偉俊礦業集團有限公司*

Wai Chun Mining Industry Group Co., Ltd.

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

2014 Annual Report

* for identification purposes only

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Corporate Information

BOARD OF DIRECTORS

Executive Director

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

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

Lam Ching Kui
Tong Chi Cheong

COMPANY SECRETARY

Tong Chi Cheong

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

SHARE REGISTRAR IN HONG KONG

Union Registrars Limited
A18/F
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

STOCK CODE

Hong Kong Stock Exchange: 0660

COMPANY WEBSITE

http://www.0660.hk

Chairman's Statement

On behalf of the board of Directors (the "Board") of Wai Chun Mining Industry Group Company Limited (the "Company"). I would like to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

FINANCIAL REVIEW

Financial performance

For the year ended 31 December 2014, the Group recorded a revenue of approximately HK$394,116,000 from continuing operations (2013: approximately HK$373,582,000), representing an increase of approximately 5.5% as compared to that of 2013. The Group recorded a gross profit and gross profit margin of approximately HK$5,051,000 (2013: approximately HK$8,798,000) and 1.3% (2013: 2.4%) respectively from continuing operations, representing decreases of approximately 42.6% and 45.8% respectively as compared to 2013.

Selling expenses for continuing operations recorded a decrease of 26.6% from approximately HK$4,870,000 in 2013 to approximately HK$3,576,000 in current year. The decrease in selling expenses is mainly attributable to the decrease in export sales of the PRC subsidiaries. Administrative expenses from continuing operations decreased by 29.7% from approximately HK$29,136,000 in 2013 to approximately HK$20,497,000 in current year.

Loss attributable to owners of the Company from continuing operations for the year amounted to approximately HK$15,884,000 (2013: approximately HK$21,994,000). The decrease in the loss was mainly due to (i) a decrease in operating expenses due to tighter cost control and the disposal of a subsidiary; and (ii) a gain on disposal of a subsidiary.

Footwear business

The footwear business recorded a revenue of approximately HK$18,563,000 (2013: approximately HK$28,927,000) and a segmental loss of approximately HK$5,027,000 in 2014 (2013: approximately HK$6,559,000) respectively, representing a decrease in the turnover of approximately HK$10,364,000 and a decrease in segmental loss of approximately HK$1,532,000 respectively when compared to 2013.

Modified Starch and other Biochemical Business

The performance of the modified starch business and other biochemical business have deteriorated when compared to that of 2013, which contributed approximately HK$314,091,000 (2013: approximately HK$321,775,000) and approximately HK$5,054,000 (2013: approximately HK$11,067,000) to the Group's turnover and segmental loss respectively, representing a decrease of approximately 2.4% in turnover and a decrease of approximately 54.3% in segmental loss when compared to that of 2013.

General trading business

The Group commenced the general trading business in the second half year of 2013. The general trading business recorded a revenue of approximately HK$61,462,000 (2013: approximately HK$22,880,000) and a segmental profit of approximately HK$296,000 in 2014 (2013: approximately HK$65,000) respectively.

Chairman's Statement

Financial resources and position

As at 31 December 2014, the Group had net current liabilities of approximately HK$50,374,000 (2013: approximately HK$29,028,000) and cash and cash equivalents of approximately HK$1,955,000 (2013: approximately HK$7,023,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As at 31 December 2014, the current ratio of the Group was approximately 0.56 times (2013: approximately 0.83 times).

Total debts of the Group amounted to approximately HK$55,951,000 (2013: approximately HK$96,730,000), comprising borrowings of approximately HK$32,934,000 (2013: approximately HK$56,466,000), loans from an ultimate holding company of approximately HK$17,767,000 (2013: approximately HK$32,449,000) and amounts due to a non-controlling shareholder of a subsidiary of approximately HK$5,250,000 (2013: approximately HK$7,815,000). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 38.6% (2013: approximately 42.7%), representing a decrease of approximately 4.1% as compared to 2013.

The Group had future minimum lease payments under a non-cancelable operating lease in respect of rented premises amounting to approximately HK$2,657,000 (2013: approximately HK$5,915,000). On the basis of the undrawn loan facilities of approximately HK$150,000,000, granted by its ultimate holding company, Wai Chun Investment Fund ("Wai Chun Fund"), which will be provided on a sub-ordinated basis, the Directors believe that the Group has sufficient financial resources for its operations. The Directors will remain cautious in the Group's liquidity management.

On 21 May 2014, 500,000,000 ordinary shares of the Company were issued and allotted upon conversion of 500,000,000 convertible preference shares of the Company.

Foreign currency fluctuation

For the year ended 31 December 2014, the Group conducted its business transactions principally in Renminbi and US dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required. As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

Pledge of assets and contingent liabilities

As at 31 December 2014, the Group had not provided any financial guarantee and did not have any material contingent liabilities. As at 31 December 2014, the Group's prepaid land lease payments with carrying amount of approximately HK$29,860,000 (2013: approximately HK$29,464,000) were pledged to secure the bank borrowings. As at 31 December 2014, no operation's bank deposits (2013: approximately HK$1,470,000 which were included in disposal group) have been pledged to secure the bank loans and banking facilities granted to the Group.

Chairman's Statement

Dividend

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2014.

BUSINESS REVIEW

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

On 30 October 2013, the Group entered into an agreement with an independent purchaser to dispose of its entire 51% equity interests of Century-light Industry Company Limited ("Century-light Industry") at a consideration of RMB6,630,000 (equivalent to approximately HK$8,336,000) (the "Disposal"). The Disposal was completed in March 2014 and resulted in a gain on disposal of a subsidiary of approximately HK$2,712,000.

During the year under review, the business of manufacture and sales of modified starch, biochemical products and corn oil products recorded segment loss of approximately HK$5,054,000 (2013: approximately HK$11,067,000). Such improvement was mainly due to the reduction in operating costs arising from the disposal of Century-light Industry and tighter cost control. The business of general trading recorded segment profits of approximately HK$296,000 during the year, whereas the footwear business, which continued to be hampered by low consumer spending and keen competition, recorded segment loss of approximately HK$5,027,000 (2013: approximately HK$6,559,000).

OUTLOOK

Looking forward, due to the global economic sentiments, the economic slowdown in China and keen competition in the relevant markets, the operating environment will remain challenging. Nevertheless, the Group is still optimistic in the business of manufacture and sales of modified starch, biochemical products and corn oil products because of the gradual recovery of the PRC economy and continued population growth, the Group believes that the demand in modified starch in the PRC will increase gradually in the long run and the business of manufacture and sale of relevant modified starch and other biochemical products will eventually be benefited. Furthermore, the Group will strive to increase the market share of current products and to explore new markets so as to increase sales and turnover of the Group.

Lam Ching Kui
Chairman

Hong Kong, 26 March 2015

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Lam Ching Kui ("Mr. Lam"), aged 56, has over 22 years of experience in project investments and securities investments. Mr. Lam has been engaged in industrial and residential property development in the PRC and commercial property investment in Hong Kong. He has made investments in listed securities and renewable energy. Mr. Lam is an indirect substantial shareholder of the Company and has been the Chairman and an Executive Director of the Company since December 2007. Mr. Lam is responsible for the overall strategic planning of the Group. Mr. Lam is also the chairman and an executive director of Wai Chun Group Holdings Limited ("Wai Chun Group"), a public listed company in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tony Chan Chun Wai ("Mr. Chan"), aged 43, is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He is a director in a CPA practice. He has extensive experience in audit assurance and business advisory services with clients operating in a variety of industries in both Hong Kong and the PRC. Moreover, Mr. Chan also has extensive experience in public listings in Hong Kong and Singapore, mergers and acquisition as well as corporate finance. Before commencing his own practice, Mr. Chan has worked in major international accounting firms and a listed company. Mr. Chan is an independent non-executive director of Hans Energy Company Limited and Honbridge Holdings Limited, whose shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chan has been an Independent Non-executive Director of the Company since May 2007.

