Obligations under finance lease	21	22	–
Deferred tax liability	24	983	837
		1,005	837
Net Assets		267,437	260,945
Capital and Reserves			
Share capital	22	3,224	3,215
Reserves		264,213	257,730
Total Equity		267,437	260,945

The consolidated financial statements on pages 36 to 96 were approved and authorised for issue by the Board of Directors on 20th March, 2015 and are signed on its behalf by:

Lin Caihuo
DIRECTOR

Kang Guiping
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2014

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1st January, 2013	3,215	89,714	4,950	1,527	2,113	1,181	152,874	255,574
Profit for the year	-	-	-	-	-	-	5,583	5,583
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	-	-	-	-	2,892	-	-	2,892
Total comprehensive income for the year	-	-	-	-	2,892	-	5,583	8,475
Recognition of equity-settled share-based payments	-	-	-	-	-	111	-	111
2013 interim dividend paid	-	-	-	-	-	-	(3,215)	(3,215)
Transfer from retained profits	-	-	-	210	-	-	(210)	-
At 31st December, 2013	3,215	89,714	4,950	1,737	5,005	1,292	155,032	260,945
Profit for the year	-	-	-	-	-	-	7,572	7,572
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	-	-	-	-	356	-	-	356
Total comprehensive income for the year	-	-	-	-	356	-	7,572	7,928
Disposal of subsidiaries	-	-	-	-	(2,273)	-	-	(2,273)
Exercise of share options	9	1,093	-	-	-	(265)	-	837
Lapse of share options	-	-	-	-	-	(1,027)	1,027	-
Transfer from retained profits	-	-	-	298	-	-	(298)	-
At 31st December, 2014	3,224	90,807	4,950	2,035	3,088	-	163,333	267,437

Notes:

- (a) Special reserve represents the difference between the nominal value of the entire issued share capital of Shinhint Industries Limited and the aggregate nominal value of the shares issued by the Company pursuant to the group reorganisation in 2005.
- (b) Statutory reserve represents general reserve fund required to be set up pursuant to the relevant People's Republic of China ("PRC") laws applicable to a Group's subsidiary in the PRC. The subsidiary is required to transfer 10% of the annual net income from retained profits to the statutory reserve, until the statutory reserve is accumulated up to 50% of its registered capital. The statutory reserve can be used to make up for previous year's losses or convert into additional capital.



Consolidated Statement of Cash Flows

For the year ended 31st December, 2014

	2014 HK\$'000	2013 HK\$'000
Operating activities		
Profit for the year	7,572	5,583
Adjustments for:		
Taxation	2,491	4,715
Finance costs	2	2
Depreciation	4,956	17,985
Share-based payment expense	–	111
Gain on disposal of subsidiaries	(5,267)	–
Impairment loss recognised on trade debtors	–	3,327
Write down of inventories	320	4,027
Interest income	(1,783)	(671)
Loss on disposal of property, plant and equipment	22	100
	<hr/>	<hr/>
Operating cash flows before movements in working capital	8,313	35,179
Decrease (Increase) in inventories	20,785	(11,694)
Decrease in trade debtors, deposits and prepayments	18,632	68
Increase in trade creditors and accrued charges	41,218	19,827
Decrease on deposit paid for rental deposits	6	–
	<hr/>	<hr/>
Cash generated from operations	88,954	43,380
Income tax paid	(2,550)	(778)
	<hr/>	<hr/>
Net cash generated from operating activities	86,404	42,602
	<hr/>	<hr/>
Investing activities		
Proceeds on disposal of subsidiaries	37,995	–
Purchase of property, plant and equipment	(3,103)	(7,291)
Deposits paid for acquisition of property, plant and equipment	–	(1,873)
Interest received	1,783	671
Proceeds on disposal of property, plant and equipment	–	23
	<hr/>	<hr/>
Net cash generated from (used in) investing activities	36,675	(8,470)
	<hr/>	<hr/>

Consolidated Statement of Cash Flows

For the year ended 31st December, 2014

	2014	2013
	HK\$'000	HK\$'000
Financing activities		
Proceeds from issue of shares	837	–
Repayment of bank borrowings	–	(15,000)
Dividends paid	–	(3,215)
Interest paid	(2)	(2)
	<hr/>	<hr/>
Net cash generated from (used in) financing activities	835	(18,217)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	123,914	15,915
Effect of foreign exchange rate changes	447	366
Cash and cash equivalents at beginning of the year	103,702	87,421
	<hr/>	<hr/>
Cash and cash equivalents at end of the year, representing bank balances and cash	228,063	103,702
	<hr/>	<hr/>



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"). As at 31st December, 2014, the Company did not have any immediate and ultimate holding company. The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information in the annual report.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 31.

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

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

The adoption of the above new and revised HKFRSs has no material impact on these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

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

Application of new and revised HKFRSs (Continued)

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

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss.

Amendments to HKAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

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

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating units whose recoverable amount is based on fair value less costs of disposal.

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

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

HK(IFRIC) – Int 21 “Levies”

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised.

Amendments and interpretations mentioned above are not expected to have a material effect on the group’s operating results, financial position or comprehensive income.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

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

New and revised HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1st July, 2014.

² Effective for annual periods beginning on or after 1st January, 2016.

³ Effective for annual periods beginning on or after 1st January, 2017.

⁴ Effective for annual periods beginning on or after 1st January, 2018.

The Group has already commenced an assessment of the impact of other new and revised HKFRSs, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

Fair value measurement

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

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

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

The principal accounting policies are set out below.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-current assets held for sale

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

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

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

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Club membership

Club membership with indefinite useful life is carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on non-current assets below).

