



Gongbei Port

Avenida Norte do Hipodromo
馬場北大馬路

Avenida Leste do Hipodromo
馬場東大馬路

Lotes T+T1

友誼橋大馬路



Hong Kong-Zhuhai-Macau Bridge

黑沙環中街

Rua Central da Areia Preta

The Pearl

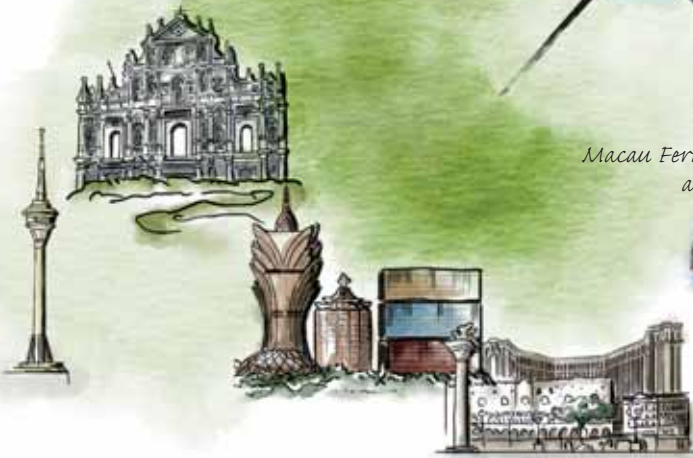
Avenida do Nordeste 東北大馬路

Pearl Horizon
海一居

Avenida da Ponte da Amizade

Orient Pearl
東方明珠

Macau Ferry Terminal
and Heliport



Annual Report 2014 年報



POLYTEC ASSET HOLDINGS LIMITED
保利達資產控股有限公司

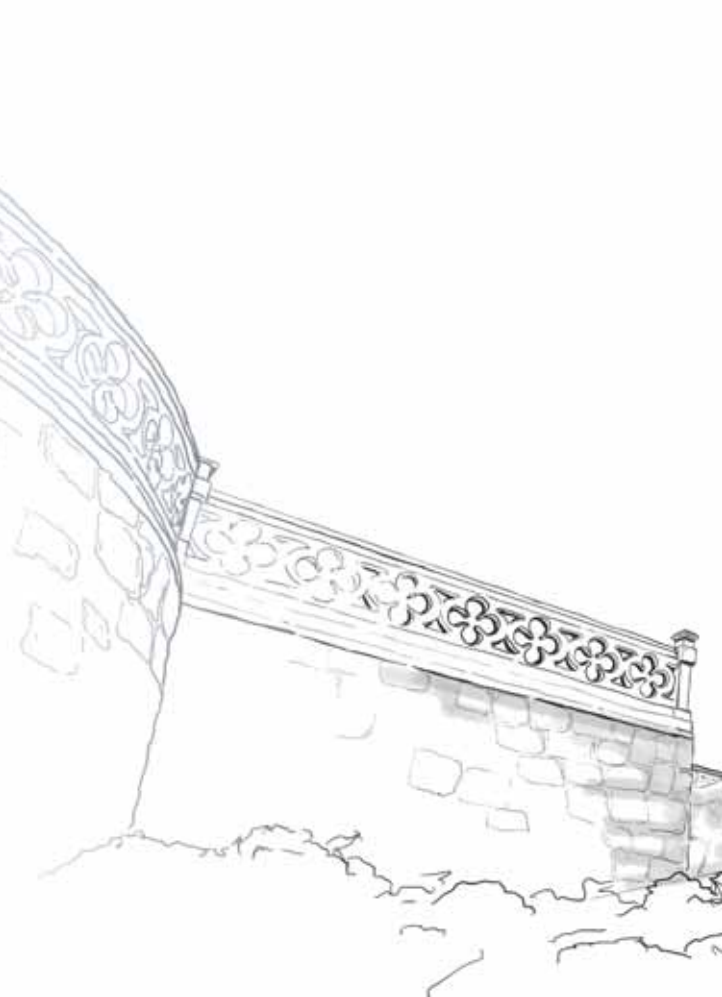
(Incorporated in the Cayman Islands with limited liability) (Stock Code: 208)
(於開曼群島註冊成立之有限公司) (股份代號: 208)

Polytec Asset Holdings Limited

保利達資產控股有限公司

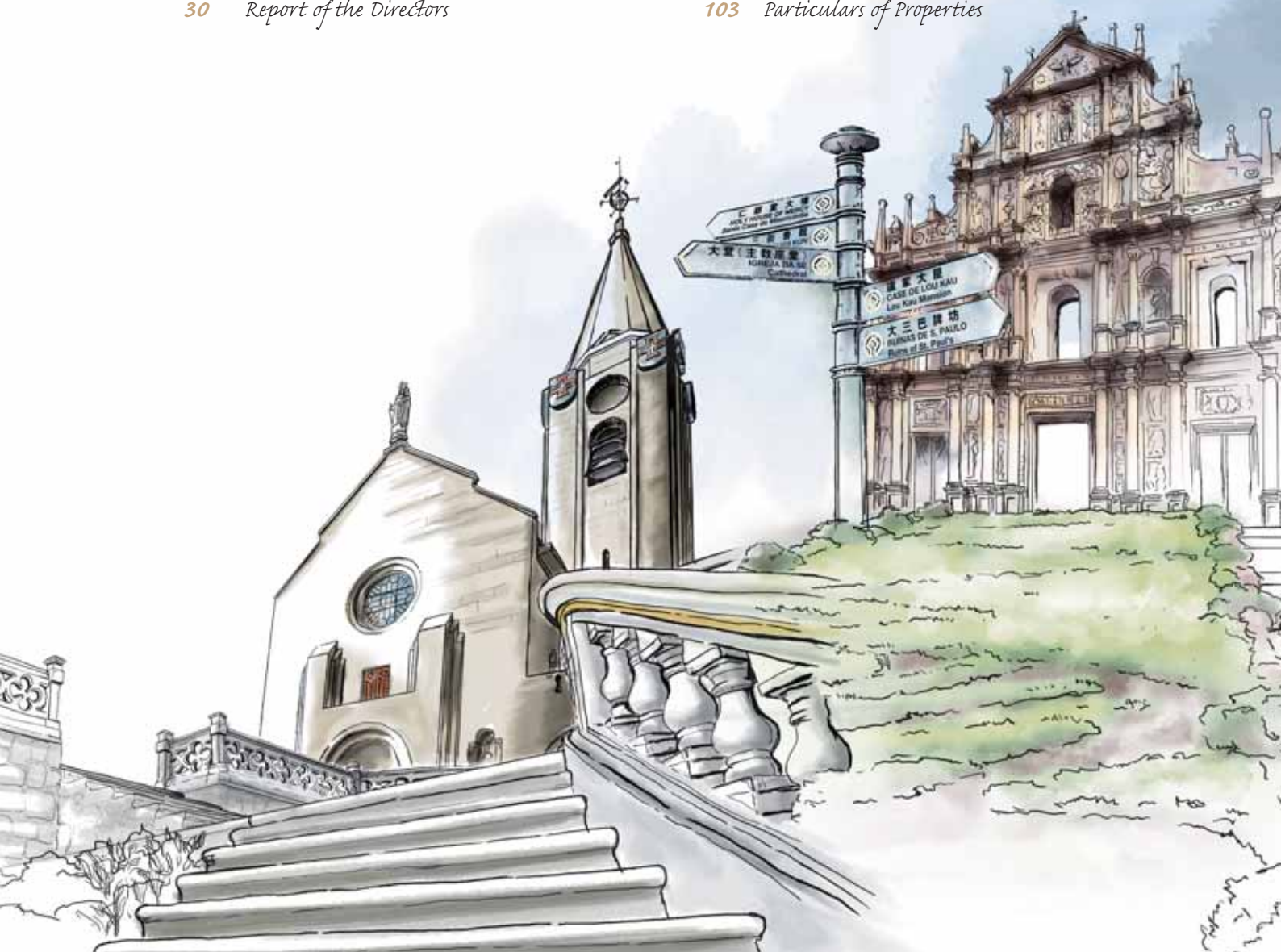
Polytec Asset Holdings Limited (Stock Code: 208) currently focuses on the property market in Macau. In 2004, the Group started to invest in the Macau property market and acquired certain property interests, including a 50%-owned investment property in the central district, The Macau Square. In 2006, the Group acquired 80% interest in three property development projects in the Orient Pearl District of Macau, with its total attributable gross floor area of the remaining two property projects currently under development exceeding 700,000 sq. m.. The Group currently also engages in the oil business in Kazakhstan and the ice and cold storage business in Hong Kong.

保利達資產控股有限公司(股份代號: 208)現時其核心業務集中於澳門地產。集團於二零零四年開始投資於澳門之地產市場，並收購若干物業權益，包括其位於市中心之澳門廣場(集團擁有50%權益之投資物業)。於二零零六年，集團收購了位於澳門東方明珠區三個物業發展項目之80%權益，現時剩餘之兩個物業發展項目之集團應佔總樓面面積超過700,000平方米。集團亦在哈薩克斯坦經營石油業務及在香港經營製冰及冷藏業務。



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Corporate Information

Board of Directors and Committees

Board of Directors

Executive Directors

Mr. Or Wai Sheun (*Chairman*)
Mr. Yeung Kwok Kwong
Ms. Wong Yuk Ching
Ms. Chio Koc Ieng

Non-executive Directors

Mr. Lai Ka Fai
Ms. Or Pui Ying, Peranza

Independent Non-executive Directors

Mr. Liu Kwong Sang
Mr. Siu Leung Yau
Dr. Tsui Wai Ling, Carlye
Prof. Dr. Teo Geok Tien Maurice

Committees

Executive Committee

Mr. Yeung Kwok Kwong (*Chairman*)
Ms. Wong Yuk Ching
Mr. Lai Ka Fai

Audit Committee

Mr. Liu Kwong Sang (*Chairman*)
Mr. Siu Leung Yau
Mr. Lai Ka Fai

Remuneration Committee

Mr. Siu Leung Yau (*Chairman*)
Mr. Liu Kwong Sang
Mr. Yeung Kwok Kwong

Nomination Committee

Mr. Or Wai Sheun (*Chairman*)
Mr. Liu Kwong Sang
Mr. Siu Leung Yau

Corporate and Shareholders' Information

Company Secretary

Mr. Lee Chi Ming

Independent Auditor

KPMG
Certified Public Accountants

Authorised Representatives

Mr. Yeung Kwok Kwong
Mr. Lai Ka Fai

Principal Share Registrar and Transfer Office

The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Corporate and Shareholders' Information *(continued)*

Registered Office

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

Head Office and Principal Place of Business

23rd Floor, Pioneer Centre
750 Nathan Road
Kowloon
Hong Kong

Website

www.polyteccasset.com

Stock Code

The Stock Exchange of Hong Kong Limited: 208

Principal Bankers

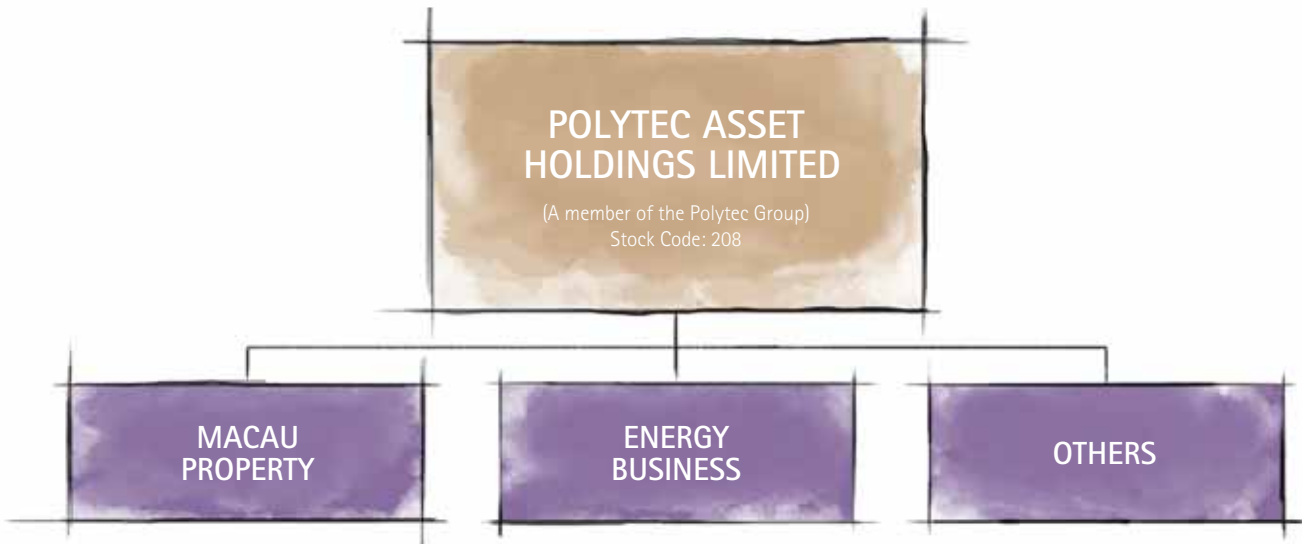
Hang Seng Bank
Bank of China

Financial Calendar

Interim results announcement	27 August 2014
Interim dividend paid	11 November 2014
Annual results announcement	18 March 2015
2015 Annual General Meeting	27 May 2015
Closure of Register of Members	
– 2015 Annual General Meeting	22 May to 27 May 2015 (both days inclusive)
– Final dividend	8 June to 9 June 2015 (both days inclusive)
Ex-dividend date for final dividend	4 June 2015
Final dividend payable	18 June 2015



Group's Business Structure



Property Development

Major development projects:

- Pearl Horizon
- Lotes T+T1

Development Landbank:
715,000 sq.m.