Mr. Hau Pak Man ("Mr. Hau"), aged 71, a Hong Kong permanent resident, graduated from Beijing University of Technology in 1966 and obtained a Bachelor degree in Electrical Engineering. He has extensive working experiences in electrical engineering and information technology. Mr. Hau is currently a member of the National Committee of the Chinese Peoples Political Consultative Conference, a member of the Committee for Liaise with Hong Kong, Macao, Taiwan and Overseas Chinese and a member of Selection Meeting for Representatives of the Hong Kong Special Administrative Region of The Twelve National People's Congress of the People's Republic of China (中華人民共和國香港特別行政區第十二屆全國人民代表大會代表選舉會議成員). Mr. Hau has been an Independent Non-executive Director of the Company since November 2012.

Mr. To Yan Ming, Edmond ("Mr. To"), aged 43, holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is a Certified Public Accountant practicing in Hong Kong and a director of Edmond To CPA Limited, Zhonglei (HK) CPA Company Limited and R.C.W. (HK) CPA Limited. Mr. To was formerly a director of Fortitude CPA Limited. Mr. To is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. To worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is currently an independent non-executive director of China Vanguard Group Limited, shares of which are listed on the GEM Board of the Stock Exchange. Mr. To was an independent non-executive director of BEP International Holdings Limited from June 2009 to December 2013. Mr. To is also an independent non-executive director of each of Theme International Holdings Limited, China Household Holdings Limited and Wai Chun Group Holdings Limited, shares of all of which are listed on the Main Board of the Stock Exchange. Mr. To has been an Independent Non-executive Director of the Company since August 2013.

Report of the Directors

The Directors of the Company submit their report together with the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding and the principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 26 to 89.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity set out on page 31 and note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company did not have any reserves available for distribution to its shareholders (2013: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 December 2014 is set out on page 90 of this annual report.

Report of the Directors

DIRECTORS

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

Executive Director

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

Independent Non-executive Directors

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

The biographical details of the Directors of the Company are set out on page 6 of this annual report.

In accordance with Article 99 of the Articles of Association of the Company, Mr. Hau Pak Man and Mr. To Yan Ming, Edmond shall retire from office by rotation at the forthcoming Annual General Meeting of the Company ("AGM") and, being eligible, offer themselves for re-election.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

Report of the Directors

DIRECTORS' REMUNERATION

Details of emoluments of the Directors are set out in note 14 to the consolidated financial statements.

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

INTERESTS IN CONTRACTS

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

COMPETING BUSINESS

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

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of, its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

	Ordinary shares of HK$0.0025 each		
Name of Director	Capacity	Number of shares/underlying share held	Approximate percentage of issued share capital
Mr. Lam Ching Kui	Interests of controlled corporations	7,578,064,320	47.50%

Mr. Lam Ching Kui is the beneficial owner of Chinese Success Limited, the major shareholder holding (i) 7,262,064,320 shares of the Company and (ii) 316,000,000 convertible preference shares of the Company, which is convertible to 316,000,000 shares of the Company.

Report of the Directors

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

	Ordinary shares of HK$0.0025 each		
Name of Shareholder	**Capacity**	**Number of shares/underlying share held**	**Approximate percentage of issued share capital**
Wai Chun Investment Fund *(Note 1)*	Interests of controlled corporations	7,578,064,320	47.50%
Chinese Success Limited *(Note 1)*	Beneficial owner	7,578,064,320	47.50%
Onward Global Investments Limited *(Note 2)*	Beneficial owner	1,286,350,000	8.06%
Spring Garden Investments Limited *(Note 3)*	Beneficial owner	1,286,400,000	8.06%

Notes:

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

(2) Ms. Wan Yuzhen is the beneficial owner of Onward Global Investments Limited.

(3) Ms. Zhong Liyang is the beneficial owner of Spring Garden Investments Limited.

Report of the Directors

Save for the shareholders as disclosed herein, the Directors and the chief executive of the Company are not aware of any persons who, as at 31 December 2014, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 31 December 2014, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

OTHER PERSONS

As at 31 December 2014, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTION SCHEME

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

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

RETIREMENT BENEFITS SCHEME

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

MANAGEMENT CONTRACTS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

Report of the Directors

CONNECTED TRANSACTIONS

(i) Connected Transactions

Disposal of Century-light Industry

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

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

The Disposal was completed on 25 March 2014.

(ii) Continuing Connected Transaction

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

Wai Chun Holdings Group Limited is owned as to 50% by Mr. Lam Ching Kui and as to the remaining 50% by Ms. Chan Oi Mo. Mr. Lam Ching Kui is a controlling shareholder of the Company and is interested in approximately 47.50% of the issued share capital of the Company and Ms. Chan Oi Mo is the spouse of Mr. Lam Ching Kui. Accordingly, Wai Chun Holdings Group Limited is regarded as a connected person of the Company under the Listing Rules. Therefore, the tenancy agreement constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

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

Report of the Directors

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

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

(2) on normal commercial terms; and

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

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

Compliance with Disclosure Requirements

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

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 65% of total turnover and sales to the largest customer accounted for approximately 21%. The five largest suppliers of the Group in aggregate accounted for about 78% of its operating costs for the year. Purchases from the largest supplier accounted for about 43% of its operating costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's share capital) had any interest in the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

Report of the Directors

EMOLUMENT POLICY

As at 31 December 2014, the Group had a total of 124 employees, the majority of whom are situated in the PRC. In addition to offer competitive remuneration packages to employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

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

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

CORPORATE GOVERNANCE

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2014 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming AGM.

On behalf of the Board

Lam Ching Kui
Chairman

Hong Kong, 26 March 2015

Corporate Governance Report

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

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

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules, except for the deviation from code provision A.2.1, details of which are set out below:

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

BOARD OF DIRECTORS

Composition of the Board

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

Executive Director

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

Independent Non-executive Directors

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

Corporate Governance Report

Responsibilities

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

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

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

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

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

During the year ended 31 December 2014, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

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

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

Corporate Governance Report

Appointment, Re-election and Removal of Directors

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

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

Board Meetings

During the year ended 31 December 2014, the Board held four regular board meetings. In addition, board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by Executive Directors only. The Directors attended the meetings in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ching Kui	4/4
Mr. Chan Chun Wai, Tony	4/4
Mr. Hau Pak Man	4/4
Mr. To Yan Ming, Edmond	4/4

General Meetings

During the year ended 31 December 2014, an annual general meeting of the Company was held on 5 June 2014. The attendance of each Director is set out as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ching Kui	1/1
Mr. Chan Chun Wai, Tony	1/1
Mr. Hau Pak Man	1/1
Mr. To Yan Ming, Edmond	1/1

Board Process

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

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

Corporate Governance Report

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

Directors' Training

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

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 December 2014 to the Company.

Chairman and Chief Executive Officer

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

Independent Non-executive Directors

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

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

BOARD COMMITTEES

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

Corporate Governance Report

Remuneration committee

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

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

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

During the year ended 31 December 2014, the Remuneration Committee held one meeting, with attendance record as follows:

Name of Directors	**Number of meetings attended/held**
Mr. Hau Pak Man *(Chairman)*	1/1
Mr. Lam Ching Kui	1/1
Mr. Chan Chun Wai, Tony	1/1

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

Audit committee

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

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

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

Corporate Governance Report

During the year ended 31 December 2014, the Audit Committee held two meetings, with attendance record as follows:

Name of Directors	Number of meetings attended/held
Mr. Chan Chun Wai, Tony *(Chairman)*	2/2
Mr. Hau Pak Man	2/2
Mr. To Yan Ming, Edmond	2/2

At the meetings, the Audit Committee reviewed the audited financial statements for the year ended 31 December 2014 and the interim report for the six months ended 30 June 2014 respectively. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters. The Audit Committee is satisfied with their review of the independence of the auditor and their audit process for the year ended 31 December 2014.

The Group's results and consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee.

Nomination Committee

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

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

During the year ended 31 December 2014, the Nomination Committee held one meeting, with attendance record as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ching Kui *(Chairman)*	1/1
Mr. Hau Pak Man	1/1
Mr. Chan Chun Wai, Tony	1/1

Corporate Governance Report

Corporate Governance Functions

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

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

During the year ended 31 December 2014, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

EXTERNAL AUDITOR AND ITS REMUNERATION

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

HLM CPA Limited provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2014. HLM CPA Limited also reviewed the 2014 unaudited interim financial information of the Company, which was prepared in accordance with HKFRSs.

