SUMMIT ASCENT
凱升控股有限公司
Holdings Limited

Annual Report 2014

Summit Ascent Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 102

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HIGHLIGHTS

- Turnover in 2014 was HK$21.9 million, compared with HK$7.9 million in 2013.
- Loss for the year was HK$78.9 million, compared with HK$79.5 million in 2013. The losses were mainly attributable to non-cash share-based payments of HK$84.2 million incurred during the year.
- Net proceeds generated from a share placement in April 2014 were HK$562.4 million.
- The Group spent US$20.2 million (equivalent to approximately HK$157.5 million) on the acquisition of the additional 14% equity interest in the joint ventures, which increased the Group's shareholding in the Russian Federation project from 46% to 60%. Furthermore, the Group provided its pro rata proportion of the additional funding to the joint ventures in the form of a Shareholder Convertible Loan of US$82.6 million (equivalent to approximately HK$642.7 million).
- Net assets of the Group were HK$1,002.3 million as at 31 December 2014, compared with HK$616.8 million as at 31 December 2013.

CHAIRMAN'S STATEMENT

In my second report as Chairman, I am pleased to report that substantial progress has been made by the Group (consisting of Summit Ascent Holdings Limited (the "Company" or "Summit Ascent") and its subsidiaries) on numerous fronts. The year was also significant as the Group effectively surmounted hurdles often encountered as a first-mover in a virgin jurisdiction.

In 2014, the Group raised its shareholding in the equity ownership of the Russian Federation joint venture from 46% to 60%, construction of the hotel and gaming resort continues progressing rapidly as we approach our anticipated opening in 2015, the local government demonstrated its ongoing support of the project through road and other infrastructure development, and senior management positions have been filled with top-tier talent. In addition, the Company conducted a successful fundraising in April 2014 with the net proceeds primarily used to fund our increase in equity ownership and our portion of the additional funding of the project, which is required to bring the project design up to an international standard and improve security and surveillance capabilities. We also announced that we entered into a memorandum of understanding with China Construction (Russia) Company Limited to not only complete the construction and fit out of phase one, but to also serve as the main contractor on phase two and assist with sourcing state-owned bank financing of the latter project.

From a macro perspective, the year has proven to be a pivotal one. On the one hand, the Asian gaming sector has come under pressure and Macau recorded its first full-year revenue decline in 2014 after more than a decade of robust double-digit growth and an exceptionally strong performance in 2013. On the other hand, Sino-Russia political relations have continued to improve, and the two countries have grown increasingly economically interdependent most clearly evidenced by the historic gas deal signed in 2014, under which the Russian Federation will sell significant stores of natural gas to China for 30 years.

The challenges experienced have also presented us with opportunities and we remain optimistic about the prospects of the Company's gaming and resort development in the Russian Federation Far East, which has so far attracted more international investment than the country's other gaming zones. The Russian Federation maintains its position as an attractive gaming and corporate tax environment and currency fluctuations have made it an even greater value to visitors, which will assist in the development of tourism and have lowered the cost of doing business by foreign investors in the jurisdiction. With neighboring northern China, Korea and Japan all within a 3-hour flight radius, the prime location of our resort remains unparalleled.

Lastly, I would like to express my appreciation for the effort and commitment demonstrated by my fellow Board members, management team, and staff in overcoming the challenges of 2014 and preparing Summit Ascent for the next step in its evolution. I would also like to thank our business partners, clients, and loyal shareholders for their trust and continued support.

Ho, Lawrence Yau Lung
Chairman and Non-Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

For the year ended 31 December 2014, the Group continued to engage in the trading of tiles and engineering operations products. The Group recorded a turnover of HK$21.9 million for the year ended 31 December 2014, representing an increase of 177% over the corresponding period in 2013 (2013: HK$7.9 million). The significant increase of turnover met our expectations and was mainly attributable to unit volume increases stemming from customers in Macau. However, this volume increase came at a reduced gross profit margin of 7.4% for the year ended 31 December 2014 (2013: 34%) due to competitive pricing pressure.

Loss of the Group amounted to HK$78.9 million for the year ended 31 December 2014 (2013: loss of HK$79.5 million), mainly attributable to non-cash share-based compensation benefits of HK$84.2 million (2013: HK$61.5 million).

The Group also generated bank interest income of HK$4.7 million (2013: HK$1 million) and imputed interest income of HK$17.4 million (2013: nil) arising from a shareholder convertible loan granted to Oriental Regent Limited ("Oriental Regent") for the year ended 31 December 2014.

Adjusted LBITDA of the Group, representing loss after adjustment for share-based compensation benefits, share of losses of joint ventures and before accounting for interest income and expense, tax, and depreciation was HK$16.2 million for the year ended 31 December 2014 (2013: LBITDA of HK$17.8 million).

The Group has secured orders for the trading of tiles and engineering operations products worth approximately HK$16 million, which is expected to contribute positively to the earnings of the Group for the year ending 31 December 2015.

Segment Information

The Group has two operating segments: (1) trading of tiles and engineering operations products; and (2) gaming and hotel operations. The Group's revenue for the years ended 31 December 2014 and 2013 was solely derived from the trading of tiles and engineering operations products.

Upon acquisition of 46% equity interest of Oriental Regent in October 2013, a new business, which is related to the development of hotel and gaming business in the Russian Federation, has been added as an operating and reportable segment: "Gaming and Hotel Operations". After the additional acquisition of 14% equity interest in 2014, the 60% owned Oriental Regent continues to be accounted for as a joint venture and its results have been equity accounted for in the consolidated financial statements of the Group, on the basis that the Group continues to be subject to the mutual consents among the shareholders of Oriental Regent in all material decisions and/or transactions.

At 31 December 2014, the carrying amount of the Group's interest in Oriental Regent was HK$892.0 million (2013: HK$257.9 million). Oriental Regent and First Gambling Company of the East LLC ("FGCE") recorded no turnover in 2013 and 2014 but incurred some pre-opening expenses. As a result of the sharp depreciation of the Russian Rouble in 2014, these pre-opening expenses were largely offset by the non-cash foreign exchange gain when FGCE retranslated its monetary items denominated in the United States Dollar to the Russian Rouble for consolidation purpose. Accordingly, the Group just shared losses of the joint ventures of approximately HK$407,000 in the consolidated statement of profit or loss for the year ended 31 December 2014 (2013: losses of HK$1.3 million).

The analysis of the Group's turnover and results by operating and reportable segment is stated in note 8 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Acquisitions and Investments Held

On 23 April 2014, Summit Ascent Russia Limited ("SARL"), a wholly-owned subsidiary of the Company, New Crescent Investments Limited ("New Crescent"), a wholly-owned subsidiary of Melco International Development Limited, Firich Investment Limited ("Firich"), Elegant City Group Limited ("Elegant City") and Oriental Regent entered into an acquisition agreement, pursuant to which, SARL and Firich agreed to acquire 14% and 1% of the equity interest in Oriental Regent, respectively, from Elegant City (the "Acquisition"). The consideration for the Acquisition paid by SARL for the additional 14% equity stake in Oriental Regent was US$20,244,000 (equivalent to approximately HK$157,498,000). This valuation equates to approximately two times the relevant percentage of the consolidated net asset value of Oriental Regent as at 31 December 2013. With shareholders' approval at the special general meeting held on 13 June 2014 and upon completion of the Acquisition on 15 July 2014, SARL, New Crescent, Firich and Elegant City own 60%, 5%, 20% and 15% of Oriental Regent respectively.

The following table sets forth a reconciliation of Adjusted LBITDA of Oriental Regent to loss attributable to owners of Oriental Regent:

	1.1.2014 to 31.12.2014 HK$'000	1.11.2013 to 31.12.2013 HK$'000
Revenue	**–**	–
Adjusted LBITDA	**(34,187)**	(2,477)
Foreign exchange gain *(Note 1)*	**58,104**	–
Interest income	**1,345**	–
Interest expense	**(28,955)**	(411)
Income tax credit	**1,452**	102
Depreciation and amortisation	**(482)**	–
Loss attributable to owners of Oriental Regent	**(2,723)**	(2,786)
Proportion of the Group's interest in Oriental Regent *(Note 2)*	**60%**	46%
Group's share of losses of Oriental Regent	**(407)**	(1,282)

Note 1: Foreign exchange gain arose from the retranslation of monetary items.

Note 2: The Group acquired 46% equity interest in Oriental Regent effective from 1 November 2013 and increased its shareholding from 46% to 60% on 15 July 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Additional Funding for the Project

On 15 July 2014, each shareholder of Oriental Regent entered into a shareholder convertible loan agreement with Oriental Regent to provide Oriental Regent with its pro rata proportion of the additional funding by way of ordinary shareholder convertible loan (the "Shareholder Convertible Loan") as contemplated under the investment and shareholders agreement dated 23 August 2013 (the "Investment Agreement") required to fund the project in the Russian Federation, details of which were as follows:

	Amount of the additional funding US$
SARL	82,614,600
New Crescent	6,884,550
Firich	27,538,200
Elegant City	20,653,650
Total:	**137,691,000**

The Shareholder Convertible Loans are unsecured, non-interest bearing, and repayable after three years from 15 July 2014, which shall automatically renew for another term of three years. The board of Oriental Regent may change the term from time to time, provided that the change must be made in respect of all Shareholder Convertible Loans outstanding at the relevant time on the same terms and on the same date.

The Shareholder Convertible Loans can only be converted into new shares of Oriental Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. If, at the option of Oriental Regent, the Shareholder Convertible Loan (or a portion thereof) is to be converted into new shares of Oriental Regent, conversion must occur in respect of all Shareholder Convertible Loans outstanding at the relevant time (or corresponding portions thereof), on a pro rata basis in proportion to the respective amounts of Shareholder Convertible Loans outstanding at the relevant time. Unless otherwise determined by the board of Oriental Regent, the lender of the Shareholder Convertible Loan or its permitted assignee shall not have any right of redemption or conversion in respect of the Shareholder Convertible Loan (or any part thereof).

Transfers of Shares in Oriental Regent and Assignments of Shareholder Loans

In September 2014, the Company was notified by Elegant City that Elegant City has entered into agreements with the parties described below in respect of transfers of the 21,000 shares in Oriental Regent owned by Elegant City, and the assignment of the Shareholder Convertible Loan of US$20,653,650 advanced by Elegant City to Oriental Regent (the "Transfers"), as follows:

(a) as to 7,000 shares (representing 5% of the issued share capital of Oriental Regent) and the Shareholder Convertible Loan amount of US$6,884,550, to Firich;

(b) as to 3,500 shares (representing 2.5% of the issued share capital of Oriental Regent) and the Shareholder Convertible Loan amount of US$3,442,275, to Perfect Giant Investments Limited, a company incorporated in Hong Kong; and

(c) as to 10,500 shares (representing 7.5% of the issued share capital of Oriental Regent) and the Shareholder Convertible Loan amount of US$10,326,825, to Calm Valley Trust, a discretionary trust set up in Hong Kong by Mr. Oleg Drozdov, the sole shareholder of Elegant City, for the benefit of his three children and a relative.

MANAGEMENT DISCUSSION AND ANALYSIS

With effect from completion of the Transfers, certain terms of the Investment Agreement have been amended. The key amendments relate mainly to the following: (i) the removal of Elegant City's rights to appoint directors to Oriental Regent or FGCE, to vote on specified reserved matters and other related rights; and (ii) Firich will have the right to appoint an additional director (bringing their representation to 2 directors in total) to each of Oriental Regent and FGCE. Save for the above and other minor amendments, the provisions of the Investment Agreement remain and continue to be in full force and effect and binding on the parties to the Investment Agreement.