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

Loans and receivables

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



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade creditors and accrued charges, and obligations under finance lease are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realised value represents the estimated selling price of inventories less all estimated selling cost of completion and costs necessary to make the sale.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on non-current assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

In addition, intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

The Group as lessee

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when it relates to items are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Retirement benefit costs

Payments to the defined contribution retirement benefit plans, including stated-managed retirement schemes and mandatory provident fund scheme ("MPF Scheme"), are charged as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The following is the key assumption concerning the future and source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for inventories

A significant portion of the Group's working capital is devoted to inventories and the nature of inventories is subject to frequent technological changes. The management reviews the inventory age listing on a periodic basis to identify slow-moving and obsolete inventories and makes allowance for obsolete items. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. If the market conditions were to deteriorate and more obsolete and slow-moving inventory items were to be identified, additional allowances may be required. As at 31st December, 2014, the carrying amount of inventories was HK\$39,218,000 (2013: HK\$46,864,000) (net of allowance for inventories of HK\$92,000 (2013: HK\$193,000)).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In addition, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium, reserves and retained profits.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
<i>Financial assets</i>		
Loans and receivables (including cash and cash equivalents)	361,160	179,091
<i>Financial liabilities</i>		
At amortised cost	197,272	147,591

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other debtors, bank balances, trade creditors and accrued charges. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (i.e. interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 19) and fair value interest rate risk in relation to fixed rate obligations under finance lease (note 21). The Group keeps its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

Sensitivity analysis is not presented as the management considers that the Group's exposure to interest rate fluctuations is insignificant.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
United States dollars ("USD")	145,761	155,630	13,973	9,075

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign exchange risk. The management will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

As Hong Kong dollars is currently pegged to United States dollars, the management considers that the exposure to exchange fluctuation in respect of United States dollars is limited.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) Currency risk (Continued)

Sensitivity analysis *(Continued)*

The following table details the Group's sensitivity to a 6% (2013: 6%) increase and decrease in Renminbi against Hong Kong dollars. The sensitivity rate of 6% (2013: 6%) is used by the management for the assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 6% (2013: 6%) change in foreign currency rate. A positive number of the net impact indicates a increase in post-tax profit for the year where Renminbi strengthen against Hong Kong dollars. For a 6% (2013: 6%) weakening of Renminbi against Hong Kong dollars, there would be an equal and opposite impact on the profit (2013: profit) for the year.

		Impact	
		2014	2013
		HK\$'000	HK\$'000
Increase in profit	(i)	1	-

(i) This is mainly attributable to the exposure on cash and bank balances denominated in Hong Kong dollars held by a PRC subsidiary at the end of reporting period.

The sensitivity analysis above represents the exposure of the foreign exchange risk arising from foreign currency denominated monetary financial assets and liabilities at the end of the reporting period only. In management's opinion, the sensitivity analysis above may not be representative exposure for the year.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk

As at 31st December, 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade debtors. The Group is exposed to concentration of credit risk as a substantial portion of its trade debtors is generated from a limited number of customers from certain foreign countries. The top five customers of the Group accounted for about 99% (2013: 99%) of the Group's trade debtors as at 31st December, 2014, with an aggregate carrying amount of HK\$48,698,000 (2013: HK\$40,201,000) which are past due but not impaired at the end of reporting period. These customers are large multi-national companies in acoustic accessories and peripherals business. The assessment on impairment on debtors is set out in note 18.

In order to minimise the credit risk, the Group manages its credit risk by closely monitoring the granting of credit period and credit limit and follow-up action is taken to recover overdue debts. In addition, the Group enters into an agreement with an insurance company to cover part of the individual trade debts. The Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparts are banks with high credit-ratings and reputable banks in the PRC.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other debtors are set out in note 18.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group regularly monitors its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate credit lines from banks to meet its liquidity requirements in the short and longer term. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings. As at 31st December, 2014, the Group had available unutilised overdraft and short-term bank loan facilities of approximately HK\$15,133,000 (2013: HK\$15,503,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31st December, 2014 HK\$'000
2014					
Non-interest bearing	–	<u>197,200</u>	–	<u>197,200</u>	<u>197,200</u>
Fixed interest rate instrument	3.48%	<u>52</u>	<u>22</u>	<u>74</u>	<u>72</u>

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31st December, 2013 HK\$'000
2013					
Non-interest bearing	–	<u>147,591</u>	–	<u>147,591</u>	<u>147,591</u>



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

6. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value measurement of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the net amount received and receivable for goods sold by the Group to outside customers, less returns and allowances, during the year.

The information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance is focused on the type of products sold. During the year, the Group commenced the business of energy trading (including but not limited to fuel oil, oil and natural gas). Prior-year figures have been re-presented to conform with current year presentation.

Due to the disposal of Tai Sing Industrial Limited ("TSI" or the "Disposal Group") as described in note 11, which has the headphones and speaker systems businesses and the addition of energy trading business, the Group's reportable and operating segments from continuing operations under HKFRS 8 "Operating Segments" are as follows:

Continuing operations

- Speaker units mainly comprise speaker drivers for automotive, flat-panel TV and audio applications.
- Energy trading mainly comprises fuel oil, oil and natural gas.

Discontinued operations

- Headphones mainly comprise wireless and wired headphones.
- Speaker systems mainly comprise portable and stationary speaker systems.

In accordance with HKFRS 5, headphones, speaker systems and others are regarded as discontinued operations in current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 11.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

Reconciliation of segment results reviewed by CODM which are different from the Group's results are as follows:

Year ended 31st December, 2014

	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	517,115	34,002	551,117
Segment results	7,944	(73)	7,871
Reconciliation:			
Unallocated expense			(2,063)
Unallocated income			1,591
Finance costs	2	-	2
Profit before tax from continuing operations			7,401
Income tax expenses			(2,126)
Profit for the year from continuing operations			5,275
Segment assets	424,039	41,541	465,580
Reconciliation:			
Unallocated assets			978
Total assets			466,558
Segment liabilities	196,437	873	197,310
Reconciliation:			
Unallocated liabilities			1,811
Total liabilities			199,121
Other segment information			
Capital expenditure on property, plant and equipment	2,413	762	3,175
Depreciation	4,951	5	4,956
Reversal of write down of inventories	100	-	100
Research and development expenses	2,586	-	2,586



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Year ended 31st December, 2013	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	433,643	–	433,643
Segment results	2,593	–	2,593
Reconciliation:			
Unallocated expense			(1,787)
Unallocated income			247
Profit before tax from continuing operations			1,053
Income tax expenses			(543)
Profit for the year from continuing operations			510
Segment assets	252,160	–	252,160
Reconciliation:			
Unallocated assets			978
Total assets			253,138
Segment liabilities	147,682	–	147,682
Reconciliation:			
Unallocated liabilities			1,435
Total liabilities			149,117
Other segment information			
Capital expenditure on property, plant and equipment	8,809		8,809
Depreciation	5,159	–	5,159
Reversal of write down of inventories	1,329	–	1,329
Research and development expenses	2,604	–	2,604

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other information

Continuing operations

Segment result represents the profit earned by without allocation of finance costs, unallocated other income and administrative expenses, and taxation. This is the measure reported to the Group's CODM for the purpose of resource allocation and performance assessment.