Property Investment

Major investment property:

- The Macau Square

Investment Landbank:
18,000 sq. m.

Oil

Production of and exploration for oil in Kazakhstan

Ice & Cold Storage

The Hong Kong Ice & Cold Storage Company Limited is one of the largest ice making distributors in Hong Kong

Five-Year Financial Summary

Key Consolidated Income Statement Data

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	294,643	284,301	731,762	234,782	963,905
(Loss)/Profit from Operations	(173,515)	(226,683)	132,704	119,817	406,064
Profit Attributable to Equity Shareholders	43,657	4,380	287,990	204,503	247,019
Earnings per Share (HK cents)	0.98	0.10	6.49	4.61	5.56
Underlying (Loss)/Profit Attributable to Equity Shareholders (Note 2)	(144,223)	(219,139)	167,871	120,408	225,019
Underlying (Loss)/Earnings per Share (HK cents) (Note 2)	(3.25)	(4.94)	3.78	2.71	5.07
Dividends	31,073	62,146	106,535	106,535	106,535
Dividends per Share (HK cents)	0.70	1.40	2.40	2.40	2.40

Key Consolidated Balance Sheet Data

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Non-Current Assets	13,241,824	12,931,837	12,500,706	12,289,470	12,011,862
Current Assets	395,813	513,298	537,579	583,042	651,784
Total Assets	13,637,637	13,445,135	13,038,285	12,872,512	12,663,646
Current Liabilities	(202,899)	(172,893)	(331,318)	(463,858)	(459,149)
Non-Current Liabilities	(2,177,991)	(2,309,184)	(2,082,006)	(1,973,545)	(1,850,203)
Net Assets	11,256,747	10,963,058	10,624,961	10,435,109	10,354,294
Share Capital	443,897	443,897	443,897	443,897	443,897
Reserves	10,801,068	10,481,662	10,167,974	9,979,242	9,863,697
Equity Attributable to Equity Shareholders	11,244,965	10,925,559	10,611,871	10,423,139	10,307,594
Non-controlling Interests	11,782	37,499	13,090	11,970	46,700
Total Equity	11,256,747	10,963,058	10,624,961	10,435,109	10,354,294
Net Asset Value per Share (HK\$)	2.53	2.46	2.39	2.35	2.32
Gearing Ratio (%) (Note 3)	18.97	20.57	19.73	20.17	19.02

Notes:

1. The financial information in this summary is extracted from the published financial statements for the last five years.
2. Underlying (loss)/profit excludes revaluation gain of investment properties.
3. Gearing ratio represents bank borrowings (if any) and amounts due to holding companies over equity attributable to equity shareholders of the Company.

Group's Major Development Projects in Macau



This map is for illustration purposes only.

Group's Major Development Projects in Macau



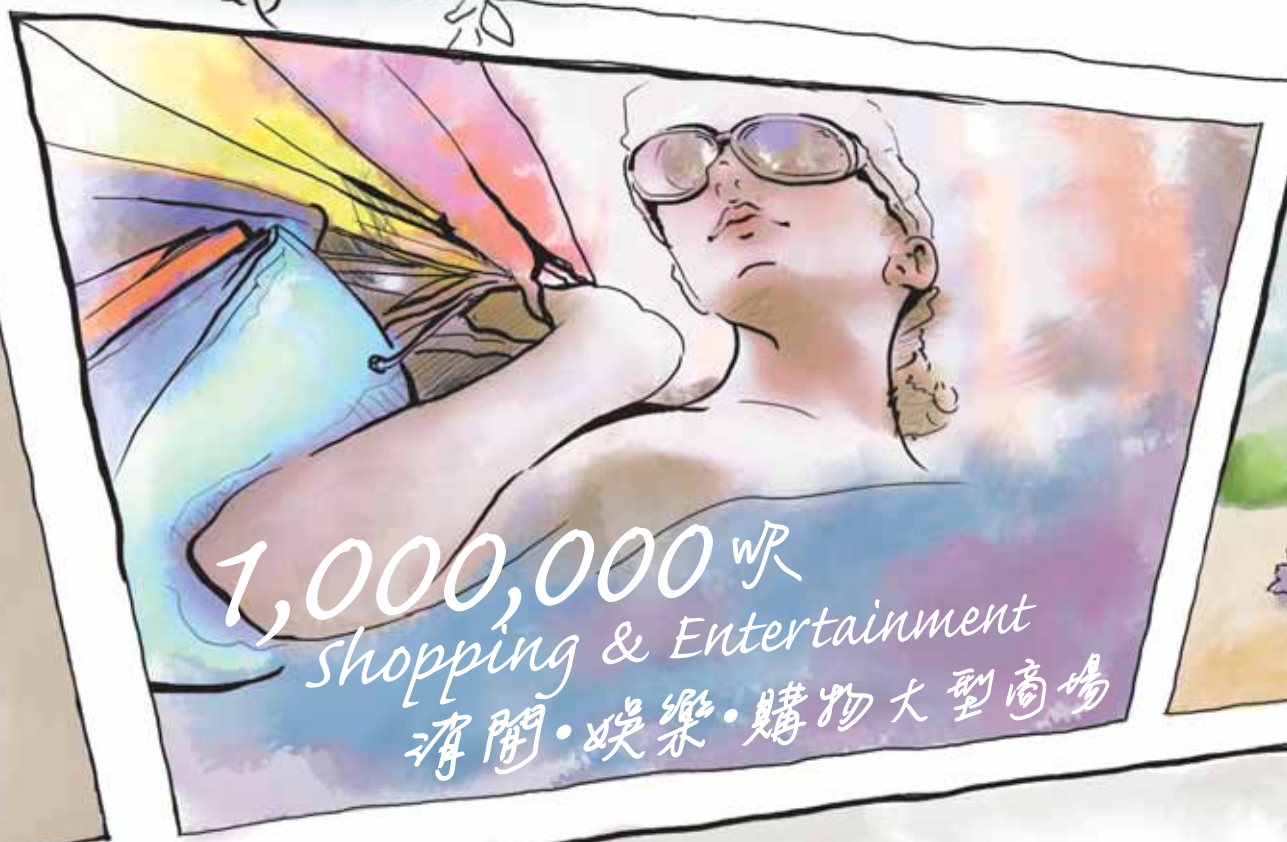
This map is for illustration purposes only.

	Pearl Horizon	Lotes T+T1
Location	Lote P, The Orient Pearl District, Novos Aterros da Areia Preta, Macau	Lotes T+T1, The Orient Pearl District, Novos Aterros da Areia Preta, Macau
Usage	Residential and Commercial	Residential and Commercial
Group's interest	80%	80%
Site area	68,000 sq m	17,900 sq m
Approx. Gross Floor Area (GFA)	697,600 sq m	195,600 sq m
Residential GFA	599,700 sq m	188,200 sq m
Commercial GFA	A shopping arcade with 97,900 sq m	7,400 sq m
Status	Foundation work for the whole project commenced in late 2014	Piling work to be completed by end 2015
Expected date of completion	2017/2018	2017/2018

Chairman's Statement

Highlights

- For the year ended 31 December 2014, the Group's net profit attributable to equity shareholders rose to HK\$43.7 million from HK\$4.4 million for the corresponding period in 2013.
- Excluding revaluation gains from its investment properties net of tax, the Group's underlying net loss for 2014 amounted to HK\$144 million, compared to underlying net loss of HK\$219 million for the corresponding period in 2013. The underlying net loss per share for 2014 was 3.25 HK cents compared to the underlying net loss per share of 4.94 HK cents in 2013.
- Full year dividend per share for 2014 amounts to 0.70 HK cent, with a final dividend per share of 0.50 HK cent.



Group Results and Dividends

For the year ended 31 December 2014, the net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "Group") amounted to HK\$43.7 million compared to HK\$4.4 million for the corresponding period in 2013. The net earnings per share for 2014 amounted to 0.98 HK cent compared to 0.10 HK cent in 2013.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net loss for 2014 amounted to HK\$144 million compared to the underlying net loss of HK\$219 million for 2013. The underlying net loss per share for 2014 was 3.25 HK cents compared to the underlying net loss per share of 4.94 HK cents in 2013.

The Board of Directors has recommended the payment of a final dividend per share for 2014 of 0.50 HK cent (2013: 0.50 HK cent). Together with the interim dividend of 0.20 HK cent per share (2013: 0.90 HK cent), the full year dividend for 2014 amounted to 0.70 HK cent per share (2013: 1.40 HK cents). The final dividend will be payable on Thursday, 18 June 2015 to the shareholders

whose names appear on the Register of Members of the Company on Tuesday, 9 June 2015, subject to the approval of the shareholders at the 2015 Annual General Meeting.

Business Review

The Group's underlying net loss, which excluded revaluation gains from its investment properties net of tax, amounted to HK\$144 million for the year ended 31 December 2014. The net loss for the year under review was mainly due to the impairment provision of HK\$212 million the Group made for its Kazakhstan oil assets in view of the recent plummet in international oil prices.

Property Development

As at 31 December 2014, the development landbank in Macau attributable to the Group amounted to approximately 715,000 sq. m. gross floor area. All of the Group's existing development sites are favourably situated adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge.

Artist's Impression



Chairman's Statement

The status of the Group's major projects under development in Macau is set out below.

Pearl Horizon, The Orient Pearl District

Pearl Horizon, a development project in which the Group owns an 80% interest, covers an aggregate site area of approximately 68,000 sq. m. and will be developed into various luxury residential towers, together with a full-facility sizable shopping arcade, a deluxe club house and numerous car parking spaces, with an aggregate gross floor area of approximately 697,000 sq. m.. The foundation work for the whole project was commenced in late 2014.

Lotes T+T1, The Orient Pearl District

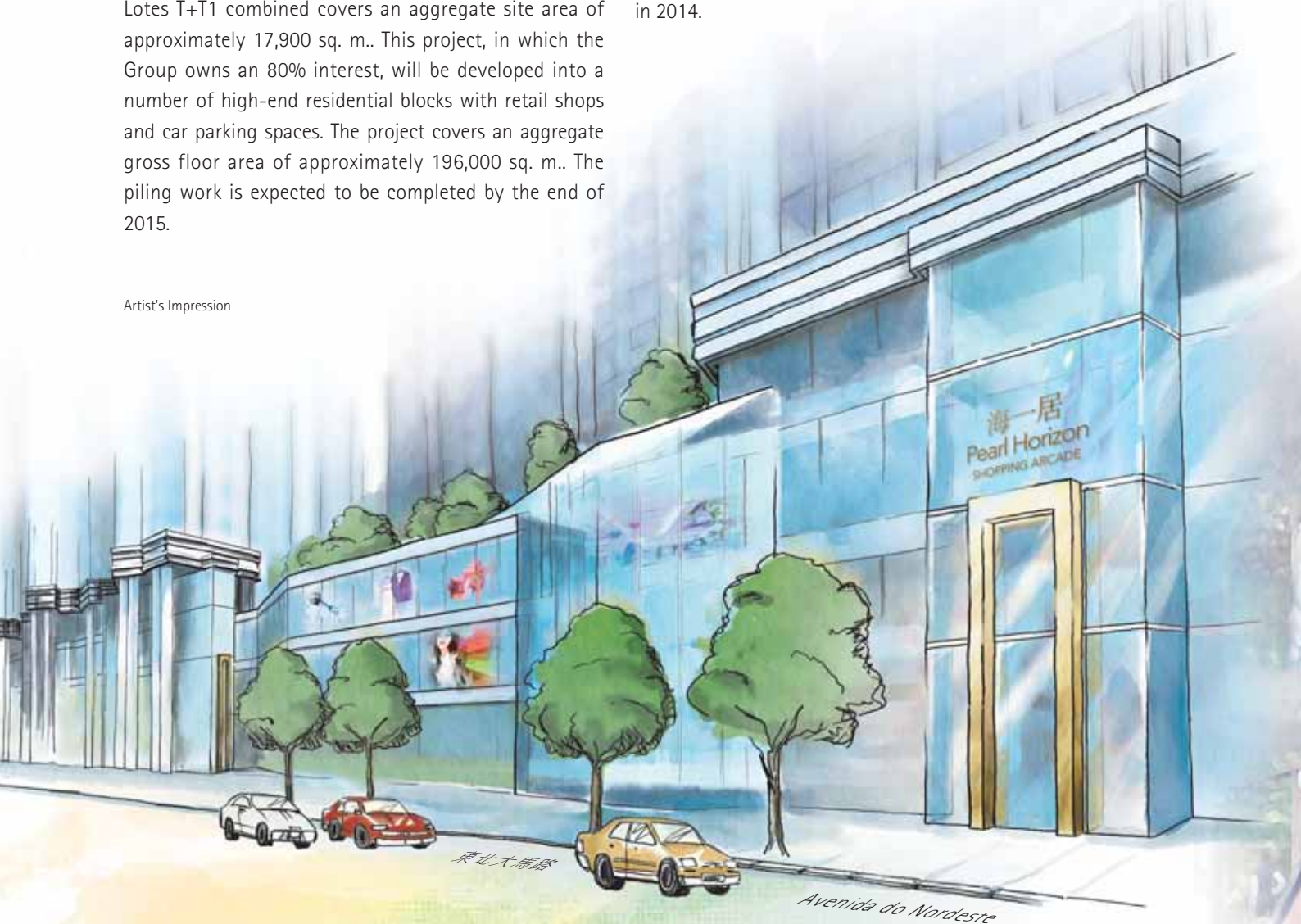
Lotes T+T1 combined covers an aggregate site area of approximately 17,900 sq. m.. This project, in which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with retail shops and car parking spaces. The project covers an aggregate gross floor area of approximately 196,000 sq. m.. The piling work is expected to be completed by the end of 2015.