The total fees charged by HLM CPA Limited in respect of audit services for the year ended 31 December 2014 amounted to HK$500,000.

Description of non-audit services performed by HLM CPA Limited	**Fee Paid**
	HK$
Interim review of financial statements of the Company and its subsidiaries for the six months ended 30 June 2014	128,000

DIRECTORS' RESPONSIBILITY IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

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

The statement of the Auditors of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 24 to 25 of this annual report.

Corporate Governance Report

GOING CONCERN

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

INTERNAL CONTROL

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

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

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

SHAREHOLDERS' RIGHTS

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

Shareholders to convene an extraordinary general meeting

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

Putting enquiries by shareholders to the Board

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

Corporate Governance Report

Procedures for putting forward proposals by shareholders at shareholders' meeting

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

CONSTITUTIONAL DOCUMENTS

During the year, there was no significant change in the Company's Memorandum and Articles of Association.

Independent Auditor's Report

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

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

We have audited the consolidated financial statements of Wai Chun Mining Industry Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 89, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

Independent Auditor's Report

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

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

OPINION

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

EMPHASIS OF MATTER

The accompanying consolidated financial statements for the year ended 31 December 2014 have been prepared assuming that the Group will continue as a going concern. Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate that the Group incurred a net loss of approximately HK$17,704,000 for the year ended 31 December 2014 and had a net operating cash outflow of approximately HK$15,837,000, and as at 31 December 2014, the Group's capital deficiency attributable to owners of the Company was approximately HK$6,412,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong
26 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Turnover	8	**394,116**	373,582
Cost of sales		**(389,065)**	(364,784)
Gross profit		**5,051**	8,798
Other revenue	9	**2,588**	2,348
Gain on disposal of a subsidiary	37	**2,712**	–
Selling expenses		**(3,576)**	(4,870)
Administrative expenses		**(20,497)**	(29,136)
Impairment loss on trade and bills receivables	21	**(380)**	–
Impairment loss on deposits, prepayments and other receivables		**(300)**	(937)
Finance costs	11	**(3,291)**	(5,724)
Loss before income tax		**(17,693)**	(29,521)
Income tax expense	12	**(11)**	(594)
Loss for the year from continuing operations	13	**(17,704)**	(30,115)
Discontinued operation			
Loss for the year from discontinued operation	24	**–**	(677)
Loss for the year		**(17,704)**	(30,792)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(15,884)**	(21,994)
– from discontinued operation		**–**	(176)
		(15,884)	(22,170)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(1,820)**	(8,121)
– from discontinued operation		**–**	(501)
		(1,820)	(8,622)
Loss for the year		**(17,704)**	(30,792)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
		HK cents	*HK cents*
Loss per share	*17*		
From continuing and discontinued operations			
– Basic		**(0.10)**	(0.14)
– Diluted		**(0.10)**	(0.14)
From continuing operations			
– Basic		**(0.10)**	(0.14)
– Diluted		**(0.10)**	(0.14)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Loss for the year	**(17,704)**	(30,792)
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Realisation of translation reserve upon disposal of a subsidiary	**(712)**	—
Exchange differences on translation of foreign operations	**626**	1,233
Other comprehensive (expense) income, net of tax	**(86)**	1,233
Total comprehensive expense for the year	**(17,790)**	(29,559)
Total comprehensive expenses attributable to:		
— Owners of the Company	**(15,928)**	(21,655)
— Non-controlling interests	**(1,862)**	(7,904)
	(17,790)	(29,559)

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	18	**38,037**	35,161
Prepaid land lease payments	19(a)	**37,338**	37,282
Prepayments for acquisition of property, plant and equipment		**711**	335
		76,086	72,778
Current assets			
Inventories	20	**29,063**	37,916
Prepaid land lease payments	19(a)	**803**	786
Trade and bills receivables	21	**25,142**	13,720
Deposits, prepayments and other receivables	22	**6,886**	16,016
Tax recoverable		**–**	2
Bank balances and cash	23	**1,955**	6,916
		63,849	75,356
Assets classified as held for sale	24	**–**	61,990
		63,849	137,346
Current liabilities			
Trade payables	25	**28,750**	35,387
Accruals and other payables	26	**24,913**	26,753
Amounts due to a non-controlling shareholder of a subsidiary	27	**5,250**	1,298
Amounts due to a former subsidiary	27	**22,376**	–
Borrowings	28	**32,934**	35,509
		114,223	98,947
Liabilities directly associated with assets classified as held for sale	24	**–**	67,427
		114,223	166,374
Net current liabilities		**(50,374)**	(29,028)
Total assets less current liabilities		**25,712**	43,750

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liability			
Loans from an ultimate holding company	29	**17,767**	11,836
Total assets less liabilities		**7,945**	31,914
Capital and reserves			
Share capital	30	**39,887**	38,637
Convertible preference shares	31	**790**	2,040
Reserves		**(47,089)**	(31,161)
(Capital deficiency) equity attributable to owners of the Company		**(6,412)**	9,516
Non-controlling interests		**14,357**	22,398
		7,945	31,914

The consolidated financial statements on pages 26 to 89 were approved and authorised for issue by the Board of Directors on 26 March 2015 and are signed on its behalf by:

Lam Ching Kui
Director

Chan Chun Wai, Tony
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital HK$'000	Convertible preference shares HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note)	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	38,637	–	145,716	6,906	1,393	(202,281)	(9,629)	30,302	20,673
Loss for the year	–	–	–	–	–	(22,170)	(22,170)	(8,622)	(30,792)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	515	–	515	718	1,233
Total comprehensive income (expense) for the year	–	–	–	–	515	(22,170)	(21,655)	(7,904)	(29,559)
Issue of convertible preference shares	–	2,040	38,760	–	–	–	40,800	–	40,800
At 31 December 2013 and 1 January 2014	**38,637**	**2,040**	**184,476**	**6,906**	**1,908**	**(224,451)**	**9,516**	**22,398**	**31,914**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(15,884)**	**(15,884)**	**(1,820)**	**(17,704)**
Other comprehensive income (expense) for the year:									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**668**	**–**	**668**	**(42)**	**626**
Realisation of translation reserve upon disposal of a subsidiary	**–**	**–**	**–**	**–**	**(712)**	**–**	**(712)**	**–**	**(712)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(44)**	**(15,884)**	**(15,928)**	**(1,862)**	**(17,790)**
Disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,179)**	**(6,179)**
Conversion of convertible preference shares	**1,250**	**(1,250)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014	**39,887**	**790**	**184,476**	**6,906**	**1,864**	**(240,335)**	**(6,412)**	**14,357**	**7,945**

Note:

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Operating activities			
Loss for the year		**(17,704)**	(30,792)
Adjustments for:			
Finance costs	*11*	**3,291**	5,724
Income tax expense	*12*	**11**	594
Interest income		**(21)**	(687)
Depreciation on property, plant and equipment		**3,787**	3,168
Amortisation of prepaid land lease payments	*19(a)*	**797**	565
Gain on disposal of a subsidiary	*37*	**(2,712)**	–
Loss on disposal of property, plant and equipment		**–**	490
Write-back of trade payables		**–**	(828)
Impairment loss on trade and bills receivables	*21*	**380**	–
Impairment loss on deposits, prepayments and other receivables	*22*	**300**	937
Write-down of inventories	*20*	**888**	3,202
Operating cash flows before movements in working capital		**(10,983)**	(17,627)
Decrease (increase) in inventories		**11,561**	(1,757)
(Increase) decrease in trade and bills receivables		**(13,794)**	129,113
Decrease in deposits, prepayments and other receivables		**6,493**	689
Decrease in pledged bank deposits		**1,471**	45,169
Decrease in trade payables		**(6,616)**	(16,517)
Decrease in accruals and other payables		**(3,960)**	(6,437)
Cash (used in) generated from operations		**(15,828)**	132,633
PRC tax paid		**(9)**	(222)
Net cash (used in) generated from operating activities		**(15,837)**	132,411