Geographical information

The following table sets out information about the geographical locations of (i) the Group's revenue from continuing operations from external customers and (ii) the Group's non-current assets.

	Revenue from external customers		Non-current assets	
	Year ended			
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Japan	2,578	92,481	–	–
United States of America	3,923	80,790	–	–
Belgium	391,230	57,745	–	–
PRC	86,706	48,277	16,613	18,514
Germany	22,491	33,456	–	–
Canada	33,133	–	–	–
Other countries	11,056	120,894	–	–
	551,117	433,643	16,613	18,514



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customer

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

Revenue from a major customer which accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	2014 HK\$'000	2013 HK\$'000
Revenue from customer attributable to speaker units		
Company A	458,938	404,356

8. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Finance charges on obligations under finance lease	2	–

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

9. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	385	465
Cost of inventories recognised as an expense including net reversal of write down of inventories of HK\$100,000 (2013: HK\$1,329,000)	508,003	402,708
Depreciation	4,956	5,159
Net exchange loss (included in other gains and losses)	181	1,537
Staff costs		
Directors' emoluments (note 12)	4,040	780
Retirement benefit scheme contributions (note 27)	1,604	1,144
Other staff costs	68,802	65,340
Total staff costs	74,446	67,264
Operating lease rentals in respect of rented premises	8,671	8,364
Interest income	(1,603)	(166)



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

10. TAXATION

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
The charge comprises:		
Current tax for the year		
Hong Kong	546	58
PRC Enterprise Income Tax	1,135	607
	<u>1,681</u>	<u>665</u>
Under (over) provision in prior years		
Hong Kong	–	(223)
PRC Enterprise Income Tax	299	–
	<u>299</u>	<u>(223)</u>
Deferred taxation (note 24)		
Current year	146	101
	<u>2,126</u>	<u>543</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Pursuant to the relevant laws and regulations in the PRC, for the PRC subsidiaries without preferential tax rates, the subsidiary is subject to PRC Enterprise Income Tax at 25%.

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, distribution of the profits earned by the PRC subsidiaries since 1st January, 2008 shall be subject to PRC withholding tax. Deferred tax liability in respect of the withholding tax on the undistributed earnings of the Group's PRC subsidiary during the year has been provided at the applicable tax rate of 5%.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

10. TAXATION (Continued)

Taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation from continuing operations	<u>7,401</u>	<u>1,053</u>
Tax at Hong Kong Profits Tax rate of 16.5%	1,221	174
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	407	151
Tax effect of expenses not deductible for tax purposes	587	44
Tax effect of income not taxable for tax purposes	(290)	(73)
Under (Over) provision in respect of prior years	299	(223)
Tax effect of tax losses not recognised	29	363
Tax effect of deductible temporary differences not recognised	20	108
Effect of concessionary rate and tax exemption granted to a PRC subsidiary	(64)	–
Withholding tax on undistributed earnings of a PRC subsidiary (note 24)	146	101
Others	(229)	(102)
Taxation for the year	<u>2,126</u>	<u>543</u>

11. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 18th November, 2013, the Group entered into a disposal agreement (the "Disposal Agreement") with Metro Star Investments Limited ("Metro Star"), which is 100% beneficially owned by Mr. Cheung Wah Keung, who is an ex-substantial shareholder, an ex-Executive Director and the ex-Chairman of the Company, to dispose of 100% equity interest in Tai Sing Industrial Company Limited ("TSI" or the "Disposal Group"), one of the subsidiaries of the Group, which has the headphones and speaker systems businesses for a consideration of HK\$122.2 million (the "Disposal"). The Disposal was completed on 28th February, 2014, on which date the Group lost control of the Disposal Group. The Group's headphones and speaker systems manufacturing and trading operations have been treated as discontinued operations accordingly.

The assets and liabilities attributable to the headphones and speaker systems businesses, which are expected to be disposed of within twelve months from 31st December, 2013, have been classified as the disposal group held for sale as at 31st December, 2013.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

11. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The (loss) profit from the discontinued operations is analysed as follows:

	2014 HK\$'000	2013 HK\$'000
(Loss) Profit of discontinued operations for the year	(2,970)	5,073
Gain on disposal of TSI Group, net of transaction costs	5,267	–
	2,297	5,073

The results of headphones and speaker systems businesses are as follows:

	2014 HK\$'000	2013 HK\$'000
Revenue	83,320	644,063
Cost of sales	(74,322)	(549,772)
Other income	232	1,375
Selling and distribution costs	(1,408)	(10,378)
Administrative expenses	(7,177)	(54,780)
Research and development expenses	(3,181)	(14,231)
Impairment loss recognised on trade debtors	–	(3,327)
Other gains and losses	(69)	(3,703)
Finance costs	–	(2)
	(2,605)	9,245
(Loss) Profit before taxation	(2,605)	9,245
Taxation	(365)	(4,172)
	(2,970)	5,073

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

11. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

(Loss) Profit for the year from the discontinued operations include the following:

	2014	2013
	HK\$'000	HK\$'000
Auditor's remuneration	146	310
Cost of inventories recognised as an expense including net write down of inventories of HK\$420,000 (2013: HK\$6,106,000)	74,322	549,772
Depreciation	1,868	12,826
Net exchange loss (included in other gains and losses)	69	3,606
Staff costs	17,494	131,307
Directors' emoluments (note 12)	566	4,308
Retirement benefit scheme contributions	724	3,811
Other staff costs	17,494	131,283
Total staff costs	18,784	139,402
Operating lease rentals in respect of rented premises	2,020	11,705
Impairment loss recognised on trade debtors	–	3,327
Loss on disposal of property, plant and equipment (included in other gains and losses)	–	100
Interest income	(180)	(505)