Property Investment

For the year under review, the Group disposed of certain car parking spaces at Va Long, Macau and a residential development project in Tuen Mun, Hong Kong, with combined gains from the disposal amounting to HK\$26.5 million.

The Group's share of gross rental income generated from its investment properties rose to HK\$54.2 million for the year ended 31 December 2014, an increase of 8.3% over the same period in 2013. The improvement in income was mainly due to an increase in rents from The Macau Square, the Group's 50%-owned investment property in Macau, with total rental income of the property attributable to the Group rising 12.0% to HK\$50.6 million in 2014.

Artist's Impression



*Chairman's Statement***Oil**

For the year ended 31 December 2014, the segment recorded an operating loss of HK\$216 million compared to an operating loss of HK\$347 million for the same period in 2013.

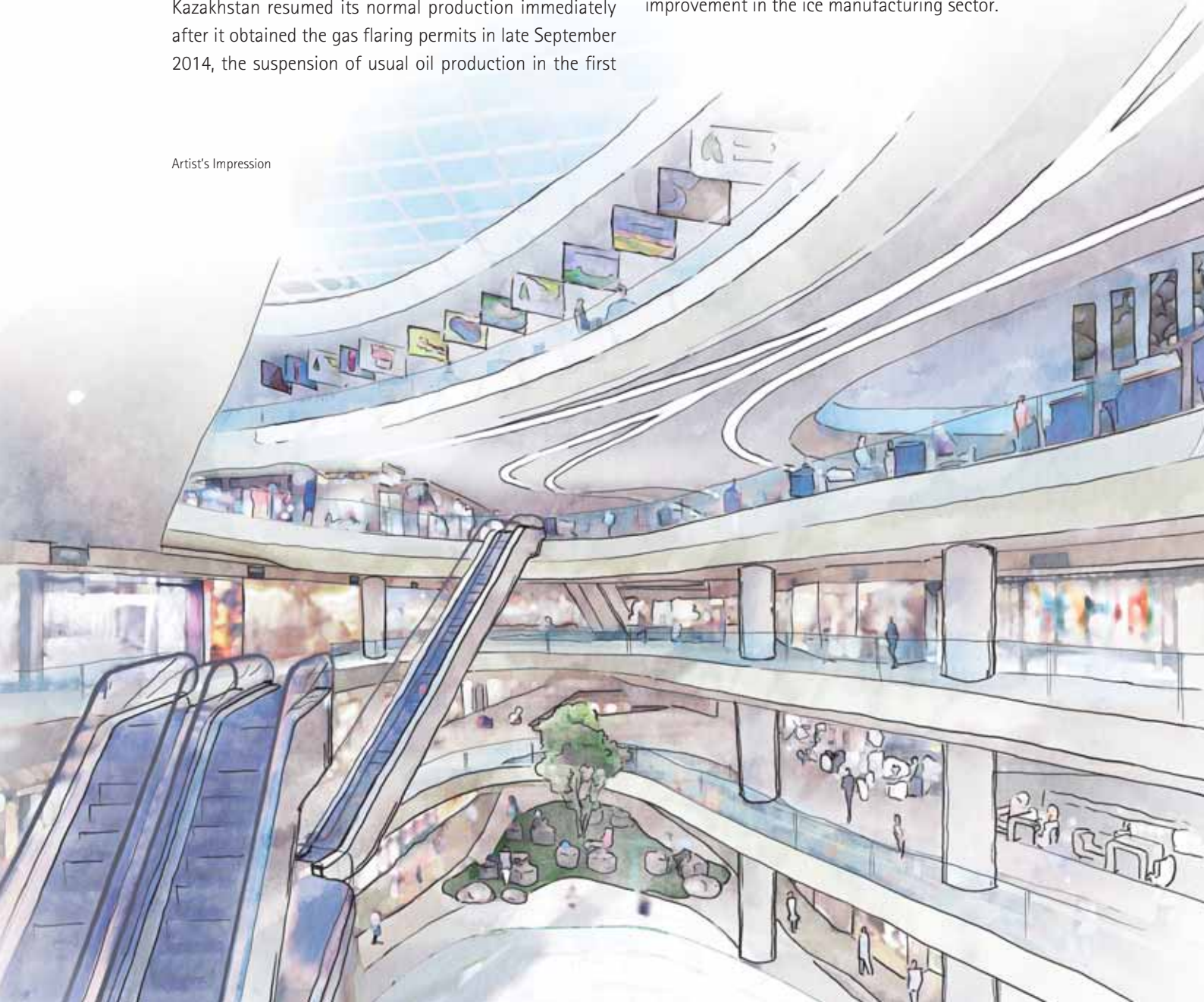
The segment operating loss for the year under review was mainly due to two factors. First, in view of the adverse impact of the collapse in international oil prices on its future earnings, the Group made an impairment provision of HK\$212 million for its Kazakhstan oil assets in 2014. Second, while the Group's South Alibek Oilfield in Kazakhstan resumed its normal production immediately after it obtained the gas flaring permits in late September 2014, the suspension of usual oil production in the first

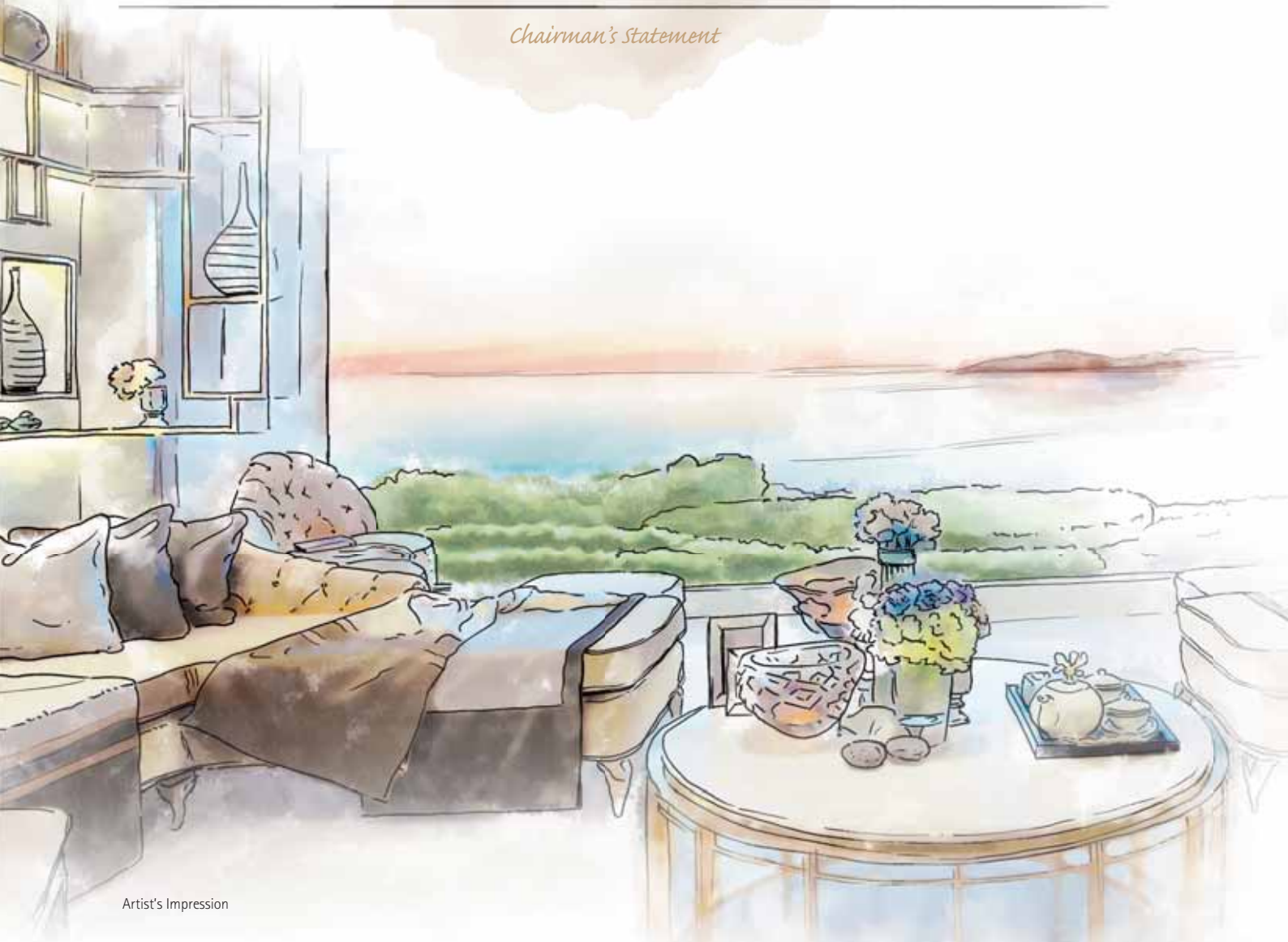
nine months significantly affected the segment results for 2014. The Group has endeavoured to seek a solution to tackle the gas flaring issue for its oilfield in Kazakhstan before the permits expire on 31 August 2015 with various viable options having recently been under consideration.

Ice and Cold Storage

During the year under review, total operating profit for the combined cold storage and ice manufacturing segment amounted to HK\$26.8 million, an increase of 30.3% over the same period in 2013. The substantial increase in operating profit was attributable to the improvement in the ice manufacturing sector.

Artist's Impression



Chairman's Statement

Artist's Impression

Prospects

The anti-corruption campaign in Mainland China, together with the Macau government's implementation of a new transit visa restriction since 1 July 2014 and its imposition of further restrictions on the RMB conversion made by tourists from Mainland China, have adversely affected the overall performance of the gaming sector during majority of time over the past year and this is expected to persist throughout 2015. Nevertheless, the Group believes the unfavourable impact of the downturn in the gaming industry over the longer term will likely be offset by successfully developing Macau into a world-class leisure destination and tourism hub, offering major

theme parks and resorts, as well as a leading convention and exhibition centre in the region. Indeed, following extraordinarily rapid expansion in the gaming industry, with an average growth rate of over 30% for the past 8 years, the gaming revenue posted an average contraction of 15.7% for the second half of 2014 and a decline of 2.5% for the full year of 2014. As a result, the Macau economy was adversely affected and it has started to contract since the third quarter of 2014, with real gross domestic product for the second half of 2014 falling 9.8% year-on-year for the first time since 2009.

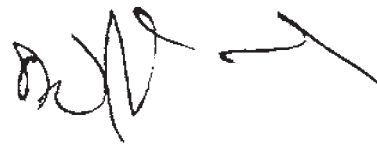
Chairman's Statement

The economic slowdown has consequently prompted a correction in the property market, with residential transactions plummeting and the transacted prices falling around 20% from its peak in the middle of 2014. The Group expects residential market will likely remain weak until the economy stabilizes and starts to pick up. As the Group has pre-sold over 3,000 residential units of its two major luxury residential development projects in the Orient Pearl District Macau over the past few years, with contracted presales exceeding HK\$20 billion, the short-term market fluctuation has not adversely affected its two projects under construction. The Group will expedite construction work of its two projects, aiming for completion and handover to home buyers in 2017/2018.