The shareholding of the Company in Oriental Regent is not affected by the Transfers and the shareholding structure of Oriental Regent, subsequent to the transfers and as at 31 December 2014, are set forth as follows:

	% of share capital
SARL	60%
New Crescent	5%
Firich	25%
Calm Valley Trust	7.5%
Perfect Giant Investments Limited	2.5%
Total:	**100%**

Capital Structure

On 10 April 2014, the Company proposed a 2 for 1 share split whereby each of the existing issued and unissued shares of the Company with a par value of HK$0.05 be divided into two shares with a new par value of HK$0.025 each (the "Share Subdivision"). The Share Subdivision reduced the nominal value and trading price of each share and increased the total number of shares of the Company in issue, but did not otherwise affect the corresponding rights of the Company's shareholders. Subsequent to the Share Subdivision, the authorized share capital of the Company becomes HK$80,000,000 divided into 3,200,000,000 shares. The Directors are of the view that the Share Subdivision could increase the number of shares of the Company which enables the Company to attract more investors thereby broadening its shareholders' base. Following the passing of an ordinary resolution at the annual general meeting of the Company, the Share Subdivision became effective on 16 June 2014.

Liquidity and Financial Resources

As at 31 December 2014, cash and bank balances held by the Group amounted to HK$113.2 million (31 December 2013: HK$359.6 million), nearly 100% of which was denominated in Hong Kong dollar (31 December 2013: 100%). The Group continues to maintain a strong financial position with no borrowings throughout the year ended 31 December 2014. Most of the Group's cash balances are placed with reputable financial institutions.

The Group remained conservative in its working capital management. Net current assets of the Group maintained at HK$110 million as at 31 December 2014 (31 December 2013: HK$358.8 million). The Group's principal source of liquidity for the year ended 31 December 2014 was cash inflows from the new issuance of equity shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the placing agreement dated 23 April 2014 (the "Placing Agreement") entered into among Quick Glitter Limited, a company owned by Mr. Ho, Lawrence Yau Lung, who is the controlling shareholder of the Company (the "Vendor"), the Company and BNP Paribas Securities (Asia) Limited (the "2014 Placing Agent"), the Vendor has sold and the 2014 Placing Agent has successfully placed 52,000,000 shares (the "2014 Placing Shares") at a placing price of HK$11.30 *(Note)* per share (the "2014 Placing Price") to no fewer than six independent third-party investors otherwise unrelated to the Company. Pursuant to the subscription agreement dated 23 April 2014 (the "Subscription Agreement") entered into between the Vendor and the Company, the Vendor has subscribed for, and the Company has issued, such number of ordinary shares which is equal to the number of the 2014 Placing Shares sold by the Vendor at the 2014 Placing Price. The closing price per share in the Company as quoted on The Stock Exchange of Hong Kong Limited on 22 April 2014 was HK$12.86 *(Note)*, being the date on which the terms of the Placing Agreement and the Subscription Agreement were fixed. The net proceeds from the placement after relevant expenses and costs amounted to approximately HK$562.4 million with a corresponding net price per 2014 Placing Share of approximately HK$10.86 *(Note)*, have been used for the purpose of financing further investments into the gaming and resort project in the Russian Federation and as general working capital. The completion of the Placing Agreement and the Subscription Agreement took place on 28 April 2014 and 5 May 2014, respectively.

Subsequently, the Group spent US$20,244,000 (equivalent to approximately HK$157,498,000) on the acquisition of the additional 14% equity interest in Oriental Regent. Furthermore, the Group provided its pro rata proportion of the additional funding to Oriental Regent in the form of Shareholder Convertible Loan of US$82,614,600 (equivalent to approximately HK$642,742,000).

Note: Being prices before adjusting for the Share Subdivision.

Charges on Assets

None of the Group's assets was pledged or otherwise encumbered as at 31 December 2014 and 2013.

Exposure to Fluctuations in Exchange Rates

The consolidated financial statements of the Group are presented in Hong Kong dollar. The Group's monetary assets, liabilities and transactions are principally denominated either in United States dollar or Hong Kong dollar. Given that Hong Kong dollar is pegged against United States dollar, exchange rate fluctuation is nominal and hedging against foreign currency exposure is not necessary.

Capital Commitment

The Group's pro-rata share of the capital commitments relating to its joint venture, Oriental Regent, to contribute funds for the acquisition of property, plant and equipment in the gaming and resort development project in the Russian Federation totaled HK$261.1 million as at 31 December 2014 (31 December 2013: HK$54.4 million).

Contingent Liabilities

There were no contingent liabilities as at 31 December 2014 and 2013.

Employees

At 31 December 2014, the Group had 21 employees for its operations based in Hong Kong (31 December 2013: 14). The Group continues to provide remuneration packages and training programmes to employees in line with prevailing market practices. In addition to the contributory provident fund and medical insurance, the Company has a share option program in place and occasionally may grant share options to directors, employees and consultants of the Group as incentives.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

Oriental Regent represents a valuable opportunity for the Company to diversify into a new business with a great deal of potential. Its wholly owned subsidiary, FGCE, holds a gaming license awarded by the Administration of the Primorye Region to conduct gaming activities in the Integrated Entertainment Zone of the Primorye Region, the Russian Federation (the "IEZ"), pursuant to which the project is being developed by FGCE. The proposed casino and resort is geographically close to the target feeder markets of Heilongjiang, Jilin and Liaoning provinces in Northeastern China, as well as South Korea and Japan, carries a very favourable tax environment for gaming activity compared to other jurisdictions, and is expected to be the first and only legitimate casino operating in the Far Eastern region of the Russian Federation for next few years. For these reasons, the Group remains optimistic and moreover sought to acquire an additional 14% equity interest in the project in 2014.

The construction of the integrated resort in the Russian Federation is nearing completion. Being the single largest shareholder in the joint venture we are actively involved in all phases of construction, staffing of the resort and execution of our business plan. The Primorye government continues to support the development of the IEZ as evidenced by its ongoing construction of the new throughway from the international airport to the IEZ, as well as their statements to the press and their commitment to developing tourism in the region.

With the overall positive developments above, the Company looks forward to executing on our business strategy and building on the potential success of the phase one development to gain momentum towards our more substantial phase two development in the IEZ.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Ho, Lawrence Yau Lung (aged 38)
Chairman and Non-executive Director

Mr. Ho was appointed as the Chairman and a Non-executive Director of the Company in July 2013. He is also a director of certain subsidiaries of the Company. Mr. Ho is a director of Quick Glitter Limited (a substantial shareholder of the Company) which is wholly owned by him. He is currently the chairman and chief executive officer of Melco International Development Limited, a company listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and co-chairman and chief executive officer of Melco Crown Entertainment Limited, a company listed on Hong Kong Stock Exchange and the NASDAQ Global Select Market in the United States, that holds one of six gaming concessions and subconcessions to develop, own and operate casino gaming and entertainment resort facilities in Asia.

As a member of the National Committee of the Chinese People's Political Consultative Conference, Mr. Ho also serves on numerous boards and committees of privately held companies in Hong Kong, Macau and mainland China. He is a member of the Board of Directors, member of the Executive Committee, and a vice patron of The Community Chest of Hong Kong; member of Science and Technology Council of the Macau SAR Government; member of All China Youth Federation; member of Macau Basic Law Promotional Association; chairman of Macau International Volunteers Association; member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong; honorary lifetime director of The Chinese General Chamber of Commerce of Hong Kong; honorary patron of The Canadian Chamber of Commerce in Macao; honorary president of Association of Property Agents and Real Estate Developers of Macau and director executive of Macao Chamber of Commerce.

In recognition of Mr. Ho's excellent directorship and entrepreneurial spirit, Institutional Investor honored him as the "Best CEO" in 2005. He was also granted the "5th China Enterprise Award for Creative Businessmen" by the China Marketing Association and China Enterprise News, "Leader of Tomorrow" by Hong Kong Tatler and the "Directors of the Year Award" by the Hong Kong Institute of Directors in 2005.

As a socially-responsible young entrepreneur in Hong Kong, Mr. Ho was selected as one of the "Ten Outstanding Young Persons Selection 2006", organized by Junior Chamber International Hong Kong. In 2007, he was elected as a finalist in the "Best Chairman" category in the "Stevie International Business Awards" and one of the "100 Most Influential People across Asia Pacific" by Asiamoney magazine. In 2008, he was granted the "China Charity Award" by the Ministry of Civil Affairs of the People's Republic of China. And in 2009, Mr. Ho was selected as one of the "China Top Ten Financial and Intelligent Persons" judged by a panel led by the Beijing Cultural Development Study Institute and Fortune Times, and was named "Young Entrepreneur of the Year" at Hong Kong's first Asia Pacific Entrepreneurship Awards.

Mr. Ho was selected by FinanceAsia magazine as one of the "Best CEOs in Hong Kong" for the fifth time in 2014. He was also awarded "Asia's Best CEO" at the Asian Excellence Awards by Corporate Governance Asia magazine for the third time, and was honored as one of the recipients of the Asian Corporate Director Recognition Awards for three consecutive years in 2014.

Mr. Ho graduated with a Bachelor of Arts degree in commerce from the University of Toronto, Canada in June 1999 and was awarded the Honorary Doctor of Business Administration degree by Edinburgh Napier University, Scotland in July 2009 for his contribution to business, education and the community in Hong Kong, Macau and China.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang, John Peter Ben (aged 54)
Deputy Chairman and Executive Director

Mr. Wang has been an Executive Director of the Company since March 2011. He was appointed as Deputy Chairman of the Company in July 2013 and before that, he was the Chairman of the Company from March 2011 to July 2013. He is a director of certain subsidiaries of the Company. He is currently a non-executive director of Melco Crown Entertainment Limited, a company listed on the Hong Kong Stock Exchange and NASDAQ Global Select Market in the United States.

He previously held non-executive directorships in Anxin-China Holdings Limited, MelcoLot Limited, Oriental Ginza Holdings Limited (now renamed Carnival Group International Limited) and China Precious Metal Resources Holdings Co., Ltd, companies listed on the Hong Kong Stock Exchange. From 2004 to 2009, Mr. Wang was the chief financial officer of Melco International Development Limited ("Melco"), a company listed on the Hong Kong Stock Exchange. Prior to joining Melco in 2004, Mr. Wang had over 18 years of professional experience in the securities and investment banking industry. His previous employers include JS Cresvale Securities International Limited, Deutsche Morgan Grenfell Securities Hong Kong Limited, Credit Lyonnais Securities (Asia) Limited, Carr Indosuez Asia Limited and Bear Stearns (Hong Kong) Limited. Mr. Wang qualified as a chartered accountant with the Institute of Chartered Accountants of England and Wales in 1985.

Mr. Tsui Yiu Wa, Alec (aged 65)
Independent Non-executive Director

Mr. Tsui has been an Independent Non-executive Director of the Company since March 2011. He is also the chairman of the remuneration committee and corporate governance committee and a member of the audit committee and nomination committee of the Company.

He is currently the chairman of WAG Worldsec Corporate Finance Limited, an independent non-executive director of a number of listed public companies including COSCO International Holdings Limited, China Power International Development Limited, Pacific Online Limited and Kangda International Environmental Company Limited, all of them are listed on the Hong Kong Stock Exchange, China Oilfield Services Limited, a company listed on both the Hong Kong Stock Exchange and Shanghai Stock Exchange, Melco Crown Entertainment Limited, a company listed on the Hong Kong Stock Exchange and NASDAQ and ATA Inc., a company listed on NASDAQ and an independent director of Melco Crown (Philippines) Resorts Corporation, a company listed on the Philippine Stock Exchange. He is also an independent non-executive director of Industrial & Commercial Bank of China (Asia) Limited ("ICBC (Asia)") starting from 2000. ICBC (Asia) was listed on the Hong Kong Stock Exchange till December 2010 when it was privatized.

Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission prior to joining the Hong Kong Stock Exchange in 1994 as an Executive Director of the Finance and Operations Services Division and becoming the chief executive in 1997. He was Chairman of the Hong Kong Securities Institute from 2001 to 2004. He was an advisor and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002. He previously served as an independent non-executive director of certain Hong Kong listed companies, namely Synergis Holdings Limited, Vertex Group Limited, Greentown China Holdings Limited, China Huiyuan Juice Group Limited, China BlueChemical Ltd and China Chengtong Development Group Limited.