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

11. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The net assets of Disposal Group at the date of disposal were as follows:

	As at 28th February, 2014 HK\$'000
Net assets disposed of	118,373
Reclassification of cumulative translation reserve	<u>(2,273)</u>
	116,100
Transaction costs directly associated with the disposal	833
Gain on disposal, net of transaction costs	<u>5,267</u>
	122,200
Total consideration	<u>122,200</u>
Satisfied by:	
Cash	<u>122,200</u>
Net cash inflow arising on disposal:	
Total cash consideration received	122,200
Less: transactions costs paid	(833)
Less: bank balance and cash disposed of	<u>(83,372)</u>
	<u>37,995</u>

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

11. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

Cash flows for the year from the discontinued operations were as follows:

	2014	2013
	HK\$'000	HK\$'000
Net cash from operating activities	28,990	16,639
Net cash from (used in) investing activities	1,087	(4,261)
Net cash used in financing activities	—	(15,000)
	<hr/>	<hr/>
Net cash flows	30,077	(2,622)
	<hr/> <hr/>	<hr/> <hr/>

The major classes of assets and liabilities of the headphones and speaker systems businesses as at 31st December, 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	HK\$'000
Property, plant and equipment	38,077
Rental deposits	399
Deposits for acquisition of property, plant and equipment	1,873
Inventories	62,466
Trade debtors, deposits and prepayments	210,903
Bank balances and cash	53,295
	<hr/>
Total assets classified as held for sale	367,013
	<hr/>
Trade creditors and accrued charges	207,827
Tax liabilities	2,262
	<hr/>
Total liabilities associated with assets classified as held for sale	210,089
	<hr/> <hr/>



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors and Chief Executive

The emoluments paid or payable to each of the 13 (2013: 5) directors and the chief executive were as follows:

	Fees	Other emoluments			Total
	HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payment expense HK\$'000	HK\$'000
2014					
Cheung Wah Keung (Resigned on 21st November, 2014)	–	2,260	11	–	2,271
Wong Sau Lik, Weeky Peter (Note) (Resigned on 25th April, 2014)	–	418	4	–	422
Goh Gen Cheung (Resigned on 30th November, 2014)	229	145	–	–	374
Lai Ming, Joseph (Retired on 23rd May, 2014)	99	–	–	–	99
Lam King Sun, Frankie (Resigned on 30th November, 2014)	229	145	–	–	374
Lin Caihuo (Appointed on 21st November, 2014)	–	133	–	–	133
Kang Guiping (Appointed on 21st November, 2014)	–	55	–	–	55
Wang Enguang (Appointed on 1st December, 2014)	–	17	–	–	17
Su Zhiyong (Appointed on 7th April, 2014 and resigned on 21st November, 2014)	75	578	6	–	659
Yip Yat Ming (Appointed on 7th April, 2014)	49	–	–	–	49
Yen Chanan (Appointed on 20th June, 2014 and resigned on 16th March, 2015)	133	–	–	–	133
Lum Pak Sum (Appointed on 1st December, 2014)	10	–	–	–	10
Tsui Man Yin (Appointed on 1st December, 2014)	10	–	–	–	10
	834	3,751	21	–	4,606

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors and Chief Executive *(Continued)*

	Fees HK\$'000	Other emoluments			Total HK\$'000
		Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payment expense HK\$'000	
2013					
Cheung Wah Keung (Resigned on 21st November, 2014)	-	2,195	15	-	2,210
Wong Sau Lik, Weekly Peter (Note) (Resigned on 25th April, 2014)	-	1,979	15	104	2,098
Goh Gen Cheung (Resigned on 30th November, 2014)	250	-	-	10	260
Lai Ming, Joseph (Retired on 23rd May, 2014)	250	-	-	10	260
Lam King Sun, Frankie (Resigned on 30th November, 2014)	250	-	-	10	260
	<u>750</u>	<u>4,174</u>	<u>30</u>	<u>134</u>	<u>5,088</u>

Note: Mr. Wong Sau Lik, Weekly Peter, is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by him as the Chief Executive.

(b) Employees

Of the five individuals with the highest emoluments in the Group, two (2013: two) were executive directors and the chief executive of the Company whose emoluments are set out above. The emoluments of the remaining three (2013: three) individuals were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,766	2,761
Retirement benefit scheme contributions	46	43
Share-based payment expense	-	(24)
	<u>1,812</u>	<u>2,780</u>



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees *(Continued)*

Their emoluments were within the following bands:

	2014	2013
	Number of employees	Number of employees
HK\$500,001 to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	1
	<hr/>	<hr/>

During both years, no emolument was paid by the Group to any of the directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive waived any emoluments during both years.

13. DIVIDENDS

	2014	2013
	HK\$'000	HK\$'000
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of dividend declared for 2014 of HK\$nil (2013: HK1.0 cent) per share	–	3,215
	<hr/>	<hr/>

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2014 (2013: HK\$nil).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

14. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>7,572</u>	<u>5,583</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>321,797</u>	<u>321,545</u>

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Figures are calculated as follows:		
Profit for the year attributable to owners of the Company	7,572	5,583
Less: Profit for the year from discontinued operations	<u>2,297</u>	<u>5,073</u>
Profit for the purposes of basic and diluted earnings per share from continuing operations	<u>5,275</u>	<u>510</u>

From discontinuing operations

Basic and diluted earnings per share for the discontinued operations is HK0.71 cents (2013: HK1.58 cents). Based on the profit for the year from the discontinued operations of HK\$2,297,000 (2013: HK\$5,073,000) and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options is higher than the average market price of the Company's share for both 2014 and 2013.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

15. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK\$'000	Moulds HK\$'000	Furniture, fixtures and office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1st January, 2013	148,883	3,913	39,974	31,676	3,493	227,939
Additions	4,617	375	2,678	698	441	8,809
Disposals	(171)	–	(10)	–	–	(181)
Classified as held for sale (Note)	(146,314)	(610)	(31,441)	(21,455)	(3,702)	(203,522)
Exchange adjustments	1,986	97	421	374	15	2,893
At 31st December, 2013	9,001	3,775	11,622	11,293	247	35,938
Additions	285	318	318	167	2,087	3,175
Disposals	–	–	(126)	–	–	(126)
Exchange adjustments	(31)	(11)	(35)	(31)	(1)	(109)
At 31st December, 2014	9,255	4,082	11,779	11,429	2,333	38,878
DEPRECIATION						
At 1st January, 2013	107,699	1,949	32,043	21,007	2,871	165,569
Provided for the year	11,102	588	2,947	3,230	118	17,985
Eliminated on disposals	(53)	–	(5)	–	–	(58)
Eliminated on amount classified as held for sale (Note)	(115,820)	(610)	(27,262)	(18,859)	(2,894)	(165,445)
Exchange adjustments	561	44	248	142	5	1,000
At 31st December, 2013	3,489	1,971	7,971	5,520	100	19,051
Provided for the year	754	635	1,080	2,282	205	4,956
Eliminated on disposals	–	–	(104)	–	–	(104)
Exchange adjustments	(9)	(3)	(3)	(2)	–	(17)
At 31st December, 2014	4,234	2,603	8,944	7,800	305	23,886
CARRYING VALUES						
At 31st December, 2014	5,021	1,479	2,835	3,629	2,028	14,992
At 31st December, 2013	5,512	1,804	3,651	5,773	147	16,887

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	10% – 20%
Moulds	33 ¹ / ₃ %
Furniture, fixtures and office equipment	20% – 25%
Leasehold improvements	20% or over lease term if shorter
Motor vehicles	20% – 25%

During the year, additions to motor vehicles of the Group financed by new finance lease was HK\$533,000 (2013: HK\$nil). At the end of the reporting period, the net book value of motor vehicle held under finance lease of the Group was HK\$480,000 (2013: HK\$nil).

Note: As at 31st December, 2013, all the assets and liabilities from the headphones and speaker systems businesses have been classified as assets/liabilities held for sale in accordance to HKFRS 5 (note 11).

16. INTANGIBLE ASSETS

**Club
membership**
HK\$'000
(Note)

COST AND CARRYING VALUES

As at 1st January, 2013, 31st December, 2013 and 31st December, 2014 978

Note: The club membership represents debentures of a golf club held on a long-term basis. It is considered by the management of the Group as having an indefinite useful life. It will not be amortised until the useful life is determined to be finite upon reassessment of the useful life annually by the management.

During the year ended 31st December, 2014, the club membership was tested for impairment by comparing its carrying amount with its recoverable amount, which was determined based on fair value less cost to sell in the market. The management of the Group determined that no impairment loss was necessary for the current year (2013: HK\$nil).



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

17. INVENTORIES

	2014 HK\$'000	2013 HK\$'000
Raw materials	12,537	17,677
Work in progress	7,740	9,848
Finished goods	18,941	19,339
	39,218	46,864

During the year, there was a significant usage of the obsolete raw materials in the manufacturing process. As a result, a net reversal of write down of raw materials of HK\$100,000 (2013: HK\$1,329,000) has been recognised and included in cost of sales in the current year.

An amount of HK\$62,466,000 (comprising raw materials of HK\$27,466,000, work in progress of HK\$15,850,000 and finished goods of HK\$19,150,000) at 31st December, 2013 has been classified as held for sale in note 11.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

18. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS

	2014 HK\$'000	2013 HK\$'000
Trade debtors	133,096	128,520
Less: Allowance for doubtful debts	—	—
	133,096	128,520
Other debtors, deposits and prepayments	49,568	8,833
	182,664	137,353

An amount of HK\$210,903,000 at 31st December, 2013 (comprising (i) trade debtors of HK\$195,290,000 (net of allowance for doubtful debts of HK\$29,473,000); and (ii) other debtors, deposits and prepayments of HK\$15,613,000) has been classified as held for sale in note 11.

Included in Group's debtors excluding those classified as held for sale are trade debtors with carrying amounts of HK\$133,096,000 in 2014 (2013: HK\$128,520,000), which were denominated in United States dollars which is a currency other than the functional currency of the respective group entity.

An amount of HK\$40,690,000 at 31st December, 2014 represented prepayments paid for energy trading product.

The Group normally allows a credit period of 30 days to 90 days (2013: 30 days to 90 days) to its trade customers and may further extend the credit period to selected customers depending on their trade volume and settlement history.

The following is an aged analysis of trade debtors (net of allowance for doubtful debts) presented based on the invoice dates at the end of the respective reporting periods, which approximated the respective revenue recognition dates. As at 31st December, 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale in note 11.

	2014 HK\$'000	2013 HK\$'000
Within 30 days	49,086	54,600
31 to 60 days	33,365	34,381
61 to 90 days	37,215	38,854
91 to 120 days	2,535	419
Over 120 days	10,895	266
	133,096	128,520



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

18. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Included in the Group's trade debtor balances are debtors with aggregate carrying amount of HK\$51,087,000 (2013: HK\$40,473,000) which have been past due at the end of reporting period. The Group does not hold any collateral over these balances. The balances that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered, as there has not been a significant change in credit quality and there has been substantial settlement after the end of the reporting period. In addition, the Group enters into an agreement with an insurance company to cover part of the individual trade debts. Accordingly, the Group considers the amounts are recoverable, therefore, no impairment loss is considered necessary.

Trade debtors which are neither past due nor impaired are considered recoverable as the balances related to a number of independent customers that have a good track record with the Group.

Ageing of trade debtors which are past due but not impaired

	2014 HK\$'000	2013 HK\$'000
Overdue by:		
Within 30 days	37,028	39,789
31 days to 90 days	6,522	420
91 days to 365 days	7,535	257
Over 365 days	2	7
Total	51,087	40,473

Movement in the allowance for doubtful debts:

	2014 HK\$'000	2013 HK\$'000
At 1st January,	-	26,175
Impairment losses recognised on trade debtors	-	3,298
Transfer to assets classified as held for sale	-	(29,473)
At 31st December	-	-

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

18. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

During the year ended 31st December, 2013, the Group recognised impairment losses on amounts due from customers that are engaged in headphones and speaker systems business given that the customers have been in severe financial difficulties. No impairment loss (2013: HK\$3,298,000) has been made for the year.