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Investing activities			
Interest received		**21**	687
Proceeds from disposal of property, plant and equipment		**–**	613
Net cash inflow from disposal of a subsidiary	37	**8,126**	–
Payments for acquisition of property, plant and equipment		**(7,016)**	(4,099)
Payments for acquisition of prepaid land lease payments	19(a)	**(923)**	(5,043)
Net cash generated from (used in) investing activities		**208**	(7,842)
Financing activities			
Interest paid		**(2,207)**	(4,781)
Repayment of borrowings		**(94,766)**	(434,409)
New borrowings raised		**75,145**	276,494
Repayment of obligations under a finance lease		**–**	(6)
Increase in loans from an ultimate holding company		**4,850**	22,876
Increase in amounts due to a non-controlling shareholder of a subsidiary		**17,962**	7,815
Increase in amounts due to a former subsidiary		**8,969**	–
Net cash generated from (used in) financing activities		**9,953**	(132,011)
Net decrease in cash and cash equivalents		**(5,676)**	(7,442)
Cash and cash equivalents at beginning of year		**7,023**	14,242
Effect of exchange rate changes on the balance of cash held in foreign currencies		**608**	223
Cash and cash equivalents at end of year		**1,955**	7,023
Analysis of cash and cash equivalent			
Bank balances and cash	23	**1,955**	6,916
Bank balances and cash included in a disposal group classified as held for sale	24	**–**	107
		1,955	7,023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL

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

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

The principal activities of the Company during the year is investment holding and the principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014, the Group and the Company incurred a loss of approximately HK$17,704,000 and approximately HK$15,928,000 and the Group had a net operating cash outflow of approximately HK$15,837,000, and as at 31 December 2014, the Group's and the Company's capital deficiency was approximately HK$6,412,000. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group's ability to operate as a going concern, the Directors of the Company have implemented various measures as follow:

(i) The Company has obtained loan facilities of approximately HK$150,000,000 from its ultimate holding company, Wai Chun Fund, which will be provided on a subordinated basis, i.e. Wai Chun Fund will not demand the Company for repayment of such loans until all other liabilities of the Group had been satisfied;

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

(iii) The Company has planned and is in negotiation with potential investors to raise sufficient funds through placements of shares. The proceeds will be used for general working capital and improve the liquidity of the Group; and

(iv) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The Directors have carried out a detailed review of the cash flow forecast of the Group and the Company for the twelve months ending 31 December 2015 taking into account the impact of above measures, the Directors of the Company believe that the Group and the Company will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

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

In the current year, the Group and the Company has applied, for the first time, the following new interpretation and amendments to HKFRSs (hereinafter collectively referred to as the "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 amendments to HKFRSs and new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs issued but not yet effective

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

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

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

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

New Companies Ordinance

In addition, the requirements of Part 9, "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") come into operation from the Group's first financial year commencing after 3 March 2014 (that is, the Group's financial year which began on 1 January 2015) in accordance with section 358 of the Companies Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far, it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretation) 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).

Basis of preparation

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its 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 (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

The Group reassess 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 from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Interests in subsidiaries

Interests in subsidiaries included in the Company's statement of financial position are stated at cost less any identified impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets and disposal group held for sale

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

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

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

Revenue recognition

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

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

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

Revenue from agency trade business on disposal group was recognised when the agreed services pursuant to prescribed agency contract have been provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is recognised using the effective rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

Leasing

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

The Group as lessee

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

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

Prepaid land lease payments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

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

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

Foreign currencies

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Borrowing costs

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

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

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Pension schemes and other retirement benefits *(Continued)*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Taxation

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

Current tax

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

Deferred tax

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax (Continued)

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 for the year

Current and deferred tax are recognised in profit or loss.

Provisions

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

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

Impairment

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment *(Continued)*

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

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

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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

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

Cash and cash equivalents

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

Related parties

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and other entity is an associate of the third party;

(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

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

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

Financial instruments

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

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

Financial assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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 bills receivables, deposits and other receivables, pledged bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment.

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Convertible preference shares

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

Other financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Depreciation of property, plant and equipment

The Group's carrying amounts of property, plant and equipment as at 31 December 2014 were approximately HK$38,037,000 (2013: approximately HK$35,161,000). The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful life of 3 years to 25 years and after taking into account of their estimated residual values, using the straight-line method, at the rate of 5% to 33% per annum, commencing from the date in which the property, plant and equipment are available for use. The estimated useful life that the Group places the property, plant and equipment into productive use reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Key sources of estimation uncertainty

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

Impairment on trade and other receivables

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

Impairment on inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Key sources of estimation uncertainty *(Continued)*

Prepayments for acquisition of land use rights

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

Deferred tax asset

At 31 December 2014, no deferred tax asset has been recognised on the tax losses of approximately HK$133,375,000 (2013: approximately HK$142,328,000) due to the unpredictability of future profit streams. The realisation of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the estimated future assessable profits or taxable temporary difference are more than previously estimated, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which the revised estimate takes place.

6. CAPITAL RISK MANAGEMENT

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

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

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

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For the year ended 31 December 2014

6. CAPITAL RISK MANAGEMENT *(Continued)*

Net debt to total assets ratio

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

	2014 ***HK$'000***	2013 *HK$'000*
Debts *(Note a)*	**78,327**	96,730
Bank balances and cash	**(1,955)**	(7,023)
Net debts	**76,372**	89,707
Total assets *(Note b)*	**139,935**	210,124
Net debt to total assets ratio	**54.6%**	42.7%

Notes:

(a) Debt comprises amounts due to a non-controlling shareholder of a subsidiary of approximately HK$5,250,000, amounts due to a former subsidiary of approximately HK$22,376,000 borrowings of approximately HK$32,934,000, and loans from an ultimate holding company of approximately HK$17,767,000, as detailed in notes 27, 28 and 29 respectively.

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

The net debt to total assets ratio was decreased from 42.7% to 38.6% mainly because of the decrease in borrowings during the year.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 ***HK$'000***	2013 *HK$'000*
Financial assets		
Loans and receivables (including bank balances and cash)	**28,585**	36,726
Financial liabilities		
Other financial liabilities at amortised cost	**126,614**	173,030

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

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

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

Credit risk management

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

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

Receivables balances are monitored and managed by management on an ongoing basis to ensure the Group's exposure to bad debt is minimised.

The Group has concentration of credit risk as approximately 34% (2013: approximately 22%) and approximately 80% (2013: approximately 65%) of the total trade and bills receivables which was due from the Group's largest customer and the total three largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for approximately 62% (2013: approximately 53% in PRC) of the total trade and bills receivables as at 31 December 2014.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Foreign currency risk management

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

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

Sensitivity analysis

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

	2014		2013	
	Increase (decrease) in foreign exchange rate in %	**Effect on loss for the year** ***HK$'000***	Increase (decrease) in foreign exchange rate in %	Effect on loss for the year *HK$'000*
Hong Kong dollars	**5**	**186**	5	366
	(5)	**(186)**	(5)	(366)
United States dollars	**5**	**2**	5	810
	(5)	**(2)**	(5)	(810)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Interest rate risk management

The Group's cash flow interest rate risk relates primarily to variable-rate borrowings and cash at bank. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's exposure to cash flow interest rate risk is minimal.

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

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2013: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2014 would increase/decrease by approximately HK$312,000 (2013: approximately HK$290,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Liquidity risk management

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management (Continued)

Liquidity tables

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

	Less than 180 days *HK$'000*	**181 to 365 days** *HK$'000*	**Over 1 year** *HK$'000*	**Carrying amounts** *HK$'000*
2014				
Non-derivative financial liabilities				
Trade payables	**28,750**	**—**	**—**	**28,750**
Other payables	**19,537**	**—**	**—**	**19,537**
Loans from an ultimate holding company	**—**	**—**	**17,767**	**17,767**
Amounts due to a non-controlling shareholder of a subsidiary	**5,250**	**—**	**—**	**5,250**
Amounts due to a former subsidiary	**22,376**	**—**	**—**	**22,376**
Borrowings	**15,221**	**17,713**	**—**	**32,934**
	91,134	**17,713**	**17,767**	**126,614**

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

The Directors of the Company believe that based on the continuous financing supported and undrawn facilities granted by its ultimate holding company, Wai Chun Fund, which will be provided on a subordinated basis, i.e. Wai Chun Fund will not demand the Company for repayment until all other liabilities of the Group had been satisfied, the liquidity of the Group will be improved. Therefore, the Directors consider that the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when fall due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value estimation

At 31 December 2014, the Group did not have any financial instruments carried at fair value which are based on the Level 1, 2 and 3 for the fair value hierarchy.