Mr. Tsui graduated from the University of Tennessee with a Bachelor of Science degree and a Master of Engineering degree in industrial engineering. He completed a Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Pang Hing Chung, Alfred (aged 53)
Independent Non-executive Director

Mr. Pang has been an Independent Non-executive Director of the Company since March 2011. He is also a member of the audit committee of the Company. He is currently the chairman of Standard Advisory Asia Ltd. ("Standard") and a member of Standard's Asia Executive Committee. He is also an independent non-executive director of MelcoLot Limited, a company listed on the Hong Kong Stock Exchange. Mr. Pang has over 25 years of financial, management and investment banking experience in China, Asia and the United States. Before joining Standard, Mr. Pang was the managing director and vice chairman, Investment Banking Division, at BOC International Holdings Ltd. ("BOCI") where he was also the Chairman of BOCI's commitment committee. Prior to joining BOCI, he was the managing director and president, Asia at the US investment banking firm of Donaldson Lufkin & Jenrette. Mr. Pang holds dual Bachelor of Arts (in Economics) & Bachelor of Science (in Electrical Engineering) Degrees from Cornell University, and MBA Degree from Stanford University Graduate School of Business in the United States.

Dr. Tyen Kan Hee, Anthony (aged 59)
Independent Non-executive Director

Dr. Tyen has been an Independent Non-executive Director of the Company since March 2011. He is also the chairman of the audit committee and nomination committee and a member of the remuneration committee and corporate governance committee of the Company. He is currently an independent non-executive director of Melco International Development Limited and ASR Logistics Holdings Limited (formerly known as ASR Holdings Limited), both of them are listed on the Hong Kong Stock Exchange, and an independent director of Entertainment Gaming Asia Inc., a company listed on the NASDAQ Capital Market and Alpha Peak Leisure Inc., a company listed on the TSX Venture Exchange Inc. He was previously an independent non-executive director of two Hong Kong listed companies, namely, Value Convergence Holdings Limited and Recruit Holdings Limited. Dr. Tyen holds a Doctoral degree in Philosophy and a Master degree in Business Administration, both from The Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of both the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators and a member of the Taxation Institute of Hong Kong. He is currently a practising certified public accountant in Hong Kong and has over 37 years' experience in auditing, accounting, management and company secretarial practice.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Craig Robertson Ballantyne (aged 65)
Chief Operating Officer – Russian Operations

Mr. Ballantyne joined the Group as Chief Operating Officer, Russian Operations in June 2014 and has been appointed as general director of First Gambling Company of the East LLC in which the Group holds an equity interest of 60%, since November 2014. Mr. Ballantyne came with a wealth of international gaming and entertainment industry experience gained during his career spanning 40 years. Prior to joining the Group, Mr. Ballantyne joined Ladbrokes plc. in 1972, became a casino manager in 1976 and had since 1979 held casino general manager positions for several casino properties for Ladbrokes plc. and later Stakis Casinos in the United Kingdom. From 1990 onwards, Mr. Ballantyne managed casinos and resorts in various countries, such as Poland, Russia, Lebanon, South Africa and Greece.

Mr. Ballantyne holds Casino Management Certificates in four different gaming jurisdictions. He graduated from Morgan Academy in 1969 and continued his education at the Dundee College of Commerce in the United Kingdom, initially working in the Royal Bank of Scotland before joining the gaming industry.

Mr. Eric D. Landheer (aged 46)
Director – Corporate Finance and Strategy

Mr. Landheer joined the Company as Director – Corporate Finance and Strategy in March 2014. He is responsible for fundraising and other capital markets activities, strategic planning and execution, as well as investor and media relations. Mr. Landheer has more than 20 years of experience in the financial markets. Prior to joining the Company, he was senior vice president and head of Issuer Marketing at Hong Kong Exchanges and Clearing Limited from 2011 to 2012 and led their efforts to attract international and Chinese listings to Hong Kong as well as the promotion of offshore Renminbi products. Previously, Mr. Landheer was head of Asia Pacific for the NASDAQ OMX Group, Inc. for four years based in London and Hong Kong, and was responsible for the NASDAQ's new listings and retention business as well as media and government relations throughout Asia. Prior to his position as head of Asia Pacific for the NASDAQ OMX Group, Inc., he worked as managing director in the Corporate Client Group for The NASDAQ Stock Market, Inc. for three years and was responsible for IPOs in the Western United States. Before NASDAQ, Mr. Landheer worked for various brokerage and securities houses in the United States in equity finance and institutional sales. Mr. Landheer holds a bachelor's degree with high honours from The University of California, Berkeley in the United States.

Mr. Yip Ho Chi (aged 45)
Finance Director

Mr. Yip has been a Finance Director of the Company since October 2013. Prior to joining the Company, Mr. Yip was the chief financial officer of MelcoLot Limited, a company listed on the Hong Kong Stock Exchange, from June 2009 to September 2013. Before this, he worked over nine years with Sandmartin International Holdings Limited, a company listed on the Hong Kong Stock Exchange, and had been serving as executive director, finance director and company secretary for the last four years. Mr. Yip was previously an audit manager of Deloitte Touche Tohmatsu with whom he worked for over seven years. Mr. Yip holds a Bachelor of Business Administration degree from The University of Hong Kong. He is a fellow member of both the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining high standards of corporate governance. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate.

Compliance of Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2014.

The Board of Directors

Composition of the Board

The board of directors of the Company (the "Board") currently has five members, consisting of one Non-executive Director, Mr. Ho, Lawrence Yau Lung (Chairman), one Executive Director, Mr. Wang, John Peter Ben (Deputy Chairman) and three Independent Non-executive Directors, Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee, Anthony. The biographies of the Directors are contained in the section "Biographical Details of Directors and Senior Management" set out on pages 10 to 13 of this annual report.

The roles of Chairman and Chief Executive Officer (performed by Mr. Wang, John Peter Ben, Executive Director) are separate and held by different persons to ensure their independence, accountability and responsibility. The non-executive Chairman, Mr. Ho, Lawrence Yau Lung, is responsible for setting the Group's strategy and ensuring the Board is functioning properly. The Deputy Chairman, Mr. Wang, John Peter Ben, supported by Management, is responsible for managing the Group's business, including implementing the Group's strategies, making day-to-day decisions and managing business operations. The division of the responsibilities between the Chairman and the Deputy Chairman has been established and set out clearly in writing.

The Non-executive Directors, all of whom are independent of the management of the Group's business, are professionals with substantial experience in accounting, banking, financial management and business. The mix of skills and business experience is a major contribution to the future development of the Company. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they ensure the Company maintains a high standard of financial and legal reporting and provide checks and balances to safeguard the interests of the shareholders.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the guidelines.

All Directors have formal letters of appointment with the Company, which set out the key terms and conditions of their appointment. Each non-executive director was appointed for a term of three years.

Every Director will retire once every three years. This year, Mr. Wang, John Peter Ben and Dr. Tyen Kan Hee, Anthony will retire and will offer themselves for re-election at the forthcoming annual general meeting. The biographies of Mr. Wang and Dr. Tyen have been set out in the circular sent with this report to provide information to shareholders to decide on their re-elections.

CORPORATE GOVERNANCE REPORT

The Board of Directors (continued)

Board Diversity Policy

The Board has adopted a board diversity policy. The Company considers diversity can be achieved from different age, gender, cultural and educational background, ethnicity, professional experience, skills and knowledge. All board appointments are considered according to objective criteria, having regard to benefits of diversity, and decided on merits.

The Nomination Committee is charged with implementation of this policy and reports annually on board appointment process in the corporate governance report.

Directors' Training

The Company Secretary is responsible for keeping directors informed of changes in laws and regulations and organising continuing development programme. Every director will receive a comprehensive orientation package on appointment.

All Directors have participated in continuous professional development to develop and refresh their skills and knowledge in accordance with Paragraph A.6.5 of the CG Code. The Company has sent information on external training courses and articles to Directors. A summary of training received by Directors during 2014 is set out below:

	Type of Continuous Professional Development	
Directors	**Attending seminars/ workshops/conferences relevant to the business of the Company or directors' duties**	**Reading regulatory updates**
Mr. Ho, Lawrence Yau Lung	✓	✓
Mr. Wang, John Peter Ben	✓	✓
Mr. Tsui Yiu Wa, Alec	✓	✓
Mr. Pang Hing Chung, Alfred	✓	✓
Dr. Tyen Kan Hee, Anthony	✓	✓

Board Meetings

The Board met four times during 2014. In addition, the Chairman met the Non-executive Directors once without the presence of the Executive Director.

Wherever possible, ample notice of the board meetings was given, and board papers were provided in advance to Directors to enable them to prepare for the meetings. The Company Secretary keeps full records of the board meetings.

CORPORATE GOVERNANCE REPORT

The Board of Directors (continued)

Board and committee attendance

The attendance records of the Directors at board meetings, board committee meetings and general meetings during the year ended 31 December 2014 are as follows:

	No. of meetings attended/held						
Name of Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Corporate Governance Committee Meeting	Annual General Meeting	Special General Meeting
Mr. Ho, Lawrence Yau Lung*	4/5	–	–	–	–	1/1	1/1
Mr. Wang, John Peter Ben#	5/5	–	–	–	–	1/1	1/1
Mr. Tsui Yiu Wa, Alec+	5/5	2/2	1/1	1/1	1/1	1/1	1/1
Mr. Pang Hing Chung, Alfred+	5/5	2/2	–	–	–	0/1	0/1
Dr. Tyen Kan Hee, Anthony+	4/5	2/2	1/1	1/1	1/1	0/1	0/1
Average Attendance Rate	**92%**	**100%**	**100%**	**100%**	**100%**	**60%**	**60%**

\# Executive Director

* Non-executive Director

\+ Independent Non-executive Director

Procedure to enable Directors to seek independent professional advice

To assist the Directors to discharge their duties to the Company, the Board has established written procedures to enable the Directors, upon reasonable request, to seek independent professional advice, at the Company's expense, in appropriate circumstances. No request was made by any Director for such independent professional advice in 2014.

Securities Dealings of Directors and Employees

The Company has adopted a code of conduct regarding Directors' securities dealings on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "Model Code"). All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings as set out in the Model Code for the year 2014. The Board has established written guidelines for the relevant employees to regulate their dealings in the Company's securities pursuant to Paragraph A.6.4 of the CG Code.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers. The coverage and the amount insured are reviewed annually by the Company.

CORPORATE GOVERNANCE REPORT

Delegation by the Board

Management functions

The Board delegates day-to-day operations of the Group to Management. Both the Board and Management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms. The ultimate responsibility for the day-to-day management of the Company is delegated to the Deputy Chairman and Executive Director, and Management.

The Board is responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of senior management and assuming responsibility for major decisions, significant transactions and corporate governance. The Board also reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of management.

The management, under the leadership of the Deputy Chairman and Executive Director, is responsible for implementing the strategies and plans established by the Board. To ensure effective discharge of the Board's responsibilities, Management submits monthly, quarterly and annual operations reports to the Board. Directors have full and ready access to Management on the Company's business and operations.

Board Committees

To assist the Board in execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to committees, which review and make recommendations to the Board in specific areas. Chairmen and members of the committees are set out in the "Corporate Information" on page 80 of this annual report.

Each committee has its defined terms of reference and has power to decide on matters within its terms of reference. The board committees' terms of reference have been posted on the Company's website at www.saholdings.com.hk under the section "Corporate Governance".

Each committee is provided with sufficient resources to perform its duties. It may seek independent professional advice at the Company's expense, where necessary.

(1) Audit Committee

The Audit Committee is made up of three Independent Non-executive Directors. They all possess appropriate professional qualifications and expertise required by Rule 3.21 of the Listing Rules. The role of the Audit Committee is to (a) monitor external auditor's work, appointment and remuneration, (b) review the Group's financial statements and published reports, (c) provide advice and comments thereon to the Board and (d) review and supervise the financial reporting process and internal control procedures of the Group.

The detailed duties and powers of the Audit Committee are set out in the committee's terms of reference, which align with the requirements of the CG Code and the guidelines issued by the Hong Kong Institute of Certified Public Accountants, and are published on the Company's website under the section "Corporate Governance".

The Audit Committee met twice during the year and reviewed the final financial results of 2013 and interim financial results of 2014, the remuneration of external auditor and the internal control report.