19. BANK BALANCES AND CASH

Bank balances and cash comprise certain short-term bank deposits at prevailing market interest rates ranging from 0.3% to 1.5% (2013: 0.1% to 1.5%) per annum.

Included in the Group's bank balances are bank balances with carrying amounts of HK\$20,672,000 (2013: HK\$14,192,000) which are denominated in United States dollars that are currencies other than the functional currencies of the respective group entities.

20. TRADE CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of the trade creditors presented based on the invoice date at the end of the respective reporting periods. As at 31st December, 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale in note 11.

	2014	2013
	HK\$'000	HK\$'000
Within 30 days	60,154	37,986
31 to 60 days	40,600	43,476
61 to 90 days	31,306	30,367
91 to 120 days	35,301	22,234
Over 120 days	13,904	2,347
	181,265	136,410
Accrued charges	15,973	11,272
	197,238	147,682



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

20. TRADE CREDITORS AND ACCRUED CHARGES *(Continued)*

An amount of HK\$207,827,000 at 31st December, 2013 (comprising (i) trade creditors of HK\$144,432,000; and (ii) accrued charges of HK\$63,395,000) has been classified as held for sale in note 11.

The average credit period on purchases of goods is 90 days.

Included in the Group's creditors are trade creditors with carrying amounts of HK\$8,571,000 (2013: HK\$4,390,000) which are denominated in United States dollars that are currencies other than the functional currencies of the respective group entities.

21. OBLIGATIONS UNDER FINANCE LEASE

As at 31st December, 2014, a motor vehicle is under finance lease. The lease term is 2 years (2013:nil). Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 3.48% (2013:nil). The leases have no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payment.

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Amounts payable under finance leases:				
Within one year	52	–	50	–
In more than one year but not more than two years	22	–	22	–
In more than two years but not more than five years	–	–	–	–
	<u>74</u>	–	<u>72</u>	–
Less: future finance charge	<u>(2)</u>	–	<u>–</u>	–
Present value of lease obligations	<u>72</u>	–	<u>72</u>	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(50)</u>	–
			<u>22</u>	–

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

22. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st January, 2013, 31st December, 2013 and 31st December, 2014	500,000,000	5,000
Issued and fully paid:		
At 1st January, 2013 and 31st December, 2013	321,545,564	3,215
Issue of shares upon exercise of share options	900,000	9
At 31st December, 2014	322,445,564	3,224

23. SHARE OPTION SCHEME

Equity-settled share option scheme

On 25th June, 2005, a share option scheme (the "Share Option Scheme") was approved and adopted by the shareholders of the Company. The particulars of the Share Option Scheme are as follows:

Purpose

To enable the Company to grant options to selected eligible participants as incentives or rewards for their contributions to the Group.

Eligible Participants

Eligible participants of the Share Option Scheme include:

- (i) (a) any executive director or full time or part time employee of or any person who has accepted an employment offer (whether full time or part time) by; or
 - (b) any non-executive director (including independent non-executive director) or officer of; or
 - (c) any person who is seconded to work for and has devoted at least 40% of his time to the business of; or
 - (d) any business partner, agent, consultant or representative of
- any member of the Group (the "Eligible Person"); and



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

23. SHARE OPTION SCHEME *(Continued)*

Equity-settled share option scheme *(Continued)*

Eligible Participants *(Continued)*

- (ii) any trust for the benefit of an Eligible Person or his immediate family members and a company controlled by an Eligible Person or his immediate family members.

Total number of ordinary shares available for issue

The total number of ordinary shares available for issue under the Share Option Scheme and any other schemes must not, in aggregate, exceed 32,154,556 ordinary shares, representing approximately 10% of the issued share capital of the Company as at the date of this annual report.

At the date of this annual report, no outstanding ordinary shares available for issue under the Share Option Scheme.

Maximum entitlement of each eligible participant

The maximum number of ordinary shares in respect of which options may be granted to each eligible participant in any 12-month period up to the date of grant is not permitted to exceed 1% of the ordinary shares in issue at the date of grant without prior approval from the Company's shareholders.

Any grant of options to any director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Where any grant of options to any substantial shareholder of the Company or any independent non-executive director or any of their respective associates would result in the total number of ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme or any other schemes in any 12-month period up to and including the date of grant to such person representing in aggregate over (i) 0.1% of the total ordinary shares then in issue and (ii) having an aggregate value, based on the closing price of the ordinary shares at the date of each offer, in excess of HK\$5,000,000, then the proposed grant must be approved in accordance with the Rules Governing the Listing of Securities on SEHK, including by way of ordinary resolution of the shareholders in general meeting, if so required.

Period within which the ordinary shares must be taken up under a share option

Within 10 years from the date of grant of the share option or such shorter period as the board of directors of the Company determines at the time of grant.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

23. SHARE OPTION SCHEME *(Continued)*

Minimum period, if any, for which an option must be held before it can be exercised

At the time of granting a share option, the board of directors of the Company will determine the minimum period(s), if any, for which a share option must be held before it can be exercised.

Amount payable on application or acceptance of the option

The board of directors of the Company may determine the amount, if any, payable on application or acceptance of the option and the period within which payments must or may be made. Upon acceptance of the option within 28 days from the date of the offer (or such other period as the board of directors of the Company may specify in the offer), the grantee shall pay the amount, if any, specified in the offer to the Company as consideration for the grant within such period as the Company shall specify.