The Group expects its investment property portfolio in Macau and its cold storage and ice manufacturing business in Hong Kong will continue to generate stable income in 2015.

The Group's oil business in Kazakhstan is not expected to contribute any net income to its results in 2015 if the oil prices stay at the current low levels.

I would like to take this opportunity to express my gratitude to my fellow directors for their support and all staff for their dedication and hard work.



Or Wai Sheun
Chairman

Hong Kong, 18 March 2015

Artist's Impression



Financial Review

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial liquidity position during the year. As at 31 December 2014, the Group maintained a balance of cash and cash equivalents of HK\$227 million (2013: HK\$209 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 1.95 times (2013: 2.97 times).

As at 31 December 2014, the Group had bank borrowings of HK\$335 million (2013: Nil), with HK\$13 million being repayable within one year and HK\$322 million being repayable between one year and two years. The amount due to ultimate holding company was HK\$1,799 million (2013: HK\$2,248 million), which was unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable after more than one year.

The Group had banking facilities of HK\$335 million (2013: HK\$180 million), which were fully utilised as at 31 December 2014 (2013: no utilisation). The banking facilities were secured by the Group's leasehold land and buildings, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which are subject to review from time to time.

As at 31 December 2014, total equity attributable to equity shareholders of the Company amounted to HK\$11,245 million (2013: HK\$10,926 million). The Group's gearing ratio, expressed as a percentage of total borrowings (including bank borrowings and amount due to ultimate holding company) over the equity attributable to equity shareholders of the Company, slightly decreased to 19.0% from 20.6% as at 31 December 2013.

Treasury Policies

Apart from the Group's oil business, the majority of the Group's sales and purchases are denominated in Hong Kong dollars and Macau Patacas. Due to the fact that the Macau Pataca is pegged to the Hong Kong dollar, the Group's exposure to this foreign exchange risk is relatively low. In respect of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in KZT, while a significant portion of its revenue is denominated in United States dollars. As at 31 December 2014, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group is closely monitoring its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimise the relevant exposures when necessary.

Capital Commitments

As at 31 December 2014, the Group had capital commitments contracted but not provided for in the amount of HK\$2 million (2013: Nil), mainly for the acquisition of property, plant and equipment of the oil business.

Charges on Assets

As at 31 December 2014, certain assets of the Group, with total carrying value of approximately HK\$117 million (2013: HK\$120 million), were pledged to secure the banking facilities of the Group.

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: Nil).

*Profile of Directors***Executive Directors**

Mr. Or Wai Sheun, aged 63, joined the Company in April 2006 as the Chairman of the Board and Executive Director. Mr. Or has over 30 years of experience in property development, industrial and financial investment business in Hong Kong, Macau and the Mainland China. Mr. Or is responsible for the development of corporate strategies, corporate planning and general management of the Group. Mr. Or is also the Chairman of the Board of Kowloon Development Company Limited whose shares are listed in the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Intellinsight Holdings Limited, Polytec Holdings International Limited and a director of Marble King International Limited and Ors Holdings Limited, all five companies being substantial shareholders of the Company. He is the father of Ms. Or Pui Ying, Peranza.

Mr. Yeung Kwok Kwong, aged 56, joined the Company in September 2000 as the Chairman of the Board and Managing Director. With effect from 1 April 2006, Mr. Yeung ceased to act as the Chairman of the Board but remained to act as the Managing Director. Prior to joining the Company, he worked for a large international accountancy firm and also held managerial and director positions in a number of large companies. He has over 30 years of experience in finance, accounting, financial management and corporate planning. He is currently responsible for the development of corporate strategies, corporate planning and the day-to-day management of the Group. Mr. Yeung is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Yeung is also a non-executive director of Kowloon Development Company Limited and a director of Marble King International Limited, both companies being substantial shareholders of the Company.

Ms. Wong Yuk Ching, aged 58, joined the Company in January 2002 as Executive Director. Prior to joining the Company, she held managerial and director positions in a number of large garment trading and manufacturing companies. She has over 20 years of experience in the garments industry. Ms. Wong is currently responsible for the development of corporate strategies, corporate planning and the day-to-day management of the Group.

Ms. Chio Koc Ieng, aged 48, joined the Group in December 2004 and was appointed as Executive Director in April 2006. She has attained 25 years of working experience in various prominent and well-established property development companies in Macau. Ms. Chio is responsible for development of corporate strategies, corporate planning and general management of the Group.

Non-Executive Directors

Mr. Lai Ka Fai, aged 50, joined the Company in September 2000 as Executive Director, and was re-designated as Non-executive Director in January 2002. Prior to joining the Company, he worked for a large international accountancy firm and also held managerial and director positions in a number of large companies. He has over 25 years of experience in finance, accounting, financial and operational management, and corporate planning. Mr. Lai graduated from the University of East Anglia in the United Kingdom with a bachelor's degree in Science. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Lai is also an executive director of Kowloon Development Company Limited and a director of Marble King International Limited and Intellinsight Holdings Limited, all three companies being substantial shareholders of the Company.

Ms. Or Pui Ying, Peranza, aged 34, joined the Group in September 2009 and was appointed as Non-executive Director in July 2011. She has attained solid working experience in various companies engaged in property development, financial investment and finance public relations. She is the director of the Marketing and Sales Department of Kowloon Development Company Limited. Ms. Or graduated from the Imperial College London with a bachelor degree of Mathematics and Management and also attained a master's degree of International Management for China from the School of Oriental and African Studies (SOAS), the University of London. She is the daughter of Mr. Or Wai Sheun.

Independent Non-Executive Directors

Mr. Liu Kwong Sang, aged 53, joined the Company in July 2000 as Independent Non-executive Director. He has been practising as a certified public accountant in Hong Kong with more than 20 years' experience. Mr. Liu graduated with honours from the Hong Kong Polytechnic University with a bachelor degree in accountancy and obtained the Master in Business Administration degree from the University of Lincoln, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants, of the Institute of Financial Accountants, of the Institute of Public Accountants, Australia, of the Hong Kong Institute of Certified Public Accountants, of the Society of Registered Financial Planners and of the Taxation Institute of Hong Kong, a Certified Tax Adviser. Mr. Liu acts as an Independent Non-executive Director of China National Culture Group Limited (previously known as China Railsmedia Corporation Limited) whose shares are listed on the Main Board of the Stock Exchange, abc Multiactive Limited and Evershine Group Holdings Limited (previously known as TLT Lottotainment Group Limited) whose securities are listed on the GEM Board of the Stock Exchange, and Pacific CMA, Inc. whose securities are listed on the American Stock Exchange. Mr. Liu was also an Independent Non-executive Director of Dragonite International Limited whose shares are listed on the Main Board of the Stock Exchange and he has resigned in September 2014.

Mr. Siu Leung Yau, aged 61, joined the Company in September 2000 as Independent Non-executive Director. Mr. Siu has over 25 years' experience in real estate investment, development, asset management, sale and marketing management. He is currently the managing director of Pan Win Holdings Limited. Mr. Siu is a member of Guangzhou Tianhe Political Consultative Committee of the Hong Kong and Macau Committee, a senior consultant of Hong Kong Chamber of Commerce in China Guangdong, Honourable President of Finance City of Guangdong and a senior consultant of Guangzhou International Bioisland.

Independent Non-Executive Directors *(continued)*

Dr. Tsui Wai Ling, Carlye BBS, MBE, JP, DProf, FHKIoD, aged 67, joined the Company in December 2012 as Independent Non-executive Director. She is the Chief Executive Officer of The Hong Kong Institute of Directors. Dr. Tsui graduated from the University of Hong Kong with a Bachelor of Arts degree (Economics) and holds a Doctorate degree in Professional Studies of Middlesex University, UK. Dr. Tsui is Fellow of The Hong Kong Institute of Directors, Hong Kong Management Association, Hong Kong Institution of Engineers, British Computer Society; Chartered Information Technology Professional; Hon Fellow of Hong Kong Association for Computer Education; and holder of Professional Diploma in Corporate Governance and Directorship. A Justice of the Peace, Dr. Tsui's public service roles include Member of Communications Authority and Chairman of Hong Kong Chinese Orchestra Limited. She was formerly a Councillor of the Urban Council and Wan Chai District Council. Dr. Tsui was awarded one of the Ten Outstanding Young Persons in Hong Kong 1981, IT Achiever of the Year 1992, Member of the Most Excellent Order of the British Empire 1997, Bronze Bauhinia Star 2003 and the most outstanding professional doctorate of Middlesex University 2007. Dr. Tsui serves as an Independent Non-executive Director of RoadShow Holdings Limited whose shares are listed on the Main Board of the Stock Exchange.

Prof. Dr. Teo Geok Tien Maurice, aged 67, joined the Company in December 2012 as Independent Non-executive Director. He is the Chairman of the Council of the International Institute of Management. He has over 40 years experience in various businesses and industries, including electronics and semiconductors, toys, telecommunications, construction etc. Prof. Dr. Teo was awarded a PhD (doctor of philosophy) in International Business Administration and a DSc (doctor of science) in Manufacturing. In 2004, he was made Adjunct Professor of Management of Hong Kong Polytechnic University. Later he was invited to become Visiting Professor of Bulaccan State University of Philippines. He is currently the Examiner of Overseas Doctorial Candidates in Business Administration for the University.

The Executive Directors of the Company are also members of senior management of the Group.

Corporate Governance Report

Corporate Governance Practices

The Board acknowledges the importance of good corporate governance practices and believes that maintaining a high standard of corporate governance practices is crucial to the development of the Company.

The Company has complied with all the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year, except Code Provision A.4.1 (which stipulates that non-executive directors should be appointed for a specific term, subject to re-election), Code Provision A.6.7 (which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders) and Code Provision F (which stipulates that the board should appoint a company secretary to support the board by ensuring good information flow within the board and that board policy and procedures are followed) as explained below.

The Board will continue to enhance the corporate governance practices and standards of the Company appropriate to the conduct and growth of its business and to review such practices and standards regularly to ensure that they comply with the statutory and professional standards and align with the latest developments. The key corporate governance principles and practices of the Company are summarized as follows:

Board of Directors

The Board is responsible for the leadership and control of the Company and overseeing the Group's affairs. The Board formulates the overall strategic direction and reviews and approves major transaction of the Group, while the management is delegated with the power to implement policies and strategies as set out by the Board.

The Board has a balanced composition of Executive and Non-executive Directors. Currently, the Board comprises four Executive Directors, being Mr. Or Wai Sheun (Chairman of the Board), Mr. Yeung Kwok Kwong (Managing Director), Ms. Wong Yuk Ching and Ms. Chio Koc Ieng, two Non-executive Directors, being Mr. Lai Ka Fai and Ms. Or Pui Ying, Peranza, and four Independent Non-executive Directors, being Mr. Liu Kwong Sang, Mr. Siu Leung Yau, Dr. Tsui Wai Ling, Carlye and Prof. Dr. Teo Geok Tien Maurice. More than one-third of the Board is Independent Non-executive Directors. The profile of the Directors, which is set out on pages 16 to 18, demonstrates a balance of skills, experience and diversity perspectives of the Board. Except as disclosed in the profile of Directors, the Directors have no financial, business, family or other material/relevant relationships with the Group.

In accordance with the Listing Rules, each Independent Non-executive Director has provided a written annual confirmation of his independence to the Company. The Company considers that they satisfy the independence requirements. The Company has also complied with the requirement of the CG Code on considering the independency of an Independent Non-executive Director who has served more than nine years for his further appointment. Mr. Siu Leung Yau, who has served for the Board for more than nine years was re-elected as Independent Non-executive Director at the 2014 Annual General Meeting ("AGM") by passing a separate resolution at the 2014 AGM. The Board's view on Mr. Siu's independent status was set out in the 2014 AGM circular. The re-election of Mr. Liu Kwong Sang, Independent Non-executive Director who has also served the Board for more than nine years, will be considered by a separate resolution in the forthcoming 2015 AGM.

Board of Directors *(continued)*

There was a change in the composition of the Board during the year. Mr. Lam Chi Chung, Tommy resigned from the position of the Executive Director of the Company with effect from 30 April 2014.

The Board recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance as well as to achieve the business objectives and sustainable development. The Board has established a Board Diversity Policy setting out the approach to achieve diversity on the Board with aims of enhancing its capability of decision making and effectiveness in dealing with organisational changes.

The Company has arranged insurance cover in respect of legal action against its Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential liabilities.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

Board Practices

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given. Board papers together with appropriate, complete and reliable information are circulated to members of the Board not less than 3 days before the date of the board meetings to enable them to make informed decisions.