CORPORATE GOVERNANCE REPORT

Delegation by the Board (continued)

Board Committees (continued)

(2) Nomination Committee

The Nomination Committee is made up of two Independent Non-executive Directors. It reviews the Board's size and composition and advises the Board on director appointment. It met once during the year and:–

(a) reviewed the structure, size, composition and diversity of the Board;
(b) assessed the independence of Independent non-executive Directors; and
(c) recommended to the Board on re-election of Directors.

(3) Remuneration Committee

The Remuneration Committee is made up of two Independent Non-executive Directors. It reviews the remuneration packages of the Executive Director and senior management as well as guidelines on salary revision and bonus distribution to the Group's employees.

It met once during the year and reviewed the remuneration of directors and senior management of the Company.

When considering remuneration of the Executive Director and senior management, the committee considers a number of factors, including salaries paid by comparable companies, job responsibilities, and individual and company performance. Details of remuneration of Directors, Chief Executive and senior management are set out in note 11 to the consolidated financial statements.

(4) Corporate Governance Committee

The Corporate Governance Committee was formed to assist the Board to perform corporate governance functions. It is made up of two Independent Non-executive Directors.

The Board has delegated the following corporate governance duties to the Corporate Governance Committee:

(a) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
(b) review and monitor the training and continuous professional development of Directors and senior management;
(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(d) develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
(e) review the Company's compliance with the code and disclosure in the Corporate Governance Report.

The Corporate Governance Committee met once during the year to review the Company's compliance with the CG Code and training and continuous professional development of Directors and senior management.

CORPORATE GOVERNANCE REPORT

Company Secretary

The Company Secretary supports the Board and Board Committees and facilitates good information flow between them and the Company's management. The Company has engaged Mr. Tsang Yuen Wai, Samuel as external secretarial service provider. Mr. Tsang has been the Company Secretary of the Company since March 2011. He is a solicitor who has worked with major law firms and listed conglomerates in Hong Kong for over 30 years. He reports directly to Mr. Wang, John Peter Ben, the Group's Deputy Chairman and Executive Director. All Directors have access to the Company Secretary's advice and services. Being the primary channel of communications between the Company and the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Group's corporate governance practices.

During the year, the Company Secretary has complied with the training requirement of the Listing Rules.

Directors' and Auditor's Responsibilities for Accounts

The Directors are responsible for the preparation and the true and fair presentation of the Group's financial statements 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. This responsibility includes designing, implementing and maintaining the necessary internal controls system, ensuring the Group's financial statements are free from material misstatement, applying the appropriate accounting policies and making reasonable accounting estimates. The responsibilities of external auditor are set out in the Independent Auditor's Report on page 28 of this annual report.

Auditor's Remuneration

For the year ended 31 December, 2014, the Group paid and committed to pay to its auditor, Deloitte Touche Tohmatsu, approximately HK$1,660,000 for audit services and HK$45,000 for non-audit services.

Internal Controls

The Group's internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company maintains a well-established control framework comprising clear structures and accountabilities, well understood policies and procedures and budgeting and review process. The management meets on every occasion to review divisional financial performance, business development plans, management issues, financial budgets and forecasts and capital expenditure proposals. Management accounts of the operating subsidiaries are reported to the Board on a monthly basis.

The Board works together with the Audit Committee to discharge its internal control responsibility for the ongoing oversight of the internal control framework, which provides an important key to reinforcing the organisation's commitment to internal controls.

The Company has implemented an annual programme to conduct an in-depth review of financial, operational and compliance controls and compliance with the Company's financial policies at business units. The Company reports its findings to the Audit Committee and any material issues are reported and discussed with the Board.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for 2014 covering all material financial, operational and compliance controls and risk management functions, and considers that the systems are adequate and effective.

Constitutional Documents

During the year ended 31 December, 2014, there was no change in the Company's constitutional documents.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

Right to convene special general meeting

Pursuant to the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half (1/2) of the total voting rights of all of them, may themselves convene a meeting in accordance with the provision of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

The written requisition requiring a special general meeting to be called must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put forward proposals at general meetings

Under Section 79 of the Companies Act, shareholders may by written request include a resolution in a general meeting. The request must be made by shareholders holding in aggregate not less than one-twentieth (1/20) of the total voting rights of those shareholders having the right to vote at the general meeting or not less than one hundred (100) shareholders. The written requisition must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put enquiries to the Board

Shareholders have a right to put enquiries to the Board. All enquiries should be in writing and sent to the Company Secretary at Room 3701, 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong or by e-mail to info@saholdings.com.hk.

Procedures for nomination of Directors for election

Under bye-law 88 of the Company's Bye-laws, shareholders are entitled to elect a person to be a Director at a general meeting or at any special general meeting by following the requirement set out in said bye-law. The procedures for nomination of Directors for election are available on the Company's website at www.saholdings.com.hk.

Communication with Shareholders

The Company considers the annual general meeting ("AGM") an important event, as it provides an opportunity for the Board to communicate with the shareholders. The Company supports the CG Code's principle to encourage shareholders' participation. Questioning by shareholders at the Company's AGM is encouraged and welcomed.

The Board Chairman, Board Committees' chairmen (or their delegates) and the Company's auditor attended the 2014 AGM and were on hand to answer questions.

The Company Secretary responds to letters, emails and telephone enquiries from shareholders/investors. Shareholders and investors may contact the Company by email via info@saholdings.com.hk or by mail to the Company Secretary at Room 3701, 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The website of the Company at www.saholdings.com.hk also provides a medium to make information of the Group available to shareholders. Shareholders may refer to the "Shareholders' Communication Policy" posted on the Company's website for further details.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are shown in note 28 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 8 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 30 of this annual report.

Share Capital

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

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 79 of this annual report.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements, respectively. As at 31 December 2014, no reserve was available for distribution to the owners of the Company (31 December 2013: Nil).

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda in relation to issue of shares by the Company.

Major Customers and Suppliers

In 2014, sales to the Group's five largest customers accounted for 89% of the total sales for the year and sales to the largest customer included therein amounted to 56%. Purchases from the Group's five largest suppliers accounted for 89% of the total purchases for the year and the Group's largest supplier accounted for 60% of its total purchases.

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in these major customers or suppliers.

REPORT OF THE DIRECTORS

Directors

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

Mr. Ho, Lawrence Yau Lung* *(Chairman)*
Mr. Wang, John Peter Ben# *(Deputy Chairman)*
Mr. Tsui Yiu Wa, Alec+
Mr. Pang Hing Chung, Alfred+
Dr. Tyen Kan Hee, Anthony+

Executive Director
* Non-executive Director
+ Independent Non-executive Director

In accordance with Clause 87(1) and (2) of the Company's Bye-laws, Mr. Wang, John Peter Ben and Dr. Tyen Kan Hee, Anthony will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical details of directors as at the date of this report are set out on pages 10 to 13 of this annual report.

Directors' Service Contracts

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

Emolument Policy

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. Particulars of the emoluments of directors on a named basis for the year are set out in note 11 to the consolidated financial statements.

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

Directors' Interests in Contracts of Significance

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

REPORT OF THE DIRECTORS

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 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 ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(I) Long positions in the shares of the Company

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Approximate % of total issued shares	Note(s)
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	Corporate	411,712,464	28.14%	2 & 3
Mr. Wang, John Peter Ben	Beneficial owner	Personal	159,899,980	10.93%	3

Notes:

1. As at 31 December 2014, the total number of issued shares of the Company was 1,463,113,836.

2. 411,712,464 shares of the Company are held by Quick Glitter Limited, a company wholly owned by Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by Quick Glitter Limited.

3. On 13 June 2014, an ordinary resolution for the subdivision of each of the Company's issued and unissued shares of HK$0.05 each into two subdivided shares of HK$0.025 each was passed at the annual general meeting of the Company (the "Share Subdivision"). The Share Subdivision was effective from 16 June 2014. As a result of the Share Subdivision, the number of shares held by Quick Glitter Limited and Mr. Wang, John Peter Ben were adjusted from 205,856,232 to 411,712,464 and from 79,949,990 to 159,899,980 respectively.

REPORT OF THE DIRECTORS

(II) Long positions in the underlying shares of the Company

Details of share options held by the directors of the Company are set out below:

	Number of share options										
		Before Share Subdivision			After Share Subdivision						
Name of Director	As at 1 January 2014	Granted	Exercised	Adjustment for Share Subdivision	Granted	Exercised	As at 31 December 2014	Approximate % of total issued shares	Date of grant	Exercise price *(Note 3)* *HK$*	Exercise Period *(Note)*
Mr. Ho, Lawrence Yau Lung	20,000,000	–	–	20,000,000	–	–	40,000,000	2.73%	10.07.2013	1.73	5
Mr. Wang, John Peter Ben	590,000	–	–	590,000	–	–	1,180,000	0.08%	26.08.2011	0.375	4
Mr. Tsui Yiu Wa, Alec	590,000	–	–	590,000	–	–	1,180,000	0.08%	26.08.2011	0.375	4
Mr. Pang Hing Chung, Alfred	590,000	–	–	590,000	–	–	1,180,000	0.08%	26.08.2011	0.375	4
Dr. Tyen Kan Hee, Anthony	390,000	–	–	390,000	–	–	780,000	0.05%	26.08.2011	0.375	4
Total	**22,160,000**	**–**	**–**	**22,160,000**	**–**	**–**	**44,320,000**	**3.02%**			

Notes:

1. As at 31 December 2014, the total number of issued shares of the Company was 1,463,113,836.

2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. As a result of the Share Subdivision, the exercise prices of the share options granted on 26 August 2011 and 10 July 2013 were adjusted from HK$0.75 to HK$0.375 and from HK$3.46 to HK$1.73 respectively.

4. The share options are divided into 2 tranches exercisable from 26 August 2011 and 26 August 2012 respectively to 25 August 2021.

5. The share options are divided into 4 tranches exercisable from 31 October 2013, 31 October 2014, 31 October 2015 and 31 October 2016 respectively to 9 July 2018.

Save as disclosed above, as at 31 December 2014, none of the directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Interests in Competing Business

As at 31 December 2014, none of the directors of the Company or their respective associates had any interest in a business, which competes or may compete, either directly or indirectly with the business of the Company pursuant to the Listing Rules.

REPORT OF THE DIRECTORS

Directors' Rights to Acquire Shares or Debentures

Save for the share option scheme mentioned above, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Connected Transaction

Pursuant to Chapter 14A of the Listing Rules, the following connected transaction of the Company requires disclosure in the annual report of the Company:

On 23 April 2014, Summit Ascent Russia Limited ("SARL"), a wholly-owned subsidiary of the Company, New Crescent Investments Limited ("New Crescent"), Firich Investment Limited ("Firich"), Elegant City Group Limited ("Elegant City") and Oriental Regent Limited ("Oriental Regent") entered into an acquisition agreement (the "Acquisition Agreement"), pursuant to which SARL and Firich agreed to acquire 14% and 1% of the equity interest in Oriental Regent, respectively, from Elegant City (the "Acquisition") and to amend certain terms to the investment and shareholders agreement dated 23 August 2013. The consideration of the Acquisition paid by SARL and Firich was US$20,244,000 and US$1,446,000 respectively. This valuation equates to approximately two times of the relevant percentage of the consolidated net asset value of Oriental Regent as at 31 December 2013.

Upon completion of the Acquisition, SARL, New Crescent, Firich and Elegant City were interested in 60%, 5%, 20% and 15% of Oriental Regent (which holds 100% of First Gambling Company of the East LLC ("FGCE") respectively. FGCE owns a gaming and resort development project in the Integrated Entertainment Zone of the Primorye Region, the Russian Federation ("IEZ") and holds a gaming license awarded by the Administration of the Primorye Region to conduct gaming activities in IEZ. The gaming license held by FGCE has been granted for an indefinite period commencing on 22 April 2012.

New Crescent is an associate of Mr. Ho, Lawrence Yau Lung, who is a substantial shareholder of the Company under the Listing Rules. Accordingly, New Crescent is a connected person of the Company and the entering into the Acquisition Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The transaction was approved by the shareholders of the Company at the special general meeting held on 13 June 2014, in which Mr. Ho and his associates had abstained from voting.