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

Fair value of financial instruments carried at cost or amortised cost

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

The Directors considered that the carrying amounts of the loans from the ultimate holding company approximates to the fair value. No fair value adjustment has to be recognised.

8. TURNOVER

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

	2014 ***HK$'000***	2013 *HK$'000*
Turnover from modified starch and other biochemical products	**314,091**	321,775
Turnover from trading of footwear	**18,563**	28,927
Turnover from general trading	**61,462**	22,880
Total	**394,116**	373,582

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

9. OTHER REVENUE

	2014 **HK$'000**	2013 HK$'000
Interest income	**21**	687
Government grants *(Note a)*	**2,347**	751
Write-off of trade and other payables	**—**	828
Others	**220**	82
Total	**2,588**	2,348

Note a: Government grants represent subsidies granted by the local government of PRC to the subsidiaries as an allowance for assisting the operation of the agriculture business as the PRC subsidiaries are engaged in agriculture business, including manufacture and sale of modified starch and other biochemical products.

10. SEGMENT INFORMATION

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

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

Modified starch and other biochemical products — Manufacture and sale of modified starch and other biochemical products

Footwear — Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes

General trading — Trading of electronic parts and components and electrical appliances

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

Agency trade business was discontinued in year 2013.

Segment (loss) profit represents loss incurred or profit earned by each segment without allocation of other revenue, gain on disposal of a subsidiary, impairment loss on trade and bills receivables, impairment loss on deposits, prepayments and other receivables, central administration costs (including Directors' salaries) and finance costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Business segments

Segment revenues and results

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

For the year ended 31 December 2014

	Continuing operations				Discontinued operation	
	Modified starch and other biochemical products *HK$'000*	Footwear *HK$'000*	General trading *HK$'000*	Sub-total *HK$'000*	Agency trade business *HK$'000*	Total *HK$'000*
Segment revenue	314,091	18,563	61,462	394,116	–	394,116
Segment results	(5,054)	(5,027)	296	(9,785)	–	(9,785)
Other revenue				2,588		2,588
Gain on disposal of a subsidiary				2,712		2,712
Impairment loss on trade and bills receivables				(380)		(380)
Impairment loss on deposits, prepayments and other receivables				(300)		(300)
Central administration costs				(9,237)		(9,237)
Finance costs				(3,291)		(3,291)
				(17,693)		(17,693)
Income tax expense				(11)		(11)
Loss for the year				(17,704)		(17,704)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment revenues and results (Continued)

For the year ended 31 December 2013

	Continuing operations				Discontinued operation	
	Modified starch and other biochemical products *HK$'000*	Footwear *HK$'000*	General trading *HK$'000*	Sub-total *HK$'000*	Agency trade business *HK$'000*	Total *HK$'000*
Segment revenue	321,775	28,927	22,880	373,582	514	374,096
Segment results	(11,067)	(6,559)	65	(17,561)	(677)	(18,238)
Other revenue				2,348		2,348
Impairment loss on deposits, prepayments and other receivables				(937)		(937)
Central administration costs				(7,647)		(7,647)
Finance costs				(5,724)		(5,724)
				(29,521)		(30,198)
Income tax expense				(594)		(594)
Loss for the year				(30,115)		(30,792)

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities

At 31 December 2014

	Continuing operations				Discontinued operation	
	Modified starch and other biochemical products *HK$'000*	Footwear *HK$'000*	General trading *HK$'000*	Sub-total *HK$'000*	Agency trade business *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	127,860	3,138	8,271	139,269	–	139,269
Unallocated assets						666
Consolidated assets						139,935
Liabilities						
Segment liabilities	(98,561)	(1,362)	(8,400)	(108,323)	–	(108,323)
Unallocated liabilities						(23,667)
Consolidated liabilities						(131,990)
Geographical assets						
Hong Kong						3,804
Macau						8,271
PRC						127,860
						139,935

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities (Continued)

At 31 December 2013

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2014

	Modified starch and other biochemical products *HK$'000*	**Footwear** *HK$'000*	**General Trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Continuing operations					
Additions to property, plant and equipment	**6,640**	**—**	**—**	**—**	**6,640**
Depreciation and amortisation	**4,372**	**212**	**—**	**—**	**4,584**
Prepayments for acquisition of property, plant and equipment	**711**	**—**	**—**	**—**	**711**

For the year ended 31 December 2013

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

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For the year ended 31 December 2014

10. SEGMENT INFORMATION *(Continued)*

Geographical information

For the years ended 31 December 2014 and 2013, the Group's operations were principally located in Hong Kong (country of domicile) and PRC with revenue and profits from its operations.

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

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**74,773**	51,806	**86**	298
The Republic of Korea	**1,182**	32,055	**—**	—
PRC	**318,161**	284,921	**76,000**	72,480
Others	**—**	4,800	**—**	—
	394,116	373,582	**76,086**	72,778

Information on major customers

For the year ended 31 December 2014, included in revenue arising from sales of modified starch and other biochemical products of approximately HK$314,091,000 are revenue of approximately HK$82,059,000 and HK$79,129,000 and included in revenue arising from general trading of approximately of HK$61,462,000 are revenue of approximately of HK$56,210,000 respectively arising from sales to the Group's three largest customers. No other single customer contributed 10% or more to the Group's sale.

For the year ended 31 December 2013, included in revenue arising from sales of modified starch and other biochemical products of approximately HK$321,775,000 are revenue of approximately HK$84,247,000 and HK$37,631,000 respectively arising from sales to Group's two largest customers. No other single customer contributed 10% or more to the Group's sale.

Information on major suppliers

For the year ended 31 December 2014, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK$288,159,000 are purchases of approximately HK$157,537,000, HK$44,982,000 and HK35,994,000 respectively arising from purchases from Group's three largest suppliers. No other single supplier contributed 10% or more to the Group's purchases.

For the year ended 31 December 2013, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK$358,451,000 are purchases of approximately HK$107,370,000 arising from purchases from the Group's largest supplier. No other single supplier contributed 10% or more to the Group's purchases.

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11. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
— Bank loans, bank overdrafts and bills payables wholly repayable within five years	**2,207**	3,786
— Loans from an ultimate holding company	**924**	1,778
— Short-term loan from an independent third party	**160**	160
Total	**3,291**	5,724

12. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current income tax:		
PRC Enterprise Income Tax	**11**	—
Under-provision of income tax in prior years:		
PRC Enterprise Income Tax	**—**	594
Total	**11**	594

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong during the year (2013: HK$nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2013: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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For the year ended 31 December 2014

12. INCOME TAX EXPENSE *(Continued)*

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

	2014 **HK$'000**	2013 HK$'000
Loss before income tax	**(17,693)**	(29,521)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(2,919)**	(4,871)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(316)**	(1,096)
Tax effect of expenses not deductible for tax purpose	**1,585**	1,735
Tax effect of deductible temporary differences not recognised	**30**	35
Tax effect on tax reduction	**(18)**	—
Tax effect of tax losses not recognised	**2,030**	4,197
Utilisation of tax losses previously not recognised	**(381)**	—
Under provision in prior year	**—**	594
Income tax expense for the year (from continuing operation)	**11**	594

At 31 December 2014, the Group has unused tax losses arising in Hong Kong of approximately HK$117,502,000 (2013: approximately HK$112,673,000) available to offset against future profits of the Company and the respective subsidiaries in which the losses arose. The Group also has estimated tax losses arising in PRC of RMB12,725,000 equivalent to HK$15,873,000 (2013: RMB23,886,000 (equivalent to HK$29,655,000)) that will expire in five years for offsetting against future taxable profit of the companies in which the losses arose. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams of the Group.

At 31 December 2014, unrecognised deferred tax liabilities relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, were approximately HK$173,000 (2013: approximately HK$477,000), as the Directors consider that the timing for reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries at 31 December 2014 amounted to approximately HK$3,356,000 (2013: approximately HK$9,531,000).