All Directors are supplied in a timely manner with all relevant documentation and financial information. Monthly updates of the Group's performance, position and prospects are furnished to the Board to enable all members to discharge their duties.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for their inspection.

Time Commitment

During the year, four Board meetings and one AGM were held. The attendance of the Directors at the Board meetings and the AGM was as follows:

Directors	Number of meetings attended/ meetings held	
	Board meetings	2014 AGM
Mr. Or Wai Sheun (<i>Chairman of the Board</i>)	4/4	1/1
Mr. Yeung Kwok Kwong	4/4	1/1
Ms. Wong Yuk Ching	4/4	1/1
Mr. Lam Chi Chung, Tommy [#]	1/1	N/A
Ms. Chio Koc Ieng	4/4	1/1
Mr. Lai Ka Fai	4/4	1/1
Ms. Or Pui Ying, Peranza	4/4	1/1
Mr. Liu Kwong Sang	4/4	1/1
Mr. Siu Leung Yau	4/4	1/1
Dr. Tsui Wai Ling, Carlye	4/4	1/1
Prof. Dr. Teo Geok Tien Maurice	3/4	0/1

[#] Mr. Lam Chi Chung, Tommy resigned on 30 April 2014, and the 2014 AGM was held after his resignation.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director was unable to attend the 2014 AGM since he was overseas at that time.

The Board was satisfied with the attendance of the Directors as they have committed sufficient time and attention to the affairs of the Company. Each director shall disclose to the Company at the time of his appointment the directorships held in other listed companies or nature of offices held in public companies or organisations and other significant commitments. The Company has also requested Directors to provide any change on such information in a timely manner as well as their time commitment.

Chairman and Chief Executive Officer

The responsibility of the Chairman of the Board is to lead the Board to provide high-level guidance and oversight to the Group, while the Managing Director is delegated with the power to implement policies and strategies as set out by the Board.

Board Committees

The Company has established four Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee, for managing and overseeing the particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference and they should report to the Board on their decisions or recommendations made.

Audit Committee

The members of the Audit Committee are two Independent Non-executive Directors, being Mr. Liu Kwong Sang and Mr. Siu Leung Yau and one Non-executive Director, being Mr. Lai Ka Fai. The Chairman of the Audit Committee is Mr. Liu Kwong Sang who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee is responsible for assisting the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting and internal control system. The roles of the Audit Committee include maintaining a close relationship with the external auditor, reviewing financial information of the Company and overseeing the Company's financial reporting system and internal control procedures.

During the year, the Audit Committee reviewed the audited financial statements for 2013 and the interim financial statements for 2014 and met with the external auditor and the management of the Company to discuss issues arising from the audit of the financial statements. The Audit Committee also reviewed the effectiveness of the internal control system of the Group, the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and relevant training programmes and budget.

During the year, the Audit Committee held two meetings with the presence of the Company's external auditor. The attendance of each member at the Audit Committee meetings was as follows:

Members	Number of meetings attended/meetings held
Mr. Liu Kwong Sang (<i>Chairman of the Audit Committee</i>)	2/2
Mr. Siu Leung Yau	2/2
Mr. Lai Ka Fai	2/2

Remuneration Committee

The members of the Remuneration Committee are two Independent Non-executive Directors, being Mr. Siu Leung Yau and Mr. Liu Kwong Sang and one Executive Director, being Mr. Yeung Kwok Kwong. A majority of the members are Independent Non-executive Directors.

The Remuneration Committee is responsible for formulating remuneration policy for approval by the Board, which shall take into consideration of factors such as salaries paid by comparable companies, employment conditions, time commitment and responsibilities, desirability of performance based remuneration, and individual performance of the Directors and implement the remuneration policy laid down by the Board. The Company has adopted the model for remuneration committee as described in the Code Provision B.1.2(c)(ii) to make recommendations to the Board on the remuneration packages of individual executive directors, including salaries, bonuses and benefits in kind.

During the year, the Remuneration Committee reviewed the remuneration policy of the Company, the Directors' fees of the Non-executive Directors and the remuneration packages of the Executive Directors.

During the year, the Remuneration Committee held three meetings. The attendance of each member at the Remuneration Committee meetings was as follows:

Members	Number of meetings attended/meetings held
Mr. Siu Leung Yau (<i>Chairman of the Remuneration Committee</i>)	3/3
Mr. Yeung Kwok Kwong	3/3
Mr. Liu Kwong Sang	3/3

Pursuant to Code Provision B.1.5, the annual remuneration of the members of senior management by band for the year ended 31 December 2014 was set out below:

	Number of Employees
Nil to HK\$1,000,000	1
HK\$1,000,001 to HK\$2,000,000	2
HK\$2,000,001 to HK\$3,000,000	1
	4

Nomination Committee

The members of the Nomination Committee are one Executive Director, being Mr. Or Wai Sheun, and two Independent Non-executive Directors, being Mr. Liu Kwong Sang and Mr. Siu Leung Yau. A majority of the members are Independent Non-executive Directors.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the Independent Non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the year, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of the Independent Non-executive Directors and considered the re-election of Directors at the 2014 AGM.

The Board Diversity Policy sets out the approach to achieve diversity of the Board. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, with reference to the business models and special needs of the Company in determining the optimum composition of the Board. Appointments to the Board will be made based on merit and contribution that the individual is expected to bring to the Board. The Nomination Committee monitors the implementation of the Board Diversity Policy on an ongoing basis.

During the year, the Nomination Committee held one meeting. The attendance of each member at the Nomination Committee meeting was as follows:

Members	Number of meeting attended/meeting held
Mr. Or Wai Sheun (<i>Chairman of the Nomination Committee</i>)	1/1
Mr. Liu Kwong Sang	1/1
Mr. Siu Leung Yau	1/1

Executive Committee

The members of the Executive Committee are two Executive Directors, being Mr. Yeung Kwok Kwong and Ms. Wong Yuk Ching and one Non-Executive Director, Mr. Lai Ka Fai. The Board has established the Executive Committee to delegate its daily management and administration functions and has formalised the functions reserved by the Board and those delegated to the management. Clear direction has also been given as to the power of the management.

Non-executive Directors

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors do not have a specific term of appointment, but are subject to rotation in accordance with article 108(A) of the articles of association of the Company. As Non-executive Directors are subject to rotation in accordance with the articles of association of the Company, the Board considers that Non-executive Directors so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the CG Code.

Appointment, Re-election and Removal of Directors

The first sentence of Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with article 112 of the articles of association of the Company, any Director appointed to fill a casual vacancy shall hold office until the next following annual general meeting of the Company.

As the Director appointed to fill a casual vacancy shall be subject to re-election in the next following annual general meeting of the Company in accordance with the articles of association of the Company which complies with paragraph 4(2) of the Appendix 3 of the Listing Rules, the Board considers that the Directors so appointed subject to election by shareholders at the next following annual general meeting of the Company after their appointment will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the CG Code.

The Company did not have any deviation from the first sentence of Code Provision A.4.2 during the year.

Corporate Governance Functions

The Board is responsible for performing the duties relating to corporate governance functions as set out in Code Provision D.3.1.

During the year, the Board reviewed the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Listing Rules) (the "Model Code") as a code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

Directors' Training

During the year, the Directors participated in appropriate continuous professional development activities by ways of reading materials and attending seminars regarding latest developments in corporate governance practices and relevant legal and regulatory developments. Records of training received by each existing Director in 2014 are as follows:

Directors	Type of Trainings (Notes)
Mr. Or Wai Sheun (<i>Chairman of the Board</i>)	A
Mr. Yeung Kwok Kwong	A, B
Ms. Wong Yuk Ching	A
Ms. Chio Koc Ieng	A
Mr. Lai Ka Fai	A, B
Ms. Or Pui Ying, Peranza	A
Mr. Liu Kwong Sang	A, B
Mr. Siu Leung Yau	A
Dr. Tsui Wai Ling, Carlye	A, B
Prof. Dr. Teo Geok Tien Maurice	A, B

Notes: A: Reading materials
B: Attending seminars

The Board will also provide each newly appointed director a comprehensive, formal and tailored induction and information to ensure that he/she has a proper understanding of the Company's business and operations as well as his/her responsibilities under relevant laws, rules and regulations.

Company Secretary

Code Provision F stipulates that the board should appoint a company secretary to support the board by ensuring good information flow within the board and that board policy and procedures are followed. Unfortunately, due to the passing away of the late Mr. Lau Sui Cheung, the ex-company secretary of the Company, on 22 May 2014, the Company has not met the requirement under Rule 3.28 and Code Provision F of the Listing Rules since then. Nevertheless, the Company appointed a new company secretary on 5 December 2014 to ensure the said Listing Rules are now being complied with.

During the year, the new Company Secretary has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training to update his skills and knowledge.

Financial Reporting

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of the Company's annual and interim reports, announcements and other disclosures as disclosed under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

Internal Controls

The Board has the overall responsibility for maintaining a sound and effective internal control system for the Group. The Group's internal control system includes a defined management structure with limits of authority. The system is designed to help the Group to achieve business objectives, safeguard assets against unauthorised use, ensure the maintenance of proper accounting records for the provision of reliable financial information, and ensure compliance with relevant legislation and regulations. The system is designed to manage risks of failure in operational systems and foster achievement of corporate objectives. The internal control system is subject to the review of the Audit Committee.

During the year, the Audit Committee has discussed with the senior management and internal audit team of the Group on the internal control system and made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal audit team reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

Inside Information

Regarding procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules as well as the overriding principle that inside information should be announced immediately if it is the subject of a decision. The Company conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong and has implemented policies and procedures which strictly prohibit unauthorised use of confidential and inside information, and has communicated to all relevant staff through the Group's intranet.

Constitutional Documents

There are no changes in the constitutional documents of the Company during the year.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2014 is set out in the section headed "Independent Auditor's Report" in the Annual Report.

During the year, the external auditor performed audit services and the corresponding remuneration was HK\$1,887,000.

Communications with Shareholders and Investors

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have a better understanding of the Group's performance and strategies. The Company has disclosed such information in a timely manner via the websites of the Company (www.polyteccasset.com) and the Hong Kong Exchange and Clearing Limited available for public access.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The most recent shareholder meeting was the 2014 AGM held on 11 June 2014.

Shareholders' Rights

Procedures for shareholders to propose a person for election as a Director

Article 113 of the articles of association of the Company provides that no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office at least 7 days before the date of the general meeting. The period for lodgement of the notice required under this article shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting. Detailed procedures can be found on the Company's website.

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at shareholders' meetings

Pursuant to the articles of association of the Company, extraordinary general meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' Rights *(continued)*

Procedures for shareholders to send enquiries to the Board

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

The Company Secretary
Polytec Asset Holdings Limited
23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong
Telephone Number: +852 2380 9682
Fax Number: +852 2380 6310

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2014.

Principal Place of Business

The Company is incorporated in the Cayman Islands with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in page 3 of the Annual Report.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 35 to the financial statements. There was no significant change in the Group's principal activities during the year.

Financial Statements

The profit of the Group for the year ended 31 December 2014 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 43 to 102.

Dividends

An interim dividend of HK\$0.002 per share (2013: HK\$0.009 per share) was paid on 11 November 2014. The Directors now recommend the payment of a final dividend of HK\$0.005 per share (2013: HK\$0.005 per share) in respect of the year ended 31 December 2014.

Reserves

Details of the movements in reserves of the Company and of the Group during the year are set out in note 13(d) to the financial statements and the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 December 2014, the retained profits of the Company available for cash distribution and/or distribution in specie as computed in accordance with the Companies Law of the Cayman Islands amounted to HK\$1,397,337,000. Further, the share premium account of the Company may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. As at 31 December 2014, the Company's share premium account amounted to HK\$5,912,600,000.

Property, Plant and Equipment

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

Share Capital

Details of the share capital of the Company during the year are set out in note 25 to the financial statements.

Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors

Mr. Or Wai Sheun (*Chairman*)

Mr. Yeung Kwok Kwong

Ms. Wong Yuk Ching

Ms. Chio Koc Ieng

Mr. Lam Chi Chung, Tommy (resigned on 30 April 2014)

Non-executive Directors

Mr. Lai Ka Fai

Ms. Or Pui Ying, Peranza

Independent Non-executive Directors

Mr. Liu Kwong Sang

Mr. Siu Leung Yau

Dr. Tsui Wai Ling, Carlye

Prof. Dr. Teo Geok Tien Maurice

In accordance with articles 108(A) and (B) and 112 of the articles of association of the Company, Mr. Or Wai Sheun, Mr. Yeung Kwok Kwong, Mr. Liu Kwong Sang and Dr. Tsui Wai Ling, Carlye will retire and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

Particulars of the Directors' emoluments, disclosed pursuant to the Companies Ordinance and Appendix 16 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are set out in note 7 to the financial statements.