Basis of determining the subscription price for the ordinary shares

The subscription price for the ordinary shares under the Share Option Scheme shall be determined by the board of directors of the Company and shall not be less than the highest of:

- (i) the closing price of the ordinary shares as stated in SEHK's daily quotations sheet on the date of offer of that grant, which must be a business day;
- (ii) the average of the closing prices per ordinary share as stated in SEHK's daily quotations sheet for the five business days immediately preceding the date of offer of that option; and
- (iii) the nominal value of the ordinary shares.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

23. SHARE OPTION SCHEME (Continued)

Basis of determining the subscription price for the ordinary shares (Continued)

Details of the movement of the outstanding share options under the Share Option Scheme during the year ended 31st December, 2014 are as follows:

Category of participants	Date of grant	Exercise price HK\$	Vesting date	Exercisable period	Number of share options					
					As at 01/01/2014	Granted	Exercised Note (b)	Cancelled	Lapsed Note (a)	As at 31/12/2014
Directors	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	1,353,000	-	297,000	-	1,056,000	-
				15/01/2013 – 27/12/2020	1,353,000	-	297,000	-	1,056,000	-
			15/01/2014	15/01/2014 – 27/12/2020	<u>1,394,000</u>	<u>-</u>	<u>306,000</u>	<u>-</u>	<u>1,088,000</u>	<u>-</u>
					<u>4,100,000</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
Employees	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	-	-	99,000	-
				15/01/2013 – 27/12/2020	99,000	-	-	-	99,000	-
			15/01/2014	15/01/2014 – 27/12/2020	<u>102,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,000</u>	<u>-</u>
					<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
		<u>4,400,000</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>3,500,000</u>	<u>-</u>			

- (a) The directors' share options lapsed since they resigned from the Company during the year as mentioned in Note 12. The employees' share options also lapsed during the year. They were employees of TSI Group, the Group complete the Disposal of TSI Group on 28th February, 2014, those employees then no longer to the Company's employees and thus their share options lapsed accordingly.
- (b) The weighted average share price at the date of exercise for share option exercised during the year was HK\$0.99 (2013: not applicable).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

23. SHARE OPTION SCHEME (Continued)

Basis of determining the subscription price for the ordinary shares (Continued)

Details of the movement of the outstanding share options under the Share Option Scheme during the year ended 31st December, 2013 are as follows:

Category of participants	Date of grant	Exercise price HK\$	Vesting date	Exercisable period	Number of share options					
					As at 01/01/2013	Granted	Exercised	Cancelled	Lapsed	As at 31/12/2013
Directors	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	1,353,000	-	-	-	-	1,353,000
			15/01/2013	15/01/2013 – 27/12/2020	1,353,000	-	-	-	-	1,353,000
			15/01/2014	15/01/2014 – 27/12/2020	1,394,000	-	-	-	-	1,394,000
					<u>4,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,100,000</u>
Employees	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	-	-	-	-	99,000
			15/01/2013	15/01/2013 – 27/12/2020	99,000	-	-	-	-	99,000
			15/01/2014	15/01/2014 – 27/12/2020	102,000	-	-	-	-	102,000
					<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
					<u>4,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,400,000</u>

The share-based payment expense of HK\$nil (2013: HK\$111,000) was recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

24. DEFERRED TAXATION

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

	Undistributed profits of a subsidiary HK\$'000
At 1st January, 2013	736
Charge to profit or loss	<u>101</u>
At 31st December, 2013	837
Charge to profit or loss	<u>146</u>
At 31st December, 2014	<u><u>983</u></u>

As at 31st December, 2014, the Group had unutilised tax losses carried forward to offset future taxable profits of HK\$274,000 (2013: HK\$14,011,000). The tax losses may be carried forward indefinitely. No deferred tax asset has been recognised in relation to these tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The Group has no significant unrecognised temporary differences on undistributed profits of its other subsidiaries except for above at the end of the reporting period.

25. OPERATING LEASE ARRANGEMENTS

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

	2014 HK\$'000	2013 HK\$'000
Within one year	7,957	7,658
In the second to fifth years inclusive	<u>—</u>	<u>—</u>
	7,957	7,658

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

25. OPERATING LEASE ARRANGEMENTS *(Continued)*

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for lease term for an initial period of one to seven years, with an option to renew the lease when all terms are renegotiated. The rentals are usually increased every three to five years to reflect market rentals. None of the leases includes contingent rentals.

26. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements

2014 HK\$'000	2013 HK\$'000
–	129

27. EMPLOYEE RETIREMENT BENEFITS

The Group joined the MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The obligation of the Group with respect to MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in future years.

Employees of the subsidiaries in the PRC are members of pension schemes operated by PRC local government. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the pension schemes to fund the benefits. The only obligation for the Group with respect to the pension schemes is the required contributions under the pension schemes.

The total cost charged to consolidated statement of profit or loss of HK\$1,604,000 (2013: HK\$1,144,000) represents contributions paid/payable to these schemes by the Group. At the end of the reporting period, there was no forfeited contribution available to reduce future contributions in both years.



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2014 HK\$'000	2013 HK\$'000
Fees	75	–
Salaries and other benefits	4,735	10,331
Retirement benefit schemes contributions	48	151
Share-based payment expense	–	(24)
	4,858	10,458

The remuneration of directors and key executives is recommended by the remuneration committee for approval by the board of directors having regard to the performance of individuals and market trends.

Other related party transactions

	2014 HK\$'000	2013 HK\$'000
TSI Group (Note):		
Technical service income	5,149	–
Reimbursement of administrative supporting service expenses	2,846	–
Sales of goods	26,181	–
	34,176	–

Note: The amounts represent transactions with TSI Group after the Disposal. TSI Group was formerly a subsidiary of the Company and now become a related company of the Group

Technical service income from TSI Group was based on estimated open market. No significant balance was carried forward at the end of the reporting period in respect of the current year and previous year

Sales to TSI Group were conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers. No significant balance was carried forward at the end of the reporting period in respect of the current year and previous year.

The related party transactions in respect of the Company and TSI Group above (excluding reimbursement of administrative supporting service expenses) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in Reports of the directors.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

29. EVENT AFTER REPORTING PERIOD

No significant events occurred after the end of the reporting period and up to the approval date of the financial statements.

30. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2014 HK\$'000	2013 HK\$'000
Non-current Assets		
Unlisted investment in subsidiaries	20,587	20,587
Amount due from a subsidiary	91,942	90,134
	<u>112,529</u>	<u>110,721</u>
Current Assets		
Amounts due from subsidiaries	40,782	105,644
Other receivables	69	213
Bank balances and cash	190,001	1,010
	<u>230,852</u>	<u>106,867</u>
Current Liability		
Amounts due to a subsidiary	125,287	–
Other payables	909	131
	<u>126,196</u>	<u>131</u>
Net Assets	<u>217,185</u>	<u>217,457</u>
Capital and Reserves		
Share capital	3,224	3,215
Reserves (Note)	213,961	214,242
	<u>217,185</u>	<u>217,457</u>

Note: The Company's reserves movement are as follows:



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

30. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

	Share premium HK\$'000	Special reserve HK\$'000 (Note (i))	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE COMPANY					
At 1st January, 2013	89,714	107,647	1,181	19,191	217,733
Loss for the year	–	–	–	(387)	(387)
Recognition of equity-settled share-based payment	–	–	111	–	111
2013 interim dividend paid	–	–	–	(3,215)	(3,215)
At 31st December, 2013	89,714	107,647	1,292	15,589	214,242
Loss for the year	–	–	–	(1,109)	(1,109)
Exercise of share options	1,093	–	(265)	–	828
Lapse of share options	–	–	(1,027)	1,027	–
At 31st December, 2014	<u>90,807</u>	<u>107,647</u>	<u>–</u>	<u>15,507</u>	<u>213,961</u>

Note (i):

Special reserve represents the difference between the consolidated net asset value of Shinhint Industries Limited at the date which the group reorganisation became effective and the aggregate nominal value of the shares issued by the Company pursuant to the group reorganisation in 2005.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31st December, 2014 and 2013 are as follows:

Name of subsidiary	Form of business structure	Place of incorporation or establishment	Paid up issued ordinary share capital/ registered capital	Proportion of interest held by the Company (Note 1)		Principal activities
				2014	2013	
Shinhint Industries Limited	Incorporated	Hong Kong	HK\$5,000,000	100%	100%	Investment holding and trading of components of electronic appliances
Tai Sing Industrial Company Limited	Incorporated	Hong Kong	HK\$5,000,000	–	100%	Investment holding and trading of moulds, headphones and speakers related components
Crown Million Industries (International) Limited	Incorporated	Hong Kong	HK\$10,000	100%	100%	Investment holding and trading of home theatre and automobiles speakers system
Fully Sino Industrial Limited	Incorporated	Hong Kong	HK\$1	100%	–	Investment holding
Perfect Goal Holdings Limited	Incorporated	Hong Kong	HK\$1	100%	100%	Investment holding
Fortune Winner (Hong Kong) Limited	Incorporated	Hong Kong	HK\$1	100%	–	Oil trade center
裕華能源(廈門)有限公司	Wholly foreign-owned enterprise	PRC	HK\$1	100%	–	Oil trade centre
Max Achieve Holdings Limited	Incorporated	Hong Kong	HK\$1	100%	100%	Trading of home theatre and automobiles speakers systems
Shinhint Industrial Holdings Limited ("Shinhint Industrial")	Incorporated	British Virgin Islands	US\$1	100%	100%	Investment holding
Huiyuan Developments Limited	Incorporated	British Virgin Islands	US\$1	100%	–	Investment holding



Notes to the Consolidated Financial Statements

For the year ended 31st December, 2014

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Particulars of the Company's principal subsidiaries at 31st December, 2014 and 2013 are as follows:

(Continued)

Name of subsidiary	Form of business structure	Place of incorporation or establishment	Paid up issued ordinary share capital/ registered capital	Proportion of interest held by the Company (Note 1)		Principal activities
				2014	2013	
Chuang Hui Group limited	Incorporated	British Virgin Islands	US\$1	100%	–	Investment holding
Blessing Garden Limited	Incorporated	British Virgin Islands	US\$1	100%	–	Investment holding
Shinhint Technology (Shenzhen) Limited	Wholly foreign-owned enterprise	PRC	HK\$4,750,000	100%	100%	Research and development
DongGuan Shinhint Audio Technology Limited	Wholly foreign-owned enterprise	PRC	HK\$10,000,000	100%	100%	Manufacturing of home theatre and automobiles speakers system
Dongguan Tai Sing Audio Technology Limited	Wholly foreign-owned enterprise	PRC	US\$5,898,400	–	100%	Manufacturing of moulds, headphones and speakers related components
富華(福建)能源有限公司	Wholly foreign-owned enterprise	PRC	HK\$40,000,000	100%	–	Oil trade center

Notes:

- Other than Shinhint Industrial and Huiyuan Development Limited, all other subsidiaries are indirectly held by the Company.
- None of the subsidiary had any debt securities outstanding at 31st December, 2014 and 2013 or during the years then ended.

Financial Summary

	Year ended 31st December,				2014 HK\$'000
	2010 HK\$'000 (Note)	2011 HK\$'000 (Note)	2012 HK\$'000	2013 HK\$'000	
RESULTS					
Continuing operations:					
Revenue	<u>1,056,154</u>	<u>1,150,524</u>	<u>398,451</u>	<u>433,643</u>	<u>551,117</u>
Profit (Loss) for the year from continuing operations	10,683	(35,990)	2,555	510	5,275
Discontinued operations:					
Profit (Loss) for the year	<u>—</u>	<u>—</u>	<u>(35,953)</u>	<u>5,073</u>	<u>2,297</u>
Profit (Loss) for the year	<u>10,683</u>	<u>(35,990)</u>	<u>(33,398)</u>	<u>5,583</u>	<u>7,572</u>
Attributable to:					
Owners of the Company	10,683	(35,990)	(33,398)	5,583	7,572
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>10,683</u>	<u>(35,990)</u>	<u>(33,398)</u>	<u>5,583</u>	<u>7,572</u>

	At 31st December,				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
ASSETS AND LIABILITIES					
Total assets	590,054	704,923	612,513	620,151	466,558
Total liabilities	<u>(259,551)</u>	<u>(415,988)</u>	<u>(356,939)</u>	<u>(359,206)</u>	<u>(199,121)</u>
Shareholders' funds	<u>330,503</u>	<u>288,935</u>	<u>255,574</u>	<u>260,946</u>	<u>267,437</u>
Equity attributable to owners of the Company					
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>330,503</u>	<u>288,935</u>	<u>255,574</u>	<u>260,946</u>	<u>267,437</u>

Note: The comparative figures for the years ended 31st December, 2010 and 2011 are not restated as it is not practicable to split into continuing operations and discontinued operations for these years.