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For the year ended 31 December 2014

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2014 **HK$'000**	2013 HK$'000
Auditor's remuneration	**500**	500
Cost of inventories *(Note 20)*	**389,013**	364,225
Interest expenses	**3,291**	5,724
Impairment loss on trade and bills receivables	**380**	—
Impairment loss on deposits, prepayments and other receivables	**300**	937
Write-back of trade payables	**10**	—
Write down of inventories	**888**	3,202
Depreciation on property, plant and equipment	**3,787**	3,168
Loss on disposal of property, plant and equipment	**—**	490
Loss on exchange, net	**314**	2,325
Amortisation of prepaid land lease payments	**797**	565
Staff costs (including Directors' emoluments and retirement benefit costs)	**6,180**	12,132

14. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

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

	2014 **HK$'000**	2013 HK$'000
Fees	**360**	343
Other emoluments:		
Basic salaries, other allowance and benefits in kind	**2,600**	2,600
Retirement benefit costs		
— Defined contribution retirement plans	**17**	15
	2,617	2,615
Total emoluments	**2,977**	2,958

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For the year ended 31 December 2014

14. DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

The emoluments paid or payable to each of the four (2013: six) Directors were as follows:

		Other emoluments		
	Directors' fees *HK$'000*	Basic salaries, other allowance and benefits in kind *HK$'000*	Defined contribution retirement plans *HK$'000*	2014 Total emoluments *HK$'000*
Executive Director:				
Lam Ching Kui	–	2,600	17	2,617
Independent Non-executive Directors:				
Chan Chun Wai, Tony	120	–	–	120
Hau Pak Man *(Note 1)*	120	–	–	120
To Yan Ming, Edmond *(Note 2)*	120	–	–	120
Total for 2014	360	2,600	17	2,977

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

14. DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

		Other emoluments		
	Directors' fees *HK$'000*	Basic salaries, other allowance and benefits in kind *HK$'000*	Defined contribution retirement plans *HK$'000*	2013 Total emoluments *HK$'000*
Executive Director:				
Lam Ching Kui	—	2,600	15	2,615
Independent Non-executive Directors:				
Shaw Lut, Leonardo *(Note 3)*	1	—	—	1
Chan Chun Wai, Tony	120	—	—	120
Hau Pak Man *(Note 1)*	120	—	—	120
Lam Lee G. *(Note 4)*	59	—	—	59
To Yan Ming, Edmond *(Note 2)*	43	—	—	43
Total for 2013	343	2,600	15	2,958

Notes:

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

No Directors have waived or agreed to waive any emoluments during the years ended 31 December 2013 and 2014.

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For the year ended 31 December 2014

14. DIRECTORS' EMOLUMENTS *(Continued)*

(b) Five highest paid individual

During the year, being one (2013: one) of the five highest paid individuals in the Group, the emoluments of the executive director is set out above. The emoluments of the remaining four (2013: four) individuals were as follows:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries, other allowance and benefits in kind	**1,378**	1,570
Retirement benefit costs		
— Defined contribution retirement plans	**49**	30
	1,427	1,600

The emoluments of the remaining four (2013: four) highest paid individuals were within the band of HK$nil to HK$1,000,000 for both years.

No emoluments were paid to the Directors of the Company or the remaining four (2013: four) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 December 2014 and 2013.

15. DIVIDEND

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

16. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The loss for the year attributable to the owners of the Company includes a loss of approximately HK$15,928,000 (2013: approximately HK$22,595,000) which has been dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

17. LOSS PER SHARE

For continuing and discontinued operations

The calculation of basic and diluted loss per share was based on the Group's loss attributable to owners of the Company of approximately HK$15,884,000 (2013: approximately HK$22,170,000) and the weighted average number of ordinary shares of 15,761,534,691 (2013: 15,454,685,376) in issue during the year.

From continuing operations

	2014	2013
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**15,884**	22,170
Less: loss for the year from discontinued operation attributable to owners of the Company	**–**	176
Loss for the purpose of basic and diluted loss per share from continuing operations attributable to owners of the Company	**15,884**	21,994

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

From discontinued operation

For the year ended 31 December 2013, the basic and diluted loss per share for the discontinued operation attributable to owners of the Company is HK0.001 cents per share, based on the loss for the year from the discontinued operation attributable to owners of the Company of approximately HK$176,000 and the denominators detailed above for both basic and diluted loss per share.

Effective of dilutive potential shares in respect of convertible preference shares would result in anti-dilutive effect in calculation of diluted loss per share in continuing and discontinued operations. Therefore, the basic and diluted loss per share in 2014 and 2013 are the same.

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For the year ended 31 December 2014

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Construction in progress HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2013	12,857	4,012	3,505	20,463	1,916	42,753
Exchange difference	350	99	15	565	52	1,081
Reclassified to held for sale	–	–	(291)	(590)	(1,589)	(2,470)
Additions	2,590	1,480	4	472	–	4,546
Disposals/write-off	(326)	–	(251)	(840)	–	(1,417)
Transfer	3,301	(4,639)	–	1,338	–	–
At 31 December 2013 and 1 January 2014	**18,772**	**952**	**2,982**	**21,408**	**379**	**44,493**
Exchange difference	**(25)**	**(1)**	**–**	**(29)**	**(1)**	**(56)**
Additions	**1,641**	**4,454**	**–**	**545**	**–**	**6,640**
Write-off	**–**	**–**	**(97)**	**–**	**–**	**(97)**
Transfer	**–**	**(693)**	**–**	**693**	**–**	**–**
At 31 December 2014	**20,388**	**4,712**	**2,885**	**22,617**	**378**	**50,980**
ACCUMULATED DEPRECIATION						
At 1 January 2013	961	–	2,579	3,422	666	7,628
Exchange difference	33	–	6	116	21	176
Reclassified to held for sale	–	–	(149)	(387)	(790)	(1,326)
Charge for the year	445	–	343	2,133	247	3,168
Eliminated on disposals/write-off	(51)	–	(90)	(173)	–	(314)
At 31 December 2013 and 1 January 2014	**1,388**	**–**	**2,689**	**5,111**	**144**	**9,332**
Exchange difference	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Charge for the year	**1,050**	**–**	**211**	**2,412**	**36**	**3,709**
Eliminated on write-off	**–**	**–**	**(97)**	**–**	**–**	**(97)**
At 31 December 2014	**2,438**	**–**	**2,803**	**7,522**	**180**	**12,943**
CARRYING AMOUNTS						
At 31 December 2014	**17,950**	**4,712**	**82**	**15,095**	**198**	**38,037**
At 31 December 2013	17,384	952	293	16,297	235	35,161

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For the year ended 31 December 2014

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

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

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

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

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

(a) Prepaid land lease payments

	2014 **HK$'000**	2013 HK$'000
Carrying amount:		
At 1 January	**38,068**	16,700
Additions	**923**	5,043
Transfer from prepayments for acquisition of land use rights *(Note 19(b))*	**–**	16,442
Exchange difference	**(53)**	448
Amortisation	**(797)**	(565)
At 31 December	**38,141**	38,068
Analysed for reporting purposes as:		
Current portion	**803**	786
Non-current portion	**37,338**	37,282
At 31 December	**38,141**	38,068

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

(b) Prepayments for acquisition of land use rights

	2014 **HK$'000**	2013 *HK$'000*
At 1 January	–	7,016
Additions	–	9,235
Exchange difference	–	191
Transfer to prepaid land lease payments *(Note 19(a))*	–	(16,442)
At 31 December	–	–

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

20. INVENTORIES

	2014 **HK$'000**	2013 *HK$'000*
Raw materials	**6,119**	6,516
Finished goods	**22,733**	31,400
Other consumables	**211**	–
Total	**29,063**	37,916

Inventories amounting to approximately HK$9,510,000 were stated at net realisable value as at 31 December 2014 (2013: approximately HK$10,702,000).