Brief biographical particulars of all Directors are given on pages 16 to 18 of the Annual Report.

Independence Confirmation

The Company has received annual confirmations of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all of these Independent Non-executive Directors remain independent.

Directors' Interests in Contracts

The Directors' interests in contracts with the Group during the year are set out in notes 14 and 30(a), (b), (c) and (d) to the financial statements.

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

Directors' Service Contracts

None of the Directors being proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Rights to Acquire Shares

At no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2014, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules were as follows:

Long positions in the shares of the Company

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares (Note 1)
Mr. Or Wai Sheun (Notes 2 and 4)	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Personal	2,000,000	0.05%
Ms. Wong Yuk Ching	Personal	6,655,000	0.15%
Ms. Chio Koc Ieng	Personal	270,000	0.01%
Mr. Lai Ka Fai	Personal	430,000	0.01%
Ms. Or Pui Ying, Peranza (Notes 3 and 4)	Beneficiary of a trust	3,260,004,812	73.44%

*Report of the Directors*Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Long positions in the shares of associated corporations

– Kowloon Development Company Limited ("KDC")

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares <i>(Note 6)</i>
Mr. Or Wai Sheun <i>(Notes 2 & 5)</i>	Founder and beneficiary of a trust	830,770,124	72.20%
	Corporate	277,500	0.02%
Mr. Yeung Kwok Kwong	Personal	180,000	0.02%
Ms. Wong Yuk Ching	Personal	1,170,000	0.10%
Ms. Chio Koc Ieng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.07%
Ms. Or Pui Ying, Peranza <i>(Notes 3 and 5)</i>	Beneficiary of a trust	830,770,124	72.20%

– Ors Holdings Limited

Directors	Capacity and nature of interests	Number of ordinary share held	Percentage of the issued ordinary share
Mr. Or Wai Sheun <i>(Note 7)</i>	Founder and beneficiary of a trust	1	100.00%
Ms. Or Pui Ying, Peranza <i>(Note 7)</i>	Beneficiary of a trust	1	100.00%

Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Notes:

1. As at 31 December 2014, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.
2. Mr. Or Wai Sheun was deemed to be interested in 830,770,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.

Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.
3. Ms. Or Pui Ying, Peranza was deemed to be interested in 830,770,124 ordinary shares in KDC as one of the beneficiaries of a discretionary family trust.

Ms. Or Pui Ying, Peranza was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through her interest in KDC.
4. The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in this section and as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in the section under the heading of "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.
5. The interest in 830,770,124 ordinary shares in KDC as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in KDC.
6. As at 31 December 2014, the total number of issued shares of KDC was 1,150,681,275 ordinary shares.
7. The interest in 1 ordinary share in Ors Holdings Limited as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in Ors Holdings Limited.

Save as disclosed above, as at 31 December 2014, none of the Directors or Chief Executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations 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.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2014, the interests and short positions of the persons, other than the Directors and Chief Executives, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions

Substantial Shareholders	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares (Note 1)
Ors Holdings Limited (Notes 2 and 4)	Corporate	3,260,004,812	73.44%
HSBC International Trustee Limited (Notes 3 and 4)	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited (Notes 4 and 5)	Corporate	3,260,004,812	73.44%

Notes:

- As at 31 December 2014, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.
- Ors Holdings Limited held 830,770,124 ordinary shares in KDC (being 72.20% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- Based on information available to the Company, HSBC International Trustee Limited held 831,417,074 ordinary shares in KDC (being 72.25% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in this section and as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in the section under the heading of "Directors' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.
- According to the register of the Company, as at 31 December 2014, KDC was interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary shares of the Company). On specific enquiries made, KDC had confirmed that as at 31 December 2014, it was interested in 3,260,004,812 ordinary shares in the Company. There was a difference of 15,000,000 ordinary shares between the actual number of shares interested in of KDC and the number of shares interested in as disclosed by KDC because KDC did not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

Save as disclosed above, as at 31 December 2014, no person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Change in Composition of the Board

During the year, Mr. Lam Chi Chung, Tommy resigned as the Executive Director of the Company on 30 April 2014.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are set out below:

The monthly salary of the following Directors has been changed with effect from 1 July 2014 as follows:

Directors	Before change	After change
Mr. Yeung Kwok Kwong	HK\$162,000	HK\$169,300
Ms. Wong Yuk Ching	HK\$98,700	HK\$103,100
Ms. Chio Koc Ieng	HK\$100,000	HK\$104,500

The Directors' fees for all Non-executive Directors have been changed from HK\$160,000 to HK\$170,000 per annum for the year ended 31 December 2014.

Mr. Liu Kwong Sang resigned from the position of the Independent Non-executive Director of Dragonite International Limited, a company listed on the Main Board of the Stock Exchange, in September 2014.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 for the year ended 31 December 2014.

Share Option Scheme

On 9 January 2004 (the "Adoption Date"), a share option scheme of the Company was adopted. The share option scheme had a life of ten years until 8 January 2014. No share options were granted following the Adoption Date.

Pursuant to the share option scheme, eligible participants included any employees (including full-time and part-time employees), directors (including executive, non-executive and independent non-executive directors), suppliers of goods and services, customers, business partners or business associates of the Group, consultants or advisers providing consultancy or advisory services in relation to the businesses, trading agents or holders of any securities issued by any member of the Group or any entity in which the Group held an equity interest.

The maximum number of unexercised share options permitted to be granted under the share option scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the share option scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit was subject to shareholders' approval in a general meeting.

Under the share option scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the Independent Non-executive Directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the share option scheme may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted was determinable by the Directors, and commenced from the date the grantee accepted the share options and ended on the expiry date of the share option scheme. The exercise price of the share options granted under the share option scheme was determinable by the Directors, but was not be less than the highest of (i) closing price of the Company's shares on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

The share option scheme expired by the effluxion of time on 8 January 2014. No further new/revised share option scheme has been adopted by the Company since then.

Employees

As at 31 December 2014, the total number of employees of the Group was about 390. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice. The emolument policy of the Group is reviewed by the members of the Remuneration Committee and approved by the Board.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics and approved by the Board.

Public Float

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

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Bank Loan and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in notes 23 and 30 to the financial statements.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 5 of the Annual Report.

Management Contracts

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

Major Customers and Suppliers

During the year, the Group's turnover attributable to the largest customer and the five largest customers in aggregate of the Group were 20% and 55% respectively. None of the Directors, their associates, or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% in the share capital of the Company) has any interest in those customers.

During the year, less than 30% of the Group's purchases were attributable to the Group's five largest suppliers.

Properties

Particulars of major properties and property interests of the Group are shown on pages 103 to 104 of the Annual Report.

Oil Reserve

Except for the production during the year under review, there is no material change in the oil reserve of the Group.

Closure of Register of Members

For the purpose of determining member who entitled to attend and vote at the 2015 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the 2015 Annual General Meeting, all the transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Thursday, 21 May 2015.

For the purpose of determining member who qualify for the proposed final dividend, the Register of Members of the Company will be closed from Monday, 8 June 2015 to Tuesday, 9 June 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all the transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Friday, 5 June 2015.

Corporate Governance

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 29 of the Annual Report.


Review of Financial Statements

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group, in conjunction with the Company's auditor.

Auditor

The Group's consolidated financial statements for the year ended 31 December 2014 have been audited by KPMG, Certified Public Accountants who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Or Wai Sheun
Chairman

Hong Kong, 18 March 2015

Independent Auditor's Report



Independent Auditor's Report to the Shareholders of Polytec Asset Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Polytec Asset Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 43 to 102, which comprise the consolidated and Company's balance sheets as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 the 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	3	294,643	284,301
Cost of sales		(90,719)	(57,138)
Gross profit		203,924	227,163
Other income	4	23,421	10,646
Selling and distribution expenses		(69,859)	(35,466)
Administrative expenses		(59,906)	(60,368)
Other operating expenses		(59,095)	(72,258)
Impairment of oil production and exploitation assets	2(c)	(212,000)	(296,400)
Loss from operations		(173,515)	(226,683)
Share of profit of joint venture		235,413	266,884
Finance costs	5(a)	(31,996)	(31,628)
Profit before taxation	5	29,902	8,573
Income tax	6	15,118	24,346
Profit for the year		45,020	32,919
Attributable to:			
– Equity shareholders of the Company	8	43,657	4,380
– Non-controlling interests		1,363	28,539
Profit for the year		45,020	32,919
Earnings per share – basic/diluted	9	0.98 HK cent	0.10 HK cent

The notes on pages 50 to 102 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 10.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	45,020	32,919
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Changes in fair value of interests in property development	306,822	415,843
Other comprehensive income for the year, net of tax	306,822	415,843
Total comprehensive income for the year	351,842	448,762
Attributable to:		
– Equity shareholders of the Company	350,479	420,223
– Non-controlling interests	1,363	28,539
Total comprehensive income for the year	351,842	448,762

The notes on pages 50 to 102 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2014

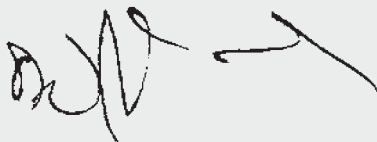
	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	11	915,657	1,136,716
Oil exploitation assets	12	66,257	84,322
Interests in property development	14	10,920,923	10,614,101
Interest in joint venture	15	1,217,915	997,002
Deferred tax assets	24	104,078	82,702
Goodwill	16	16,994	16,994
		13,241,824	12,931,837
Current assets			
Amount due from joint venture	17	–	32,766
Held for trading investments	18	9,405	8,685
Inventories	19	88,471	105,506
Trade and other receivables	20	71,434	156,994
Cash and cash equivalents	21	226,503	209,347
		395,813	513,298
Current liabilities			
Trade and other payables	22	132,824	120,546
Bank loan	23	13,400	–
Current taxation		56,675	52,347
		202,899	172,893
Net current assets		192,914	340,405
Total assets less current liabilities		13,434,738	13,272,242

Consolidated Balance Sheet

At 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities			
Amount due to ultimate holding company	30(a)	1,798,553	2,247,683
Other payables		38,679	41,416
Bank loan	23	321,600	-
Deferred tax liabilities	24	19,159	20,085
		2,177,991	2,309,184
NET ASSETS		11,256,747	10,963,058
CAPITAL AND RESERVES			
Share capital	25	443,897	443,897
Reserves		10,801,068	10,481,662
Total equity attributable to equity shareholders of the Company		11,244,965	10,925,559
Non-controlling interests		11,782	37,499
TOTAL EQUITY		11,256,747	10,963,058

Approved and authorised for issue by the board of directors on 18 March 2015.



Or Wai Sheun
Director



Yeung Kwok Kwong
Director


The notes on pages 50 to 102 form part of these financial statements.

Balance sheet

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investments in subsidiaries	13(a) & 35	1	1
		1	1
Current assets			
Amounts due from subsidiaries	13(b)	10,424,957	10,821,541
Other receivables		542	534
Cash and cash equivalents	21	30,812	165,343
		10,456,311	10,987,418
Current liabilities			
Other payables		7,951	5,699
Amounts due to subsidiaries	13(c)	895,974	689,395
		903,925	695,094
Net current assets		9,552,386	10,292,324
Total assets less current liabilities		9,552,387	10,292,325
Non-current liabilities			
Amount due to ultimate holding company	30(a)	1,798,553	2,247,683
		1,798,553	2,247,683
NET ASSETS		7,753,834	8,044,642
CAPITAL AND RESERVES			
Share capital	25	443,897	443,897
Reserves	13(d)	7,309,937	7,600,745
TOTAL EQUITY		7,753,834	8,044,642

Approved and authorised for issue by the board of directors on 18 March 2015.