Further details of the transaction were set out in the announcements of the Company dated 23 April 2014 and 15 July 2014 and the circular of the Company dated 27 May 2014.

Related Party Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2014, which do not constitute connected transactions under the Listing Rules, are disclosed in note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Substantial Shareholders' Interests in the Shares, Underlying Shares and Debentures

As at 31 December 2014, the following persons/corporations had interests in five per cent or more of the issued share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares or underlying shares of the Company as notified to the Company are set out below:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares	Note(s)
Quick Glitter Limited	Beneficial owner	411,712,464	–	28.14%	2, 3
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	411,712,464	–	28.14%	3
	Beneficial owner	–	40,000,000	2.73%	5
Ms. Lo Sau Yan, Sharen	Interest of spouse	411,712,464	40,000,000	30.87%	4
Mr. Wang, John Peter Ben	Beneficial owner	159,899,980	1,180,000	11.01%	2, 5

Notes:

1. As at 31 December 2014, the total number of issued shares of the Company was 1,463,113,836.

2. As a result of the Share Subdivision, the number of shares held by Quick Glitter Limited and Mr. Wang, John Peter Ben were adjusted from 205,856,232 to 411,712,464 and from 79,949,990 to 159,899,980 respectively.

3. Quick Glitter Limited is wholly owned by Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the Shares held by Quick Glitter Limited.

4. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the Shares through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.

5. Regarding the interests of Mr. Ho, Lawrence Yau Lung and Mr. Wang, John Peter Ben in the underlying shares of the Company (in respect of the share options granted by the Company), please refer to the section "Directors' interests in shares, underlying shares and debentures" in this report.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any other interests or short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

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

During the year ended 31 December 2014, the Company had not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Sufficiency of Public Float

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

REPORT OF THE DIRECTORS

Corporate Governance

The Company is committed to maintaining high standards of corporate governance. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate.

Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 14 to 20 of this annual report.

Audit Committee

The Company has an audit committee, which was established for the purpose of reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Company's audit committee, made up of three independent non-executive directors, met twice during the year. At the meetings, the committee reviewed the accounting principles and practices, the interim report and the annual report of the Group, and discussed auditing, internal controls and financial reporting matters with management.

Auditor

The consolidated financial statements for the year ended 31 December 2014 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Wang, John Peter Ben
Deputy Chairman and Executive Director

Hong Kong, 27 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF SUMMIT ASCENT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Summit Ascent Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 78, which comprise the consolidated statement of financial position as at 31 December 2014, and 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 Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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.

INDEPENDENT AUDITOR'S REPORT

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	7	**21,926**	7,913
Cost of sales		**(20,314)**	(5,219)
Gross profit		**1,612**	2,694
Other income		**26,528**	1,824
Selling and distribution expenses		**(103)**	(117)
General and administrative expenses		**(106,504)**	(82,710)
Share of losses of joint ventures		**(407)**	(1,282)
Loss before taxation		**(78,874)**	(79,591)
Income tax credit	9	**–**	51
Loss for the year, attributable to owners of the Company	10	**(78,874)**	(79,540)
Other comprehensive expense			
– share of exchange differences of a joint venture, which may be reclassified subsequently to profit or loss		**(183,133)**	(1,853)
Total comprehensive expense for the year, attributable to owners of the Company		**(262,007)**	(81,393)
			(Restated)
Loss per share	14		
– Basic (HK cents)		**5.52**	6.47
– Diluted (HK cents)		**5.52**	6.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Equipment	15	**306**	73
Interests in joint ventures	16	**891,981**	257,908
		892,287	257,981
Current assets			
Inventories	17	**22**	81
Trade and other receivables	18	**20,449**	37,574
Amount due from a joint venture	21	**437**	–
Bank balances and cash	19	**113,242**	359,635
		134,150	397,290
Current liabilities			
Trade and other payables	20	**24,106**	38,090
Amount due to a joint venture	21	**–**	372
		24,106	38,462
Net current assets		**110,044**	358,828
Net assets		**1,002,331**	616,809
Capital and reserves			
Share capital	22	**36,578**	33,965
Reserves		**965,753**	582,844
Equity attributable to owners of the Company		**1,002,331**	616,809

The consolidated financial statements on pages 30 to 78 were approved and authorised for issue by the Board of Directors on 27 March 2015 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company					
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Share-based compensation reserve** HK$'000	**Retained profits (accumulated loss)** HK$'000	**Total** HK$'000
At 1 January 2013	23,794	2,146	–	3,164	224	29,328
Loss for the year	–	–	–	–	(79,540)	(79,540)
Share of exchange differences of a joint venture	–	–	(1,853)	–	–	(1,853)
Total comprehensive expense for the year	–	–	(1,853)	–	(79,540)	(81,393)
Exercise of share options	337	7,220	–	(2,363)	–	5,194
Recognition of equity-settled share-based payments	–	–	–	61,469	–	61,469
Shares issued	9,834	615,004	–	–	–	624,838
Transaction costs attributable to issue of shares	–	(22,627)	–	–	–	(22,627)
At 31 December 2013 and 1 January 2014	33,965	601,743	(1,853)	62,270	(79,316)	616,809
Loss for the year	**–**	**–**	**–**	**–**	**(78,874)**	**(78,874)**
Share of exchange differences of a joint venture	**–**	**–**	**(183,133)**	**–**	**–**	**(183,133)**
Total comprehensive expense for the year	**–**	**–**	**(183,133)**	**–**	**(78,874)**	**(262,007)**
Exercise of share options	**13**	**1,269**	**–**	**(417)**	**–**	**865**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**84,234**	**–**	**84,234**
Shares issued	**2,600**	**585,000**	**–**	**–**	**–**	**587,600**
Transaction costs attributable to issue of shares	**–**	**(25,170)**	**–**	**–**	**–**	**(25,170)**
At 31 December 2014	**36,578**	**1,162,842**	**(184,986)**	**146,087**	**(158,190)**	**1,002,331**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(78,874)**	(79,591)
Adjustments for:		
Share-based payment expense	**84,234**	61,469
Share of losses of joint ventures	**407**	1,282
Depreciation	**72**	1
Imputed interest income from loans to joint ventures	**(17,373)**	–
Interest income	**(4,650)**	(976)
Write back of provision for stock obsolescence	**–**	(68)
Operating cash flows before movements in working capital	**(16,184)**	(17,883)
Decrease (increase) in inventories	**59**	(8)
Decrease (increase) in trade and other receivables	**17,204**	(25,836)
(Decrease) increase in trade and other payables	**(13,984)**	30,058
Cash used in operations	**(12,905)**	(13,669)
Income taxes paid	**–**	(253)
Income tax refunded	**–**	1,013
Net cash used in operating activities	**(12,905)**	(12,909)
INVESTING ACTIVITIES		
Loans to joint ventures	**(642,742)**	–
Investment in a joint venture	**(157,498)**	(261,043)
Increase in amount due from a joint venture	**(437)**	–
Purchases of equipment	**(305)**	(74)
Interest received	**4,571**	281
Net cash used in investing activities	**(796,411)**	(260,836)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**587,600**	624,838
Proceeds from exercise of share options	**865**	5,194
(Decrease) increase in amount due to a joint venture	**(372)**	372
Expenses on issue of shares	**(25,170)**	(22,627)
Net cash generated from financing activities	**562,923**	607,777
Net (decrease) increase in cash and cash equivalents	**(246,393)**	334,032
Cash and cash equivalents at beginning of the year	**359,635**	25,603
Cash and cash equivalents at end of the year, represented by bank balances and cash	**113,242**	359,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. General

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the trading of tiles and engineering operations products. The principal subsidiaries and their activities are set out in note 28.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Application of new and revised HKFRSs

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 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[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 9 Financial Instruments (continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may affect the classification and measurement of the Group's financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors anticipate that the application of the other new and revised standards, amendments and interpretation issued but not yet effective will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis, at the end of each reporting period, as explained in the accounting policies set out below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

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

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.

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.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in an a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Interests in joint ventures (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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

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

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 revenue can be measured reliably. Interest income from a financial asset 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.

Equipment

Equipment is 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 equipment less their residual values over their estimated useful lives of three to five years using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Equipment (continued)

An item of 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 equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

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

Impairment losses on tangible assets

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

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

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

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 as reported in the consolidated statement of profit or loss and other comprehensive income 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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 associated with investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's non-derivative financial assets are classified as loans and receivables and the classification of which 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 debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Loans and receivables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, 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 certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 60 days and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of loans and receivables 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 loan or receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses 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 31 December 2014

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Other financial liabilities

The Group's other financial liabilities, including trade and other payables and amount due to a joint venture are subsequently measured at amortised cost, using the effective interest method.

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 recognised 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 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 re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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) using exchange rates prevailing at the end of the reporting period. Income and expenses items 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 translation 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. For all other partial disposals (i.e. partial disposals of joint arrangements that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees (including directors)

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Share-based payment arrangements (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (including directors) (continued)

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in the share-based compensation reserve will be transferred to share capital and 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-based compensation reserve will continue to be held in share-based compensation reserve.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share-based compensation reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (continued)

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Oriental Regent Limited ("Oriental Regent") as a joint venture

Note 16 describes that Oriental Regent is a joint venture of the Group. The directors assessed whether or not the Group has control over Oriental Regent based on whether it has the practical ability to direct the relevant activities of Oriental Regent unilaterally. New Crescent Investments Limited ("New Crescent"), a wholly owned subsidiary of Melco International Development Limited ("Melco") has 5% equity interest in Oriental Regent. Mr. Ho, Lawrence Yau Lung is a shareholder with significant influence and director in both the Company and Melco. Although the Group and New Crescent have in aggregate 65% equity interest in Oriental Regent, the directors considered that Oriental Regent is not a subsidiary of the Group as Melco is a listed company which is not considered to be acting on the Group's behalf in respect of the 5% interest in Oriental Regent held by Melco. Accordingly, as the relevant activities of Oriental Regent require unanimous written approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent, Oriental Regent is considered to be under joint control of the Group and the other parties.

In addition, Oriental Regent is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. There are also no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, the directors classified Oriental Regent as a joint venture of the Group.

Key sources of estimation uncertainty

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

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2014, the carrying amount of trade and other receivables is HK$20,449,000 (2013: HK$37,574,000) with no allowance for doubtful debts for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Share-based payments

The Group recognises share-based compensation expense on options granted. Share-based compensation expense is based on the estimated fair value of each option at its grant date, the estimation of which requires management to make assumptions about future volatility of the Group's stock price, future interest rates and the timing with respect to exercise of the options. The effects of a change in one or more of these variables could result in a materially different fair value. The fair value of the share options granted during the year was estimated at HK$18,558,000 (2013: HK$182,658,000) and the amount associated with share-based payments for the year ended 31 December 2014 is HK$84,234,000 (2013: HK$61,469,000).

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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

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

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

6. Financial Instruments

Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**116,703**	368,268
Financial liabilities		
Amortised cost	**3,897**	2,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

Financial risk management objectives and policies

The Group's financial instruments include bank balances and cash, trade and other receivables, trade and other payables and amount due from/to a joint venture. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

Currency risk

The Group has no significant exposure to foreign exchange risk arising from various currency exposures. The commercial transactions and recognised assets and liabilities are mainly from local currency.

Interest rate risk

The Group's exposed to fair value interest rate risk in relation to bank deposits carried interest at fixed rate.

The Group's also exposed to cash flow interest rate risk in relation to variable rate bank balances. The management considers the cash flow interest rate risk in relation to variable-rate bank balances is insignificant and therefore no sensitivity analysis on such risk has been prepared.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to manage the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with two banks in Hong Kong with good reputation, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

All financial liabilities are due within twelve months from the end of the reporting period or repayable on demand and non-interest bearing for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

Fair value measurement of financial instruments

None of the Group's financial assets and financial liabilities are measured at fair value on a recurring basis.

The directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

7. Turnover

Turnover represents the amounts received or receivable for goods sold to customers during the year, less returns.