	2014 **HK$'000**	2013 *HK$'000*
Carrying amount of inventories sold	**389,013**	364,225
Write-down of inventories	**888**	3,202
Total	**389,901**	367,427

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

21. TRADE AND BILLS RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**29,327**	17,538
Bills receivable	**13**	–
	29,340	17,538
Less: provision for impairment	**(4,198)**	(3,818)
Total	**25,142**	13,720

The Group allows average credit period of 30 to 180 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. At 31 December 2014, the Group has assessed the recoverability of the receivables past due and made a provision for impairment. The provision for impairment is made unless the Group has concluded that recovery is remote, in which case the unrecovered loss is written off against trade and bills receivables and the provision for impairment directly. The Group does not hold any collateral over these balances.

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

	2014 HK$'000	2013 HK$'000
0–30 days	**17,234**	10,860
31–60 days	**3,884**	156
61–90 days	**3,183**	76
91–180 days	**412**	25
Over 180 days	**429**	2,603
Total	**25,142**	13,720

Notes to the Consolidated Financial Statements

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21. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2014 HK$'000	2013 HK$'000
At 1 January	3,818	3,818
Provision for impairment	380	–
At 31 December	4,198	3,818

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

Overdue by:	2014 HK$'000	2013 HK$'000
0–30 days	–	231
31–60 days	–	129
61–90 days	–	17
91–180 days	51	39
Over 180 days	378	2,187
Total	429	2,603

At 31 December 2014, trade receivables of approximately HK$429,000 (2013: approximately HK$2,603,000) were past due but not impaired, as the balances related to customer with sound repayment history and no recent history of default.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2014 **HK$'000**	2013 HK$'000
Prepayments for inventories	**4,925**	11,806
Guarantee deposits for land use rights *(Note)*	**–**	488
Other prepayments	**473**	805
Other receivables	**858**	1,485
Rental and utilities deposits	**630**	1,432
Total	**6,886**	16,016

At 31 December 2014, other receivables of approximately HK$300,000 (2013: approximately HK$937,000) were considered impaired for which full provision of impairment has been made. The Directors made the impairment assessment for significant long aging balances regularly.

Note:

At 31 December 2013, guarantee deposits for land use rights were paid to PRC government authority for carrying on construction on the leasehold land. The guarantee deposits had been transferred to prepaid land lease payments under the acquisition of land use right.

23. BANK BALANCES AND CASH

	2014 **HK$'000**	2013 HK$'000
Cash at bank	**1,736**	6,516
Cash on hand	**219**	400
Total	**1,955**	6,916

At 31 December 2014, the balances that were placed with banks and on hand in the PRC amounted to approximately HK$456,000 (2013: approximately HK$1,716,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Bank balances carry interest at market rates which range from 0.5% to 3% (2013: 0.5% to 3%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The Group had no pledged bank deposit at 31 December 2014 (2013: approximately HK$1,471,000 which were included in disposal group), which have been pledged to secure bills payables and short-term borrowings.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

24. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

As described in note 37, the Group has completed the disposal of discontinued operation on 25 March 2014 and there are no assets and liabilities being classified as held for sales in 2014. The assets and liabilities classified as held for sale in 2013 (relating to the assets and liabilities of 51% equity interests of Century-light Industry Company Limited ("Century-light"), which is engaged in agency trade related to modified starch and other biochemical products business) were as follows:

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

	2014 ***HK$'000***	2013 *HK$'000*
Revenue	–	514
Administrative expenses	–	(1,191)
Loss before income tax from discontinued operation	–	(677)
Income tax expense	–	–
Loss for the year from discontinued operation	–	(677)
Attributable to non-controlling interests	–	(501)
Loss for the year from discontinued operation attributable to owners of the Company	–	(176)

The net cash flow from discontinued operation is as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Net cash used in operating activities	–	(176)

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

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

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

25. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days (2013: 30 to 180 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The following is an aging analysis of trade payables based on the invoice date:

	2014 ***HK$'000***	2013 *HK$'000*
0–30 days	**22,640**	26,565
31–60 days	**2,044**	4,000
61–90 days	**1,365**	3,051
91–180 days	**1,616**	504
Over 180 days	**1,085**	1,267
Total	**28,750**	35,387

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26. ACCRUALS AND OTHER PAYABLES

	2014 **HK$'000**	2013 *HK$'000*
Payroll and welfare payables	**1,063**	1,233
Accrued operating expenses	**4,313**	3,929
Receipts in advance from customers	**12,386**	13,776
Advance from an independent third party *(Note)*	**5,096**	5,103
Other tax payables	**363**	365
Others	**1,692**	2,347
Total	**24,913**	26,753

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

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

The amounts due are unsecured, interest free and repayable on demand. The Directors consider that its carrying amount approximates to its fair value.

28. BORROWINGS

	2014 **HK$'000**	2013 *HK$'000*
Bank loans *(Note a)*	**30,364**	32,939
Loan from an independent third party *(Note b)*	**2,570**	2,570
Total	**32,934**	35,509
Secured	**30,364**	32,939
Unsecured	**2,570**	2,570
Total	**32,934**	35,509

Notes:

(a) The bank loans were secured by a guarantee given by a non-controlling shareholder of a subsidiary and the prepaid land lease payments with the carrying amounts of approximately HK$29,860,000 (2013: approximately HK$29,464,000). All bank loans are denominated in Renminbi with variable interest rate from 7.2% to 8.4% (2013: 4.9% to 11.0%) per annum.

(b) The loan bears interest at 1% above Hong Kong Prime Rate granted by Standard Chartered Bank (Hong Kong) Limited per annum.

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29. LOANS FROM AN ULTIMATE HOLDING COMPANY

The loans were subordinated in nature which were unsecured, interest bearing at 6.25% for both years. The ultimate holding company, Wai Chun Fund, has confirmed that the outstanding balance of its current account at the year end and it will not demand the Company for repayment of such loans until all the other liabilities of the Group had been satisfied.

30. SHARE CAPITAL

	Number of ordinary shares of HK$0.0025 each	Amount *HK$'000*
Authorised:		
Balance as at 1 January 2013, 31 December 2013 and 31 December 2014	40,000,000,000	100,000
Issued and fully paid:		
Balance as at 1 January 2013, 31 December 2013 and 1 January 2014	15,454,685,376	38,637
Conversion of convertible preference shares	500,000,000	1,250
Balance as at 31 December 2014	15,954,685,376	39,887

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31. CONVERTIBLE PREFERENCE SHARES

	Number of convertible preference shares of HK$0.0025 each	Amount
		HK$'000
Authorised:		
Balance as at 1 January 2013	–	–
Issue of shares	816,000,000	2,040
Balance as at 31 December 2013, 1 January 2014 and 31 December 2014	816,000,000	2,040
Issued and fully paid:		
Balance as at 1 January 2013	–	–
Issue of shares	816,000,000	2,040
Balance as at 31 December 2013 and 1 January 2014	816,000,000	2,040
Conversion of convertible preference shares	(500,000,000)	(1,250)
Balance as at 31 December 2014	316,000,000	790

The convertible preference shares are non-redeemable, carry no voting right and each of the convertible preference share is convertible into one ordinary share immediately before the fifth anniversary of the issue date of the convertible shares. The convertible preference shareholder is entitled to receive dividend pari passu with ordinary shareholders on an as converted basis.

32. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The employees of PRC subsidiaries are members of defined contribution plans organised by PRC municipal and provincial government authorities in the PRC. The PRC subsidiaries are required to make monthly contributions to these plans at a fixed percentage of the employee's basic salary.

The Group also operates a MPF scheme for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees.

The total expense recognised in the consolidated statement of profit or loss amounting to approximately HK$420,000 (2013: approximately HK$448,000) represents contribution payable to these plans by the Group at rates specified in the rules of the plans.

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33. OPERATING LEASES COMMITMENTS

The Group as lessee

	2014 **HK$'000**	2013 HK$'000
Lease payments in respect of rented premises paid under operating leases during the year	**3,188**	3,216

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

	2014 **HK$'000**	2013 HK$'000
Within one year	**2,657**	3,258
In the second to fifth year inclusive	**–**	2,657
Total	**2,657**	5,915

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

34. PLEDGE OF ASSETS

The Group has pledged its prepaid land lease payments with carrying amounts of approximately HK$29,860,000 (2013: pledged prepaid land lease payments with carrying amounts of approximately HK$29,464,000 and discontinued operation's bank deposits of approximately HK$1,471,000) to secure the bank loans and general banking facilities granted to the Group.

35. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

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

Name of related parties	Nature of transactions	**2014** **HK$'000**	2013 HK$'000	Interested party	Relationship
Wai Chun Investment Fund	Interest expenses	**924**	1,778	Lam Ching Kui	Director
Wai Chun Holdings Group Limited	Rental expenses	**3,188**	3,188	Lam Ching Kui	Director

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35. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

Details of the Group's balances with a non-controlling shareholder of a subsidiary and a former subsidiary and loans from an ultimate holding company as at the end of the reporting period are disclosed in note 27 and note 29 to the consolidated financial statements respectively.

(c) Conversion of convertible preference shares

During the year, 500,000,000 ordinary shares of HK$0.0025 each were issued and allotted to Chinese Success Limited, which is wholly owned by Wai Chun Fund, the ultimate holding company, upon the conversion of 500,000,000 convertible preference shares.

(d) Key management personnel remuneration

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

	2014 ***HK$'000***	2013 *HK$'000*
Short-term employee benefits	**4,338**	4,513
Defined contribution retirement plans	**66**	45
Total	**4,404**	4,558

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

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

As at 31 December 2014, the Company did not have any share option scheme.

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37. GAIN ON DISPOSAL OF A SUBSIDIARY

On 30 October 2013, Weifang Century-light Biology Science Co., Ltd., being a non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent purchaser, in relation to the disposal of its entire 51% equity interests of Century-light Industry at a consideration of RMB6,630,000 (equivalent to approximately HK$8,336,000). The disposal was completed on 25 March 2014. The analysis of assets and liabilities disposed of Century-light Industry as of that date are shown as follows:

Analysis of assets and liabilities disposed of:	*HK$'000*
Net assets disposed of:	
Property, plant and equipment	1,058
Inventories	43,225
Trade receivables	7,097
Deposits, prepayments and other receivables	9,597
Amount due from a related party	19,863
Bank balance and cash	210
Trade payables	(3,013)
Accruals, other payables and deposits received	(14,311)
Amount due to shareholders	(26,984)
Borrowings	(3,771)
Other long term payables	(20,456)
Non-controlling interests	(6,179)
	6,336
Realisation of translation reserves	(712)
Gain on disposal of a subsidiary	2,712
	8,336
Consideration settled by cash	8,336
Net cash inflow on disposal of a subsidiary:	
Cash consideration received	8,336
Cash and cash equivalents disposed of	(210)
Net cash inflow in respect of the disposal	8,126

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38. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
Non-current asset			
Interests in subsidiaries	40	391	391
Current assets			
Inventories		211	–
Deposits, prepayments and other receivables		159	959
Amounts due from subsidiaries *(Note a)*	40	16,613	25,474
Bank balances and cash		241	414
		17,224	26,847
Current liabilities			
Accruals and other payables		3,330	2,933
Borrowings		2,570	2,570
Amounts due to a subsidiary *(Note a)*	40	360	383
		6,260	5,886
Net current assets		10,964	20,961
Total assets less current liabilities		11,355	21,352
Non-current liability			
Loans from an ultimate holding company	29	17,767	11,836
Net (liabilities) assets		(6,412)	9,516
Capital and reserves			
Share capital	30	39,887	38,637
Convertible preference shares	31	790	2,040
Reserves	39	(47,089)	(31,161)
(Capital deficiency) total equity		(6,412)	9,516

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

39. RESERVES

The Company

	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	145,716	62,934	(255,976)	(47,326)
Total comprehensive expense for the year	–	–	(22,595)	(22,595)
Issue of convertible preference shares	38,760	–	–	38,760
At 31 December 2013 and 1 January 2014	**184,476**	**62,934**	**(278,571)**	**(31,161)**
Total comprehensive expense for the year	**–**	**–**	**(15,928)**	**(15,928)**
At 31 December 2014	**184,476**	**62,934**	**(294,499)**	**(47,089)**

40. INTERESTS IN SUBSIDIARIES

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**391**	391
Amounts due from subsidiaries	**22,947**	37,569
Less: impairment loss recognised	**(6,334)**	(12,095)
	16,613	25,474
Amounts due to a subsidiary	**360**	383

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

40. INTERESTS IN SUBSIDIARIES *(Continued)*

a) Particulars of principal subsidiaries of the Company

Name of company	Place of Incorporation/ establishment	Issued and fully paid up share capital/registered capital	Proportion of ownership interest and voting power held by the Company Directly 2014 HK$'000	Directly 2013 HK$'000	Indirectly 2014 HK$'000	Indirectly 2013 HK$'000	Principal activities
Wai Chun Incorporation Limited	Hong Kong	1,000 ordinary shares	**100%**	100%	**-**	–	Trading of footwear
Wai Chun Industrial (HK) Limited	Hong Kong	1,000 ordinary shares	**-**	–	**100%**	100%	Investment holding
Great Luck Limited	Macau	Registered capital MOP25,000	**-**	–	**100%**	–	General trading
Weifang Century-Light Biology Science Co., Ltd. ("Weifang Century-Light")	PRC	Registered capital USD2,929,000	**-**	–	**51%**	51%	Manufacturing of modified starch and other biochemical products
Weifang Jia You You Zhi Co., Ltd. ("Weifang You Zhi")	PRC	Registered capital RMB10,000,000	**-**	–	**51%**	51%	Manufacturing of modified starch and other biochemical products

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

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

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

Name of subsidiary	Place of incorporation/ establishment	Proportion of ownership interest held by non-controlling interests 2014 HK$'000	2013 HK$'000	Loss allocated to non-controlling interests 2014 HK$'000	2013 HK$'000	Accumulated non-controlling interests 2014 HK$'000	2013 HK$'000
Weifang Century-Light and its subsidiary	PRC	**49%**	49%	**(1,361)**	(3,165)	**14,360**	15,742

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

40. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Note:

Summarised financial information in respect of the Weifang Century-light and its subsidiary (except for Century-light's assets and liabilities which is disclosed in note 24) ("Weifang Century-light Group") that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	Weifang Century-light and its subsidiary	
	2014	2013
	HK$'000	*HK$'000*
Current assets	**51,860**	62,204
Non-current assets	**76,007**	72,487
Current liabilities	**(98,561)**	(102,565)
Non-current liabilities	**–**	–
Equity attributable to owners of Weifang Century-light Group	**14,946**	16,384
Non-controlling interests	**14,360**	15,742
Revenue	**314,863**	271,550
Expenses	**(317,641)**	(278,010)
Loss and total comprehensive expenses for the year attributable to:		
Owners of the Company	**(1,438)**	(2,940)
Non-controlling interests	**(1,382)**	(2,824)
	(2,820)	(5,764)
Net cash used in operating activities	**(2,231)**	(28,331)
Net cash generated from (used in) investing activities	**1,278**	(8,937)
Net cash (used in) generated from financing activities	**(342)**	33,371
Net decrease in cash and cash equivalents	**(1,295)**	(3,897)

Five Years Financial Summary

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(re-presented)		
Revenue	**394,116**	373,582	380,680	362,310	284,128
(Loss) profit before income tax	**(17,693)**	(29,521)	(50,740)	23,845	24,298
Income tax (expense) credit	**(11)**	(594)	1,211	(10,028)	(893)
(Loss) profit for the year from continuing operations	**(17,704)**	(30,115)	(49,529)	13,817	23,405
(Loss) profit for the year from discontinued operation	**–**	(677)	5,765	–	–
Non-controlling interests	**(1,820)**	(8,622)	(9,629)	17,546	3,100

ASSETS AND LIABILITIES

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**139,935**	210,124	380,920	252,404	314,278
Total liabilities	**(131,990)**	(178,210)	(360,247)	(187,914)	(268,852)
	7,945	31,914	20,673	64,490	45,426
Non-controlling interests	**(14,357)**	(22,398)	(30,302)	(39,964)	(18,124)
(Capital deficiency) equity attributable to owners of the Company	**(6,412)**	9,516	(9,629)	24,526	27,302
(Loss) earnings per share (HK cents)	**(0.10)**	(0.14)	(0.22)	0.02	0.13