Or Wai Sheun
Director



Yeung Kwok Kwong
Director

The notes on pages 50 to 102 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2014	443,897	5,912,600	3,318,101	1,250,961	10,925,559	37,499	10,963,058
Profit for the year	-	-	-	43,657	43,657	1,363	45,020
Other comprehensive income for the year	-	-	306,822	-	306,822	-	306,822
Total comprehensive income for the year	-	-	306,822	43,657	350,479	1,363	351,842
Dividends paid to non-controlling interests	-	-	-	-	-	(27,080)	(27,080)
Dividends paid to equity shareholders of the Company (note 10)	-	-	-	(31,073)	(31,073)	-	(31,073)
At 31 December 2014	443,897	5,912,600	3,624,923	1,263,545	11,244,965	11,782	11,256,747
At 1 January 2013	443,897	5,912,600	2,902,258	1,353,116	10,611,871	13,090	10,624,961
Profit for the year	-	-	-	4,380	4,380	28,539	32,919
Other comprehensive income for the year	-	-	415,843	-	415,843	-	415,843
Total comprehensive income for the year	-	-	415,843	4,380	420,223	28,539	448,762
Dividends paid to non-controlling interests	-	-	-	-	-	(4,130)	(4,130)
Dividends paid to equity shareholders of the Company (note 10)	-	-	-	(106,535)	(106,535)	-	(106,535)
At 31 December 2013	443,897	5,912,600	3,318,101	1,250,961	10,925,559	37,499	10,963,058

The notes on pages 50 to 102 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Net cash generated from/(used in) operating activities	27	198,284	(81,586)
Investing activities			
Purchases of property, plant and equipment		(24,759)	(34,535)
Additions to oil exploitation assets		(422)	(1,097)
Repayment of advance to joint venture		32,766	45,592
Proceeds from disposal of property, plant and equipment		111	19
Dividend received from joint venture		14,500	-
Net cash generated from investing activities		22,196	9,979
Financing activities			
Amount advanced from immediate holding company		-	15,000
Amount advanced from ultimate holding company		212,829	1,383,901
Repayments of amount due to immediate holding company		-	(1,194,339)
Repayments of amount due to ultimate holding company		(693,000)	-
Drawdown of bank loan		335,000	-
Repayments of bank loan		-	(80,000)
Dividends paid to non-controlling interests		(27,080)	(4,130)
Dividends paid to equity shareholders of the Company		(31,073)	(106,535)
Net cash (used in)/generated from financing activities		(203,324)	13,897
Net increase/(decrease) in cash and cash equivalents		17,156	(57,710)
Cash and cash equivalents at 1 January		209,347	267,057
Cash and cash equivalents at 31 December		226,503	209,347
Analysis of balance of cash and cash equivalents at 31 December			
Cash and bank balances		226,503	209,347

The notes on pages 50 to 102 form part of these financial statements.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint venture. The measurement basis used in the preparation of the financial statements is the historical cost basis, except where stated otherwise in the accounting policies set out below.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(c) Changes in accounting policies**

The HKICPA has issued a few amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these the following development is relevant to the Group's and the Company's financial statements:

- Amendments to HKAS 36, "Recoverable amount disclosures for non-financial assets"

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. The new disclosures required by HKAS 36 are generally more extensive than those previously required by the standard. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in note 2(c).

The Group and the Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flow and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(d) Subsidiaries and non-controlling interests (continued)**

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in the subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Joint ventures**Joint ventures**

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(e) Joint ventures (continued)****Joint ventures (continued)**

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

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

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When the Group undertakes its activities under joint operations, the Group's share of assets, liabilities, revenue and expenses of the joint operations are recognised in the consolidated financial statements and classified according to their nature.

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the net fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(f) Goodwill (continued)**

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain from a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Oil exploitation assets

Costs incurred for the acquisition and maintenance of the exploitation rights of the Group's oil exploration and production activities are capitalised as oil exploitation assets. Oil exploitation assets are stated at cost less accumulated amortisation and impairment losses. The amortisation is calculated on unit of production method based upon the estimated proved and probable oil reserves.

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Future estimated dismantlement and restoration costs of property, plant and equipment are discounted at appropriate rates and are capitalised as part of the costs of property, plant and equipment, which are subsequently depreciated. Any subsequent change in the present value of the estimated costs, other than the change due to passage of time, is reflected as an adjustment to the costs.

Except for certain oil production assets as set out below, depreciation is calculated on the straight-line basis to write off the cost of each asset, less any estimated residual value, over its estimated useful life as follows:

Leasehold land	over the unexpired term of lease
Buildings situated on leasehold land	over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of acquisition/completion
Other assets	2 to 10 years

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies *(continued)***(h) Property, plant and equipment and depreciation** *(continued)*

Oil production assets include all the property, plant and equipment arising from oil exploration and production activities.

Depreciation of certain oil production assets is calculated based on a unit of production method based upon the estimated proved and probable oil reserves to write off the cost of each asset, less any estimated residual value.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on derecognition of a property, plant and equipment included in profit or loss is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(i) Leasing

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(j) Investment properties

Investment properties are land and/or buildings held under leasehold interest to earn long-term rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. They have been valued semi-annually by an independent firm of professional valuers on a market value basis.

Investment properties are stated in the consolidated balance sheet at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair values cannot be reliably determined at that time in which case they are stated at cost less any impairment losses. All changes in fair value of investment properties are recognised directly in the consolidated income statement.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(k) Interests in property development**

Interests in property development are stated at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, unless there is objective evidence that the interests in property development have been impaired, whereupon any amount held in fair value reserve in respect of the interests in property development is transferred to profit or loss for the period in which the impairment is identified. Any reversals of impairment losses are recognised in profit or loss. The fair value of interests in property development is determined based on the estimated entitlements to the interests in property development. The amount of impairment loss is the difference between the cost (net of any distribution) and current fair value, less any impairment loss on the interests in property development previously recognised in the profit or loss. When the interests in property development are derecognised, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

(l) Impairment of assets**(i) Impairment of investments in debt and equity securities, interests in property development and other receivables**

Investments in debt and equity securities, interests in property development and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies *(continued)***(l) Impairment of assets** *(continued)***(i) Impairment of investments in debt and equity securities, interests in property development and other receivables** *(continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(l)(ii).
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities and interests in property development, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(I) Impairment of assets (continued)****(i) Impairment of investments in debt and equity securities, interests in property development and other receivables (continued)**

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed.

Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased.

- property, plant and equipment (other than properties carried at revalued amounts);
- leasehold land held for own use;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies *(continued)***(I) Impairment of assets** *(continued)***(ii) Impairment of other assets** *(continued)*

- Calculation of recoverable amount
The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).
- Recognition of impairment losses
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).
- Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(l) Impairment of assets (continued)****(iii) Interim financial reporting and impairment**

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, "Interim financial reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, interests in property development and available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity securities increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(m) Inventories

Inventories, other than consumables, are stated at the lower of cost and net realisable value. Consumables are stated at cost less any provision for obsolescence.

Cost of inventories, other than properties, is determined using the weighted average method. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of properties mainly comprises costs of acquisition and other costs incurred in bringing the properties to their present condition. Net realisable value of properties held for sale represents the estimated selling price less costs to be incurred in selling of property. Net realisable value of properties held under development for sale represents the estimated selling price less estimated costs to be incurred in development and selling of property.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(o) Financial assets**

The Group's and the Company's policies for financial assets, other than investments in subsidiaries and joint ventures, are as follows:

Financial assets are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. These assets are subsequently accounted for as follows, depending on their classification:

Financial investments held for trading are classified as current assets. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as they are recognised in accordance with the policies set out in note 1(v).

Dated debt securities that the Group have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

Financial assets which do not fall into any of the above categories are classified as available-for-sale investments. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in note 1(v). Foreign exchange gains and losses resulting from changes in the amortised cost of debts securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(q) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(r) Employee benefits

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

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Fund Schemes Ordinance are recognised as an expense in profit or loss as incurred.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(s) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(t) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Translation of foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

These financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(v) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and relevant costs can be measured reliably, on the following bases:

- from the sale of goods and crude oil, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither continuous managerial involvement to the degree usually associated with ownership, nor effective control over the goods and crude oil sold;
- from the sale of completed properties, upon the execution of a binding sale agreement;
- from the sale of development properties sold in advance of completion, upon completion of the development. Deposits and instalments received from purchasers prior to this stage are included in current liabilities;
- income from interests in property development, when the Group is entitled to the distribution in respect of the investment;
- interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- from the sale of investments, on a trade date basis or on the date on which the relevant sales contracts become or are deemed unconditional, where appropriate;
- service income, when the relevant service is rendered to the customers;
- dividends, when the shareholders' right to receive payment has been established; and
- rental income, on straight-line basis over the lease term.

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(w) Segment reporting**

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

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

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

Notes to the Financial Statements

31 December 2014

1. Significant Accounting Policies (continued)**(y) 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 the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Notes to the Financial Statements

31 December 2014

2. Key Sources of Estimation Uncertainty *(continued)***(a) Depreciation and amortisation**

The Group depreciates the plant and equipment, other than certain oil production assets, on a straight-line basis over an estimated useful life of 2 to 10 years, and after taking into account of their estimated residual value, using the straight-line method, commencing from the date the plant and equipment is placed into intended use. The estimated useful life and dates that the Group places the plant and equipment into productive use reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. Management reviews the useful lives of plant and equipment annually and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

Certain oil production assets and oil exploitation assets are depreciated and amortised based on a unit of production method based upon the estimated proved and probable oil reserves. The estimates of the Group's oil reserves are the best estimates based on the information currently available to the management and represent only approximate amounts because of the subjective judgements involved in developing such information. Oil reserve estimates are subject to revision, either upward or downward, based on new relevant information. Changes in oil reserves will affect unit of production depreciation, amortisation and depletion recorded in the Group's consolidated financial statements for property, plant and equipment and oil exploitation assets related to oil production activity. A reduction in oil reserves will increase depreciation, amortisation and depletion charges.

(b) Estimation of provision for properties under development for sale and held for sale

Management determines the net realisable value of properties under development for sale and held for sale by using the prevailing market data such as the most recent sale transactions and market survey reports available from independent property valuers.

Management's assessment of net realisable value of properties under development for sale and held for sales requires judgement as to the anticipated sale prices with reference to the recent sale transaction in nearby locations, rate of new property sales, marketing costs and the expected costs to completion of properties and legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate and estimates may need to be adjusted in later periods.

Notes to the Financial Statements

31 December 2014

2. Key Sources of Estimation Uncertainty (continued)**(c) Estimated impairment of oil production assets and oil exploitation assets**

Oil production and exploitation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may exceed the recoverable amounts, which is considered to be the higher of the fair value less costs of disposal and value in use. The fair value for oil production and exploitation assets is determined based on the present value of estimated future cash flows arising from the continued use of the assets. Cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the assets. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future crude oil price, discount rate used in discounting the projected cash flows and production profile. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan and on the assumption that all relevant licences and permits are obtained. However, the business environment, such as the crude oil price, is affected by a wide range of global and domestic factors, which are all beyond the control of the Group. Any adverse change in the key assumptions could increase the impairment provision.

The normal crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of the Company, in Kazakhstan had been temporarily suspended from 1 January 2013 to late September 2014, as the gas flaring permit to flare associated gas for the South Alibek Oilfield expired on 31 December 2012; and only in late September 2014, after Caspi Neft TME had obtained a gas flaring permit valid until 31 December 2014 did normal crude oil production resume. Caspi Neft TME obtained another gas flaring permit valid for an eight month period till the end of August 2015 in November 2014 such that it can continue to conduct normal crude oil production until then.

Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a certain period so as to enable it to continue to conduct normal crude oil production after 31 August 2015 and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of associated gas permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the other alternatives. Based on advice received from its technical experts and external legal advisor and the alternatives under consideration, the Group considers that there is no indication that gas flaring permits will not be renewed in the future.

Notes to the Financial Statements

31 December 2014

2. Key Sources of Estimation Uncertainty (continued)**(c) Estimated impairment of oil production assets and oil exploitation assets (continued)**

In view of the significant drop in crude oil prices since the third quarter of 2014, the Group has reassessed the operation and the risk exposures of its oil exploration and production business as a whole and estimated that the carrying amounts of the oil production and exploitation assets as at 31 December 2014 exceeded their estimated recoverable amounts by HK\$212,000,000 (2013: HK\$296,400,000). Accordingly, impairment for oil production assets and oil exploitation assets amounting to HK\$195,400,000 (2013: HK\$273,200,000) and HK\$16,600,000 (2013: HK\$23,200,000) respectively, were recognised as a separate line item in the Group's consolidated income statement. The recoverable amount of oil production and exploitation assets, amounting to HK\$778,116,000 (2013: HK\$992,961,000) and HK\$66,257,000 (2013: HK\$84,322,000) respectively, was determined based on the value in use calculations applying a discount rate of 12.5% (2013: 12.5%).

Crude oil price assumptions were based on market expectations. At 31 December 2014, it is estimated that an increase/decrease of 20% (2013: 5%) in the estimated crude oil price used in the assessment, with all other variables held constant would have increased/decreased the carrying amounts of the oil production and exploitation assets by HK\$391,618,000/HK\$495,854,000 (2013: HK\$118,492,000/HK\$119,920,000). The discount rate used represents the rate to reflect the time value of money and the risks specific to the assets. It is estimated that an increase/decrease of 50 basis points (2013: 50 basis points) in the discount rate used in the assessment, with all other variables held constant would have decreased/increased the carrying amounts of the oil production and exploitation assets by HK\$19,877,000/HK\$20,462,000 (2013: HK\$15,380,000/HK\$15,754,000).