8. Segment Information

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Executive Director, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. No operating segments have been aggregated in arriving at reportable segments of the Group.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

(a) Trading of tiles and engineering operations products.

(b) Gaming and hotel operations.

Segment revenues and results

An analysis of the Group's turnover and results by operating and reportable segment is as follows:

	2014			2013		
	Trading of tiles and engineering operations products HK$'000	**Gaming and hotel operations HK$'000**	**Total HK$'000**	Trading of tiles and engineering operations products HK$'000	Gaming and hotel operations HK$'000	Total HK$'000
Turnover – external sales	**21,926**	**–**	**21,926**	7,913	–	7,913
Segment results	**(3,958)**	**(407)**	**(4,365)**	(2,493)	(1,282)	(3,775)
Other income			**23,966**			1,824
Share-based payment expense			**(84,234)**			(61,469)
Unallocated general and administrative expenses			**(14,241)**			(16,171)
Loss before taxation			**(78,874)**			(79,591)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. Segment Information (continued)

Segment assets and liabilities

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

Segment assets

	2014	2013
	HK$'000	HK$'000
Trading of tiles and engineering operations products	**19,720**	36,445
Gaming and hotel operations	**891,981**	257,908
Segment assets	**911,701**	294,353
Unallocated assets		
Bank balances and cash	**113,242**	359,635
Equipment	**306**	73
Other receivables and deposits	**1,188**	1,210
Consolidated assets	**1,026,437**	655,271

Segment liabilities

	2014	2013
	HK$'000	HK$'000
Trading of tiles and engineering operations products	**21,045**	33,325
Gaming and hotel operations	**–**	372
Segment liabilities	**21,045**	33,697
Unallocated liability		
Other payables and accruals	**3,061**	4,765
Consolidated liabilities	**24,106**	38,462

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the loss before taxation incurred by each segment without allocation of bank interest income, imputed interest income from loans to joint ventures, share-based payment expense, unallocated net foreign exchange gain (loss) and unallocated general and administrative expenses. This is the measure reported to the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. Segment Information (continued)

Other segment information

	2014				2013			
	Trading of tiles and engineering operations products HK$'000	**Gaming and hotel operations HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**	Trading of tiles and engineering operations products HK$'000	Gaming and hotel operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amount included in the measure of segment profit or loss or segment assets:								
Write back of provision for stock obsolescence	–	–	–	–	68	–	–	68

Geographical information

The information of the Group's non-current assets by geographical location of assets is detailed below:

	Non-current assets	
	2014 HK$'000	2013 HK$'000
Hong Kong	**306**	73
The Russian Federation	**891,981**	257,908
	892,287	257,981

Information about major customers

Included in revenue arising from trading of tiles and engineering operations products are revenue of approximately HK$12,358,000 (2013: HK$1,949,000) which arose from sales to the Group's largest customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. Income Tax Credit

Income tax credit for the year ended 31 December 2013 represented overprovision of income tax in prior years.

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

The tax credit for the year can be reconciled to the loss before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 **HK$'000**	2013 HK$'000
Loss before taxation	**(78,874)**	(79,591)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(13,014)**	(13,133)
Tax effect of expenses not deductible in determining taxable profit	**13,940**	12,026
Tax effect of income not taxable in determining taxable profit	**(3,980)**	(161)
Tax effect of share of losses of joint ventures	**67**	211
Tax effect of tax losses not recognised	**2,987**	1,057
Overprovision in prior years	**–**	(51)
Tax credit for the year	**–**	(51)

At the end of the reporting period, the Group has unused tax losses of HK$26,852,000 (2013: HK$8,747,000) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. Loss for the year

	2014 **HK$'000**	2013 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,660**	1,300
Directors' remunerations (Note 11)	**73,570**	59,844
Salaries, wages, bonus and other benefits	**11,760**	4,359
Contributions to retirement benefits schemes, excluding directors	**608**	403
Share-based compensation benefits, excluding directors and consultants	**7,197**	146
Total staff costs	**19,565**	4,908
Share-based compensation benefits to consultants	**4,103**	2,115
Cost of inventories recognised as an expense	**20,314**	5,219
Depreciation	**72**	1
Legal and professional fees (Note)	**752**	11,424
Minimum lease payments under operating leases	**2,258**	531
Bank interest income	**(4,650)**	(976)
Imputed interest income from loans to joint ventures	**(17,373)**	–
Net foreign exchange gain	**(1,943)**	(848)
Write back of provision for stock obsolescence	**–**	(68)

Note: The amounts in 2013 mainly represented the legal and professional fees incurred in relation to acquisition of 46% ownership interests in Oriental Regent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. Directors', Chief Executive's and Senior Management's Emoluments

Directors' and Chief Executive's emoluments

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

	Year ended 31 December 2014					
	Director and Chairman	Director and Chief Executive	Directors			
	Ho, Lawrence Yau Lung HK$'000	Wang, John Peter Ben HK$'000	Tsui Yiu Wa, Alec HK$'000	Pang Hing Chung, Alfred HK$'000	Tyen Kan Hee, Anthony HK$'000	Total HK$'000
Fees	–	180	168	120	168	636
Other emoluments						
Salaries and other benefits	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	–	–	–
Share-based compensation benefits	72,934	–	–	–	–	72,934
Total emoluments	72,934	180	168	120	168	73,570

	Year ended 31 December 2013					
	Director and Chairman (Note)	Director and Chief Executive (Note)	Directors			
	Ho, Lawrence Yau Lung HK$'000	Wang, John Peter Ben HK$'000	Tsui Yiu Wa, Alec HK$'000	Pang Hing Chung, Alfred HK$'000	Tyen Kan Hee, Anthony HK$'000	Total HK$'000
Fees	–	180	168	120	168	636
Other emoluments						
Salaries and other benefits	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	–	–	–
Share-based compensation benefits	59,208	–	–	–	–	59,208
Total emoluments	59,208	180	168	120	168	59,844

Note: On 10 July 2013, Mr. Ho, Lawrence Yau Lung was appointed as a non-executive director and Chairman while Mr. Wang, John Peter Ben has resigned as the chairman and he remained as an executive director of the Company and re-designated as the deputy chairman.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. Directors', Chief Executive's and Senior Management's Emoluments (continued)

Directors' and Chief Executive's emoluments (continued)

No directors waived any emoluments in both years.

Senior Management's emoluments

The emoluments paid or payable to senior management (excluding directors) during the year fell within the following bands:

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

12. Employees' Emoluments

The five highest paid individuals included one director (2013: one), details of whose emoluments are set out in note 11. The emoluments of the remaining four (2013: four) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**3,010**	2,174
Discretionary and performance related incentive payments	**1,261**	814
Contributions to retirement benefits schemes	**130**	197
Share-based compensation benefits	**7,129**	–
	11,530	3,185

Their emoluments were within the following bands:

	Number of employees	
	2014	2013
Nil to HK$1,000,000	**–**	3
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**1**	–

The Group usually determines and pays discretionary bonuses to employees (including directors) around March each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above therefore represent actual payments to the employees (including directors) during the current financial year in relation to performance for the preceding year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. Dividends

No dividend was paid or proposed during the years ended 31 December 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

14. Loss per share

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

	2014 **HK$'000**	2013 HK$'000
Loss for the purposes of basic and diluted loss per share	**78,874**	79,540

	Number of shares (in thousands)	(Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted losses per share	**1,429,434**	1,228,706

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share have been adjusted for the subdivision of shares on 16 June 2014, as detailed in note 22.

The computation of diluted losses per share does not assume exercise of share options since their exercise would result in a decrease in loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. Equipment

	Office equipment HK$'000
COST	
At 1 January 2013	–
Additions	74
At 31 December 2013	74
Additions	305
At 31 December 2014	379
DEPRECIATION	
At 1 January 2013	–
Provided for the year	1
At 31 December 2013	1
Provided for the year	72
At 31 December 2014	73
CARRYING VALUE	
At 31 December 2014	306
At 31 December 2013	73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Interests in Joint Ventures

Details of the Group's interests in and related loans to joint ventures are as follows:

	2014 **HK$'000**	2013 HK$'000
Cost of unlisted investment in joint ventures	**418,541**	261,043
Share of post-acquisition losses and other comprehensive expenses	**(186,675)**	(3,135)
Deemed capital contribution	**317,214**	–
	549,080	257,908
Loans to joint ventures *(Note i)*	**342,901**	–
	891,981	257,908

On 23 August 2013, a wholly owned subsidiary of the Company, Summit Ascent Russia Limited ("SARL") has entered into an investment agreement ("Investment Agreement") with New Crescent, Firich Investment Limited ("Firich"), Elegant City Group Limited ("Elegant City") and Oriental Regent. Firich, Elegant City and Oriental Regent are independent third parties to the Group. The Investment Agreement provides that Summit Ascent Russia Limited will make an investment in a gaming and resort development project in the Russian Federation, by subscribing new shares of Oriental Regent, representing 46% of the enlarged issued share capital of Oriental Regent upon completion pursuant to the terms and conditions of the Investment Agreement. The Investment Agreement has been completed on 31 October 2013 and the consideration paid by the Group is approximately HK$184,383,000. Pursuant to certain terms and conditions in the shareholders' agreement, the relevant activities of Oriental Regent require unanimous written approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent and accordingly, Oriental Regent is classified as a joint venture of the Group.

On 25 November 2013, pursuant to the Investment Agreement, each shareholder is required to invest additional amount in accordance with their respective shareholding in Oriental Regent and the consideration paid by the Group is approximately HK$76,660,000.

Pursuant to the acquisition agreement signed between SARL, New Crescent, Firich, Elegant City and Oriental Regent on 23 April 2014, SARL acquired further 14% of the equity interest in Oriental Regent from Elegant City for a consideration of HK$157,498,000. Upon completion, SARL holds 60% equity interest in Oriental Regent and Oriental Regent continued to be accounted for as a joint venture of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Interests in Joint Ventures (continued)

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
					2014	2013	**2014**	2013	
Oriental Regent	Incorporated	Hong Kong	Hong Kong	Ordinary	**60%**	46%	**33%**	25%	Investment holding
First Gambling Company of the East LLC (Note ii)	Incorporated	The Russian Federation	The Russian Federation	Chartered	**60%**	46%	**33%**	25%	Development of hotel and gaming business in the Integrated Entertainment Zone in the Russian Federation

Notes:

(i) On 15 July 2014, each of the shareholders of Oriental Regent entered into a loan agreement with Oriental Regent whilst they agreed to provide their pro rata proportion of the additional capital amount of totally HK$1,071,236,000 required by Oriental Regent to continue to fund the gaming and resort project in the Russian Federation by way of shareholder convertible loan (the "Shareholder Convertible Loan") as contemplated under the investment and shareholders agreement dated 23 August 2013. The Group as one of the lenders provided its pro rata proportion of the Shareholder Convertible Loan amounted to HK$342,901,000, after adjusting the fair value adjustment of HK$317,214,000 and including imputed interest income of HK$17,373,000, from its internal resources. The Shareholder Convertible Loan is non-interest bearing, unsecured and due to mature after 3 years, which shall automatically renew for another term of three years. No repayment shall be made by Oriental Regent unless there are sufficient free cash flows generated from the operations of Oriental Regent and its subsidiary to make the repayment. The Shareholder Convertible Loan can only be converted into new shares of Oriental Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. Unless otherwise determined by the board of Oriental Regent, the lender of the Shareholder Convertible Loan or its permitted assignee shall not have any right of redemption or conversion in respect of the Shareholder Convertible Loan (or any part thereof).

(ii) First Gambling Company of the East LLC ("FGCE") is a wholly-owned subsidiary of Oriental Regent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint venture, on a consolidation basis, is set out below. The summarised financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Oriental Regent

	2014 HK$'000	2013 HK$'000
Current assets		
Bank balances and cash	**847,830**	305,562
Others	**26,749**	15,873
	874,579	321,435
Non-current assets		
Construction in progress	**216,841**	164,124
Long term prepayments, other receivables and other asset	**268,578**	125,908
Others	**5,727**	997
	491,146	291,029
Current liabilities		
Other payables	**6,564**	27,773
Others	**437**	247
	7,001	28,020
Non-current liabilities		
Long term payables	**8,634**	23,774
Loans from shareholders	**571,502**	–
	580,136	23,774
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**847,830**	305,562
Current financial liabilities (excluding trade and other payables and provisions)	**437**	247
Non-current financial liabilities (excluding trade and other payables and provisions)	**580,136**	23,774

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For the year ended 31 December 2014

16. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

Oriental Regent (continued)

	Year ended 31.12.2014 HK$'000	1.11.2013 (date of acquisition) to 31.12.2013 HK$'000
Revenue	**–**	–
Loss for the year/period	**2,723**	2,786
Other comprehensive expense for the year/period	**307,865**	4,029
Total comprehensive expense for the year/period	**310,588**	6,815
The above loss for the year/period includes the following:		
Depreciation and amortisation	**482**	–
Interest income	**1,345**	–
Interest expense	**28,955**	411
Income tax credit	**1,452**	102

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For the year ended 31 December 2014

16. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

Oriental Regent (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements is as follows:

	2014 HK$'000	2013 HK$'000
Net assets of Orient Regent	**778,588**	560,670
Proportion of the Group's ownership interests in Oriental Regent	**60%**	46%
	467,153	257,908
Excess of consideration paid over net assets acquired for the additional 14% equity interest in Oriental Regent	**81,927**	–
	549,080	257,908
Loans to joint ventures	**342,901**	–
Carrying amount of the Group's interest in Oriental Regent	**891,981**	257,908

Oriental Regent is engaged in a gaming and resort business in the Russian Federation through its wholly-owned subsidiary, FGCE. The project is currently under development stage and in the opinion of the directors, the investment is considered strategic to the Group as it allows the Group to be engaged in the development of casino business in new geographical location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. Inventories

	2014 HK$'000	2013 HK$'000
Goods held for trading	**22**	81

18. Trade and Other Receivables

	2014 HK$'000	2013 HK$'000
Trade receivables	**1,796**	1,896
Prepayments to a supplier	**16,190**	28,426
Other receivables, deposits and prepayments	**2,463**	7,252
	20,449	37,574

Included in other receivables was an amount of HK$6,042,000 due from Arnhold & Co., Ltd. ("ACL"), a company controlled by a director of a subsidiary of the Company as at 31 December 2013, who has resigned from the directorship of the subsidiary of the Company with effect from 12 March 2014. The receivables mainly arose from sales receipts collected on behalf of the subsidiary of the Company. The receivables were unsecured, non-interest bearing and repayable on demand. No provisions were held against the receivables from ACL for the year ended 31 December 2013.

The Group allows an average credit period of 30 to 90 days to its trade customers. All of the Group's trade receivables are within their credit terms with no default history and neither past due nor impaired.

The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
Within 30 days	**1,250**	1,032
31 – 90 days	**546**	864
	1,796	1,896

19. Bank Balances and Cash

Bank balances carry interest at market rates which ranges from 0.001% to 1.375% (2013: 0.001% to 1.2%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. Trade and Other Payables

	2014 HK$'000	2013 HK$'000
Trade payables	**1,800**	1,004
Accruals and other payables	**5,268**	6,775
Deposits received from customers	**17,038**	30,311
	24,106	38,090

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
Within 30 days	**1,250**	462
31 – 90 days	**175**	266
Over 90 days	**375**	276
	1,800	1,004

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

21. Amount due from (to) a Joint Venture

The amount is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

22. Share Capital of the Company

	Number of shares	Share capital HK$'000
Authorised:		
Shares of HK$0.1 each at 1 January 2013	800,000,000	80,000
Subdivision of shares (Note b)	800,000,000	–
Shares at HK$0.05 each at 31 December 2013 and 1 January 2014	1,600,000,000	80,000
Subdivision of shares (Note e)	1,600,000,000	–
Shares at HK$0.025 each at 31 December 2014	3,200,000,000	80,000
Issued and fully paid:		
Shares of HK$0.1 each at 1 January 2013	237,939,584	23,794
Shares issued under open offer (Note a)	71,381,875	7,138
Exercise of share options		
– before subdivision of shares	500,000	50
– after subdivision of shares	5,746,000	287
Subdivision of shares (Note b)	309,821,459	–
Shares issued under placement (Note c)	53,918,000	2,696
Shares of HK$0.05 at 31 December 2013 and 1 January 2014	679,306,918	33,965
Exercise of share options	250,000	13
Shares issued under placement (Note d)	52,000,000	2,600
Subdivision of shares (Note e)	731,556,918	–
Shares of HK$0.025 at 31 December 2014	1,463,113,836	36,578

Notes:

(a) In April 2013, the Company raised gross proceeds of approximately HK$85.7 million by issuing 71,381,875 new shares in the Company of HK$0.10 each in an open offer on the basis of three offer shares for every ten existing shares at a subscription price of HK$1.20 per offer share ("Open Offer"). The net proceeds, after deduction of related expenses, of approximately HK$84.3 million from the Open Offer is applied for general working capital purposes and for financing new investment opportunities.

(b) On 3 June 2013, the Company had completed a capital reorganisation in which each of the existing issued and unissued shares of par value of HK$0.10 each in the share capital of the Company has been subdivided into two subdivided shares of par value of HK$0.05 each. Following the effective date of share subdivision, the authorised share capital of the Company becomes HK$80,000,000 divided into 1,600,000,000 subdivided shares of HK$0.05 each, of which 619,642,918 subdivided shares were in issue and fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

22. Share Capital of the Company (continued)

(c) In October 2013, 53,918,000 shares (the "Placing Shares") of the Company of HK$0.05 each was issued and sold at the price of HK$10.00 per share (the "Placing Price") pursuant to the Placing and Subscription Agreement entered into among Quick Glitter Limited, a company owned by Mr. Ho, Lawrence Yau Lung, non-executive director and Chairman of the Company (the "Vendor"), Mr. Wang, John Peter Ben, director of the Company, the Company and Deutsche Bank, the sole placing agent (the "Placing Agent") in which the Vendor has sold and the Placing Agent has purchased the Placing Shares at the Placing Price; and the Vendor has subscribed for, and the Company has issued, such number of shares as equal to the number of Placing Shares sold by the Vendor at the price equals to the Placing Price. The net proceeds, after deduction of related expenses, of approximately HK$517.9 million have been used to fund the joint ventures' investment in the gaming and resort development project in the Russian Federation.

(d) Pursuant to the placing agreement dated 23 April 2014 (the "Placing Agreement") entered into among the Vendor, the Company and BNP Paribas Securities (Asia) Limited (the "2014 Placing Agent"), the Vendor has sold and the 2014 Placing Agent has successfully placed 52,000,000 shares (the "2014 Placing Shares") to not less than six placees who are independent third parties and not connected with the Company at the placing price of HK$11.30 per share (the "2014 Placing Price"). Pursuant to the subscription agreement dated 23 April 2014 (the "Subscription Agreement") entered into between the Vendor and the Company, the Vendor has subscribed for, and the Company has issued, such number of ordinary shares which is equal to the number of the 2014 Placing Shares sold by the Vendor at the price equals to the 2014 Placing Price. The net proceeds, after deduction of the relevant expenses, of approximately HK$562.4 million have been used to further fund the joint ventures' investment in the gaming and resort development project in the Russian Federation and as general working capital.

(e) On 16 June 2014, the Company had completed a capital reorganisation in which each of the existing issued and unissued shares of par value of HK$0.05 each in the share capital of the Company has been subdivided into two subdivided shares of par value of HK$0.025 each. Following the effective date of Share Subdivision, the authorised share capital of the Company becomes HK$80,000,000 divided into 3,200,000,000 subdivided shares of HK$0.025 each, of which 1,463,113,836 subdivided shares are in issue and fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. Share-Based Payment Transactions

Equity-settled share option scheme of the Company:

Pursuant to an extraordinary general meeting held on 7 July 2011, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme") and the termination of the previous share option scheme adopted on 11 July 2002.

Under the Scheme, the directors of the Company may, at their discretion, grant to any directors, executives and employees of any members of the Group and consultants, professional and other advisors to any members of the Group (the "Participants") share options to subscribe for the shares, subject to the terms and conditions stipulated therein.

The purpose of the Scheme is to recognise the contribution of the Participants who have made or may make to the Company, to provide them with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme (and under any other scheme of the Company) shall not in aggregate exceed 10% of the shares in issue as at the date of the adoption of the Scheme, provided that the Company seeks approval from shareholders to refresh such limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme (and under any other scheme of the Company) shall not exceed 30% of the shares in issue from time to time. As at 31 December 2014, the number of shares in respect of the options granted and remained outstanding under the Scheme was 59,168,000 (2013: 25,132,000), representing 4.04% (2013: 3.7%) of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the Scheme was 136,907,383 (2013: 15,709,916), representing 9.36% (2013: 2.3%) of the issued shares of the Company. The maximum entitlement of each Participant under the Scheme in any 12-month period is 1% of the shares in issue from time to time.

The period within which an option may be exercised will be determined by the Board at its absolute discretion but no option may be exercised later than 10 years from the date on which the option is granted. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option. The amount payable on acceptance of an option is HK$1.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The Scheme will be valid and effective for a period of ten years from the adoption date until 6 July 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. Share-Based Payment Transactions (continued)

Equity-settled share option scheme of the Company: (continued)

Movements of the Company's share options held by directors, employees and consultants during the year ended 31 December 2014 are set out below:

	Number of share options									
		Before Share Subdivision			After Share Subdivision					
Category of Participants	As at 1 January 2014	Granted	Exercised	Adjustment for Share Subdivision (note i)	Granted	Exercised	As at 31 December 2014	Date of grant	Exercise price HK$	Note(s)
Director	20,000,000	–	–	20,000,000	–	–	40,000,000	10 July 2013	1.73	i, iv
Directors	2,160,000	–	–	2,160,000	–	–	4,320,000	26 August 2011	0.375	i, ii
Employees	–	–	–	–	6,892,000	–	6,892,000	9 December 2014	4.218	v
Consultants	472,000	–	–	472,000	–	–	944,000	26 August 2011	0.375	i, iii
Consultants	2,500,000	–	(250,000)	2,250,000	–	–	4,500,000	10 July 2013	1.73	i, iv
Consultants	–	–	–	–	2,512,000	–	2,512,000	9 December 2014	4.218	v
Total	25,132,000	–	(250,000)	24,882,000	9,404,000	–	59,168,000			
Exercisable at the end of the year							31,966,000			
Weight average exercise price	1.588	–	1.73	1.587	4.218	–	2.005			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. Share-Based Payment Transactions (continued)

Equity-settled share option scheme of the Company: (continued)

Movements of the Company's share options held by directors, employees and consultants during the year ended 31 December 2013 are set out below:

	Number of share options									
		Before Open Offer and share subdivision				After Open Offer and share subdivision				
Category of Participants	As at 1 January 2013	Granted	Exercised	Adjustment for open offer (note vii)	Adjustment for share subdivision (note viii)	Granted	Exercised	As at 31 December 2013	Date of grant	Exercise price (notes vii, viii) HK$
Director	–	–	–	–	–	20,000,000	–	20,000,000	10 July 2013	3.46
Directors	1,000,000	–	–	180,000	1,180,000	–	(200,000)	2,160,000	26 August 2011	0.75
Employees	500,000	–	(250,000)	45,000	295,000	–	(590,000)	–	26 August 2011	0.75
Consultants	2,550,000	–	(250,000)	414,000	2,714,000	–	(4,956,000)	472,000	26 August 2011	0.75
Consultants	–	–	–	–	–	2,500,000	–	2,500,000	10 July 2013	3.46
Total	4,050,000	–	(500,000)	639,000	4,189,000	22,500,000	(5,746,000)	25,132,000		
Exercisable at the end of the year								8,257,000		
Weight average exercise price	0.75	–	0.75	0.75	0.75	3.46	0.75	3.18		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company: (continued)

Notes:

(i) As a result of the Share Subdivision which was effective on 13 June 2014, the exercise price per share and number of outstanding share options granted on 26 August 2011 were adjusted from HK$0.75 to HK$0.375 and from 2,632,000 to 5,264,000 respectively. The exercise price per share and number of outstanding share options granted on 10 July 2013 were adjusted from HK$3.46 to HK$1.73 and from 22,250,000 to 44,500,000 respectively.

(ii) The share options are divided into 2 tranches exercisable from 26 August 2011 and 26 August 2012 respectively to 25 August 2021.

(iii) The share options are divided into 2 tranches exercisable from 26 August 2012 and 26 August 2013 respectively to 25 August 2021.

(iv) The share options are divided into 4 tranches exercisable from 31 October 2013, 31 October 2014, 31 October 2015 and 31 October 2016 respectively to 9 July 2018. The director is Mr. Ho, Lawrence Yau Lung.

(v) The share options are divided into 2 tranches exercisable from 9 December 2014 and 9 December 2015 respectively to 8 December 2019.

(vi) During the year, no share options were lapsed or cancelled under the Scheme. In respect of the share options exercised during the year, the weighted average closing prices of the shares of the Company immediately before and on the date on which the options were exercised were HK$5.79 and HK$5.95 respectively.

(vii) Upon the completion of the Open Offer in April 2013, the exercise price per share and number of the outstanding share options granted on 26 August 2011 were adjusted from HK$1.77 to HK$1.50 and from 3,550,000 to 4,189,000 respectively.

(viii) As a result of the share subdivision which was effective on 3 June 2013, the exercise price per share and number of outstanding share options granted on 26 August 2011 were adjusted from HK$1.50 to HK$0.75 and from 4,189,000 to 8,378,000 respectively.

On 9 December 2014, the Company granted a total of 9,404,000 share options under the Scheme to employees and consultants of the Company. The validity period of the options is five years from the date of grant of the options, i.e. from 9 December 2014 to 8 December 2019. The options will entitle the grantees to subscribe for a total of 9,404,000 new shares of HK$0.025 each at an exercise price of HK$4.218 per share. The closing prices of the shares of the Company immediately before and on the date on which the options were granted were HK$4.01 and HK$4.07 respectively.

The estimated fair value of the options granted on 9 December 2014 was approximately HK$18,558,000. The fair value per option granted was HK$1.99.

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23. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company: (continued)

The fair value was calculated using the Binomial model with inputs into the model as follows:

	Share options grant date			
	9 December 2014	10 July 2013 (Consultants)	17 October 2013 (Directors)	26 August 2011
Share price at date of grant	HK$4.07	HK$3.46	HK$11.96	HK$1.60
Exercise price	HK$4.218	HK$3.46	HK$3.46	HK$1.77
Expected volatility	62%	60%	60%	55%
Expected life	5 years	5 years	4.7 years	10 years
Risk-free rate	1.31%	1.37%	0.98%	1.76%
Expected dividend yield	0%	0%	0%	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a total expense of HK$84,234,000 for the year ended 31 December 2014 (2013: HK$61,469,000) in relation to share options granted by the Company, of which HK$9,892,000 (2013: 61,022,000) was in respect of share options granted during the year.

24. Retirement Benefit Plan

Defined contribution plan

The Group participates in both ORSO Scheme and MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme subject only to the maximum level of payroll costs of HK$25,000 prior to June 2014 and HK$30,000 after June 2014 per employee, which contribution is matched by the employees.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 10% of the employee's basic salary, depending on the length of service with the Group.

The amount charged to profit or loss of HK$567,000 (2013: HK$403,000) represents contributions paid or payable to the plans by the Group at rates specified in the rules of the plans.

At 31 December 2014 and 2013, there were no forfeited contributions which arose upon employees leaving the retirement plans and which are available to reduce the contributions payable in the future years.

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For the year ended 31 December 2014

25. Operating Lease Commitments

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

	2014 HK$'000	2013 HK$'000
Within one year	**335**	304
In the second to fifth years inclusive	**–**	248
	335	552

Operating lease payments represent rentals payable by the Group for certain of its office properties. The leases are negotiated for an average term of one to two years for both years.

26. Capital Commitments

The Group's share of the capital commitments made jointly with other joint venturers relating to its joint venture, Oriental Regent, is as follows:

	2014 HK$'000	2013 HK$'000
Commitments to contribute funds for the acquisition of property, plant and equipment	**261,072**	54,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. Related Party Transactions

Other than those disclosed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties during the year:

	2014 HK$'000	2013 HK$'000
Operating lease rentals expense	**90**	288
Service fees expense	**240**	240
Imputed interest income received from joint ventures	**17,373**	–

The operating lease rentals for the years ended 31 December 2014 and 2013 were paid to a related company controlled by one of the key management personnel of a subsidiary of the Company.

The service fees for the years ended 31 December 2014 and 2013 were paid to a related company controlled by a key management personnel of the Company.

Details of the balances with the related parties have been disclosed in the consolidated statement of financial position on page 31 and notes 16 and 21.

Compensation of key management personnel

The emoluments of directors and other members of key management during the year were as follows:

	2014 HK$'000	2013 HK$'000
Short-term benefits	**3,316**	636
Post-employment benefits	**31**	–
Share-based payments	**80,063**	59,208
	83,410	59,844

Certain shares of the Company were issued to key management upon exercise of shares options granted to them under the share option scheme as disclosed in note 23. The estimated fair value of such share options are recognised as share-based payments expense for both years based on the accounting policy described in Note 3. As at 31 December 2014, Mr. Ho, Lawrence Yau Lung, a non-executive director and Chairman of the Company, and Mr. Wang, John Peter Ben, an executive director of the Company, are shareholders of the Company and the shareholding of Mr. Ho, Lawrence Yau Lung gives him significant influence over the Group.

The emoluments of directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. Particulars of Subsidiaries of the Company

Details of the subsidiaries at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operations	Particulars of issued share capital		Proportion of nominal value of issued ordinary share held by the Company				Principal activities
					Directly		Indirectly		
			2014	2013	**2014**	2013	**2014**	2013	
Easy Market Trading Limited	British Virgin Islands ("BVI")	Hong Kong	**642,723 ordinary shares of US$642,723**	642,723 ordinary shares of US$642,723	**100%**	100%	**–**	–	Investment holding
Colour Castle Limited	BVI	Hong Kong	**1 ordinary share of US$1**	1 ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Summit Ascent Russia Limited	BVI	Hong Kong	**1 ordinary share of US$1**	1 ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Arnhold Trading Limited	Hong Kong	Hong Kong	**1 ordinary share of HK$1**	1 ordinary share of HK$1	**–**	–	**100%**	100%	Trading of tiles and engineering operations products
Worth Apex Limited	Hong Kong	Hong Kong	**1 ordinary share of HK$1**	1 ordinary share of HK$1	**–**	–	**100%**	100%	Trading of tiles and engineering operations products
Summit Ascent Services Limited#	Hong Kong	Hong Kong	**1 ordinary share of HK$1**	N/A	**100%**	N/A	**–**	N/A	Provision of administrative services

Newly set up in 2014.

No debt security has been issued by any of the subsidiaries at any time during the year or is outstanding at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

29. Information about Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2014 HK$'000	2013 HK$'000
Non-current assets		
Equipment	**182**	73
Unlisted investments in and advance to subsidiaries (Note ii)	**1,066,458**	266,056
	1,066,640	266,129
Current assets		
Other receivables	**492**	1,114
Amounts due from subsidiaries	**18,165**	3,128
Bank balances and cash	**109,117**	358,492
	127,774	362,734
Current liabilities		
Trade and other payables	**2,780**	3,876
Amounts due to subsidiaries	**5,281**	5,000
Amount due to a joint venture	**–**	372
	8,061	9,248
Net current assets	**119,713**	353,486
Net assets	**1,186,353**	619,615
Capital and reserves		
Share capital (Note 22)	**36,578**	33,965
Reserves (Note i)	**1,149,775**	585,650
Total equity	**1,186,353**	619,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

29. Information about Financial Position of the Company (continued)

Note i: Movement in reserves

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
At 1 January 2013	2,146	3,164	(2,560)	2,750
Loss and total comprehensive expense for the year	–	–	(75,803)	(75,803)
Exercise of share options	7,220	(2,363)	–	4,857
Recognition of equity-settled share-based payments	–	61,469	–	61,469
Shares issued	615,004	–	–	615,004
Transaction costs attributable to issue of shares	(22,627)	–	–	(22,627)
At 31 December 2013 and 1 January 2014	601,743	62,270	(78,363)	585,650
Loss and total comprehensive expense for the year	**–**	**–**	**(80,791)**	**(80,791)**
Exercise of share options	**1,269**	**(417)**	**–**	**852**
Recognition of equity-settled share-based payments	**–**	**84,234**	**–**	**84,234**
Shares issued	**585,000**	**–**	**–**	**585,000**
Transaction costs attributable to issue of shares	**(25,170)**	**–**	**–**	**(25,170)**
At 31 December 2014	**1,162,842**	**146,087**	**(159,154)**	**1,149,775**

Note ii: Unlisted investments in and advance to subsidiaries

	2014 HK$'000	2013 HK$'000
Unlisted interests, at cost	**5,000**	5,000
Deemed capital contribution (Note)	**113,437**	–
Advance to a subsidiary	**948,021**	261,056
	1,066,458	266,056

Note: Deemed capital contribution represented the imputed interest on the interest-free advances provided to a subsidiary.

OTHER FINANCIAL INFORMATION

Five-year Financial Summary

	Continuing and discontinued operations 2010 HK$'000	Continuing and discontinued operations 2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Results					
Turnover	379,746	92,813	9,845	7,913	**21,926**
Operating profit/(loss)	13,263	3,282	(6,008)	(80,567)	**(100,897)**
Finance income	344	34	–	976	**22,023**
Finance costs	–	–	–	–	**–**
Loss on disposal of subsidiaries	–	(329)	–	–	**–**
Profit/(loss) before income tax	13,607	2,987	(6,008)	(79,591)	**(78,874)**
Income tax (expenses)/credit	(2,261)	(1,012)	–	51	**–**
Profit/(loss) attributable to shareholders	11,346	1,975	(6,008)	(79,540)	**(78,874)**
Proposed special dividend	196,990	–	–	–	**–**
Assets and liabilities					
Total assets	328,525	43,721	37,360	655,271	**1,026,437**
Total liabilities	(103,638)	(10,241)	(8,032)	(38,462)	**(24,106)**
Shareholders' funds	224,887	33,480	29,328	616,809	**1,002,331**

CORPORATE INFORMATION

Board of Directors

Mr. Ho, Lawrence Yau Lung* *(Chairman)*
Mr. Wang, John Peter Ben# *(Deputy Chairman)*
Mr. Tsui Yiu Wa, Alec+
Mr. Pang Hing Chung, Alfred+
Dr. Tyen Kan Hee, Anthony+

Executive Director
* Non-executive Director
+ Independent Non-executive Director

Audit Committee

Dr. Tyen Kan Hee, Anthony *(Chairman)*
Mr. Tsui Yiu Wa, Alec
Mr. Pang Hing Chung, Alfred

Remuneration Committee

Mr. Tsui Yiu Wa, Alec *(Chairman)*
Dr. Tyen Kan Hee, Anthony

Nomination Committee

Dr. Tyen Kan Hee, Anthony *(Chairman)*
Mr. Tsui Yiu Wa, Alec

Corporate Governance Committee

Mr. Tsui Yiu Wa, Alec *(Chairman)*
Dr. Tyen Kan Hee, Anthony

Company Secretary

Mr. Tsang Yuen Wai, Samuel

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Clarendon House
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Hamilton HM 11
Bermuda

Head Office in Hong Kong

Room 3701, 37th Floor
The Centrium
60 Wyndham Street
Central, Hong Kong

Principal Place of Business in Hong Kong

6th Floor, Victoria Centre
15 Watson Road
North Point
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

Auditor

Deloitte Touche Tohmatsu

Legal Advisor

Gibson, Dunn & Crutcher LLP

Principal Share Registrar and Transfer Agent

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

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
Hong Kong

Stock Code

102 (listed on the Hong Kong Stock Exchange)

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