(d) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Any adverse change in the key assumptions could increase the impairment provision.

(e) Estimated fair value of interests in property development

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements. Any adverse change in the key assumptions could decrease the fair value.

Notes to the Financial Statements

31 December 2014

2. Key Sources of Estimation Uncertainty (continued)**(f) Estimated impairment of interest in subsidiaries**

In considering the impairment losses that may be required for the Company's interest in subsidiaries and amounts due from subsidiaries, the recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to the subsidiaries. The Company uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries. Any adverse change in the key assumptions could increase the impairment provision.

3. Turnover and Segment Reporting**(a) Turnover**

The principal activities of the Group are property investment and development, oil exploration and production, manufacturing of ice and provision of cold storage.

An analysis of the Group's turnover is as follows:

	2014 HK\$'000	2013 HK\$'000
Sale of properties	16,000	125,561
Sale of crude oil	152,499	55,597
Sale of goods	88,482	63,845
Service income	37,662	39,298
	294,643	284,301

Notes to the Financial Statements

31 December 2014

3. Turnover and Segment Reporting *(continued)***(b) Segment reporting**

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has four (2013: four) operating segments for the year which included properties investment, trading and development related activities ("Properties"), oil exploration and production related activities ("Oil"), manufacturing of ice and provision of cold storage and related services ("Ice and cold storage") and other miscellaneous operations ("Others").

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items.

Reportable segment result represents result before taxation by excluding share of profit of joint venture, finance costs and head office and corporate expenses.

Segment assets include all tangible, intangible assets and current assets with exception of interest in and amount due from joint venture, deferred tax assets and other corporate assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate income/ expenses and assets mainly comprise exceptional items, corporate administrative and financing expenses and corporate financial assets respectively.

Notes to the Financial Statements

31 December 2014

3. Turnover and Segment Reporting *(continued)***(b) Segment reporting** *(continued)*

Information regarding the Group's reportable segments as provided to the Group's top management for the purpose of resource allocation and assessment of segment performance for the year is set out below.

	Properties HK\$'000	Oil HK\$'000	Ice and cold storage HK\$'000	Others HK\$'000	2014 Total HK\$'000
Turnover	16,000	157,725	120,918	–	294,643
Reportable segment result	28,601	(215,634)	26,804	772	(159,457)
Head office and corporate expenses					(14,058)
Loss from operations					(173,515)
Share of profit of joint venture	235,413	–	–	–	235,413
Finance costs					(31,996)
Profit before taxation					29,902
Reportable segment assets	10,998,038	910,064	170,538	9,405	12,088,045
Interest in joint venture	1,217,915	–	–	–	1,217,915
Head office and corporate assets					331,677
					13,637,637
Capital expenditure incurred	–	21,410	2,926	423	24,759
Depreciation and amortisation	–	42,679	9,412	76	52,167
Impairment of oil production and exploitation assets	–	212,000	–	–	212,000
Gain arising from change in fair value of held for trading investments	–	–	–	720	720

During the year ended 31 December 2014, the Group had two customers in the oil segment with sales amounting to HK\$58,662,000 and HK\$53,127,000 respectively, which exceeded 10% of the Group's revenue.

Notes to the Financial Statements

31 December 2014

3. Turnover and Segment Reporting *(continued)*(b) Segment reporting *(continued)*

	Properties <i>HK\$'000</i>	Oil <i>HK\$'000</i>	Ice and cold storage <i>HK\$'000</i>	Others <i>HK\$'000</i>	2013 Total <i>HK\$'000</i>
Turnover	125,561	62,623	96,117	-	284,301
Reportable segment result	114,880	(347,209)	20,566	(1,291)	(213,054)
Head office and corporate expenses					(13,629)
Loss from operations					(226,683)
Share of profit of joint venture	266,884	-	-	-	266,884
Finance costs					(31,628)
Profit before taxation					8,573
Reportable segment assets	10,823,418	1,116,039	174,364	8,685	12,122,506
Interest in and amount due from joint venture	1,029,768	-	-	-	1,029,768
Head office and corporate assets					292,861
					13,445,135
Capital expenditure incurred	-	20,776	13,739	20	34,535
Depreciation and amortisation	-	24,142	8,317	12	32,471
Impairment of oil production and exploitation assets	-	296,400	-	-	296,400
Loss arising from change in fair value of held for trading investments	-	-	-	1,140	1,140

During the year ended 31 December 2013, the Group had one customer in the properties segment with aggregate sales amounting to HK\$123,370,000 which exceeded 10% of the Group's revenue.

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3. Turnover and Segment Reporting (continued)**(b) Segment reporting (continued)**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial instruments and deferred tax assets. The geographical location of revenue is based on the location which the goods were delivered or the services were provided. The geographical location of non-current assets is based on the physical location of the assets, in case of interest in joint venture, the location of operations.

	Turnover		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
The People's Republic of China	136,918	221,678	1,372,450	1,157,751
Kazakhstan	157,725	62,623	844,373	1,077,283
	294,643	284,301	2,216,823	2,235,034

In addition to the above non-current assets, the Group has interests in property development of HK\$10,920,923,000 (2013: HK\$10,614,101,000) in the People's Republic of China.

4. Other Income

An analysis of the Group's other income is as follows:

	2014 HK\$'000	2013 HK\$'000
Rental income from properties held for sale	5,132	6,896
Dividend income from listed securities	85	111
Bank and other interest income	1,426	677
Gain arising from change in fair value of held for trading investments	720	-
Gain on disposal of properties under development for sale	13,786	-
Others	2,272	2,962
	23,421	10,646

Notes to the Financial Statements

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5. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest expense on		
– Bank borrowings wholly repayable within five years	819	9
– Amount due to immediate holding company with no fixed repayment terms	–	8,728
– Amount due to ultimate holding company repayable after more than one year	31,041	20,898
	31,860	29,635
Other finance costs	136	1,993
	31,996	31,628

(b) Staff costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Staff costs (excluding directors' remuneration) [#] :		
Wages and salaries	63,047	57,481
Contributions to retirement benefit scheme	1,546	1,349
	64,593	58,830

Notes to the Financial Statements

31 December 2014

5. Profit Before Taxation (continued)

Profit before taxation is arrived at after charging/(crediting): (continued)

(c) Other items

	2014 HK\$'000	2013 HK\$'000
Depreciation of property, plant and equipment [#]	50,280	29,882
Amortisation of oil exploitation assets [#]	1,887	2,589
Minimum lease payments under operating leases in respect of land and buildings	1,377	1,205
Auditors' remuneration	1,887	1,670
Exchange gain	(3,323)	(3,855)
(Gain)/loss arising from change in fair value of held for trading investments	(720)	1,140
Loss on disposal of property, plant and equipment	27	26
Share of taxation of joint venture (included in share of profit of joint venture)	30,379	34,947

[#] Cost of sales includes HK\$43,135,000 (2013: HK\$19,197,000) relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6. Income Tax**(a) Taxation in the consolidated income statement represents:**

	2014 HK\$'000	2013 HK\$'000
Current tax		
– Hong Kong Profits Tax	3,724	2,648
– Overseas income tax	3,429	14,399
– Under/(over) provision in respect of prior years	31	(10)
Deferred tax	7,184	17,037
	(22,302)	(41,383)
	(15,118)	(24,346)

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Notes to the Financial Statements

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6. Income Tax (continued)

(b) Reconciliation between tax credit and accounting profit at applicable tax rates:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	29,902	8,573
Tax charge at the average income tax rate	(69,928)	(28,916)
Tax effect of share of profit of joint venture	(30,379)	(34,947)
Tax effect of expenses not deductible in determining taxable profit	29,148	4,867
Utilisation of tax losses previously not recognised	(2,192)	-
Tax effect of tax losses not recognised	58,202	34,072
Under/(over) provision in respect of prior years	31	(10)
Others	-	588
Actual tax credit	(15,118)	(24,346)

7. Directors' Remuneration and Emoluments of the Five Highest Paid Individuals

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to Section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Performance related bonuses HK\$'000	Provident fund contributions HK\$'000	2014 Total HK\$'000
Mr. Or Wai Sheun	-	-	-	-	-
Mr. Yeung Kwok Kwong	-	2,157	450	199	2,806
Ms. Wong Yuk Ching	-	1,314	240	121	1,675
Ms. Chio Koc Ieng	-	1,332	300	-	1,632
Mr. Lam Chi Chung, Tommy*	-	674	-	6	680
Mr. Lai Ka Fai	170	-	-	-	170
Ms. Or Pui Ying, Peranza	170	-	-	-	170
Mr. Liu Kwong Sang	170	-	-	-	170
Mr. Siu Leung Yau	170	-	-	-	170
Dr. Tsui Wai Ling, Carlye	170	-	-	-	170
Prof. Dr. Teo Geok Tien Maurice	170	-	-	-	170
	1,020	5,477	990	326	7,813

* Mr. Lam Chi Chung, Tommy resigned on 30 April 2014.

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7. Directors' Remuneration and Emoluments of the Five Highest Paid Individuals (continued)

	Directors' fees	Salaries and other benefits	Performance related bonuses	Provident fund contributions	2013 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Or Wai Sheun	-	-	-	-	-
Mr. Yeung Kwok Kwong	-	2,080	237	191	2,508
Ms. Wong Yuk Ching	-	1,257	115	116	1,488
Ms. Chio Koc leng	-	1,266	223	-	1,489
Mr. Lam Chi Chung, Tommy	-	1,769	75	18	1,862
Mr. Lai Ka Fai	160	-	-	-	160
Ms. Or Pui Ying, Peranza	160	-	-	-	160
Mr. Liu Kwong Sang	160	-	-	-	160
Mr. Siu Leung Yau	160	-	-	-	160
Dr. Tsui Wai Ling, Carlye	160	-	-	-	160
Prof. Dr. Teo Geok Tien Maurice	160	-	-	-	160
	960	6,372	650	325	8,307

Of the five individuals with the highest emoluments, during the year ended 31 December 2014 included three (2013: four) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining two (2013: one) non-director highest paid individuals are as follows:

	2014	2013
	HK\$'000	HK\$'000
Salaries and other benefits	1,868	2,760
Performance related bonuses	133	-
Provident fund contributions	17	-
	2,018	2,760

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7. Directors' Remuneration and Emoluments of the Five Highest Paid Individuals (continued)

The emoluments of the two (2013: one) individuals with the highest emoluments are within the following bands:

	2014 HK\$'000	2013 HK\$'000
Nil – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	1

8. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of HK\$259,735,000 (2013: HK\$332,169,000) which has been dealt with in the financial statements of the Company.

9. Earnings Per Share**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of HK\$43,657,000 (2013: HK\$4,380,000) and 4,438,967,838 ordinary shares (2013: 4,438,967,838 ordinary shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the years ended 31 December 2014 and 2013.

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10. Dividends

(a) Dividends attributable to the year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.002 (2013: HK\$0.009) per share	8,878	39,951
Final dividend proposed after the balance sheet date of HK\$0.005 (2013: HK\$0.005) per share	22,195	22,195
	31,073	62,146

The final dividend declared after the year end has not been recognised as a liability at 31 December.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.005 (2013: HK\$0.015) per ordinary share	22,195	66,584

Notes to the Financial Statements

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11. Property, Plant and Equipment

	Leasehold land HK\$'000	Buildings HK\$'000	Oil production assets HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost:					
At 1 January 2014	120,210	32,790	1,476,151	41,510	1,670,661
Additions	-	-	21,410	3,349	24,759
Disposals	-	-	(267)	(229)	(496)
At 31 December 2014	120,210	32,790	1,497,294	44,630	1,694,924
At 1 January 2013	120,210	32,790	1,455,425	27,803	1,636,228
Additions	-	-	20,776	13,759	34,535
Disposals	-	-	(50)	(52)	(102)
At 31 December 2013	120,210	32,790	1,476,151	41,510	1,670,661
Accumulated depreciation and impairment losses:					
At 1 January 2014	25,734	7,020	483,190	18,001	533,945
Charge for the year	2,820	769	40,792	5,899	50,280
Impairment loss	-	-	195,400	-	195,400
Disposals	-	-	(204)	(154)	(358)
At 31 December 2014	28,554	7,789	719,178	23,746	779,267
At 1 January 2013	22,914	6,250	188,448	13,308	230,920
Charge for the year	2,820	770	21,553	4,739	29,882
Impairment loss	-	-	273,200	-	273,200
Disposals	-	-	(11)	(46)	(57)
At 31 December 2013	25,734	7,020	483,190	18,001	533,945
Net book value:					
At 31 December 2014	91,656	25,001	778,116	20,884	915,657
At 31 December 2013	94,476	25,770	992,961	23,509	1,136,716

Key sources of estimation uncertainty relating to oil production assets are disclosed in note 2.

The leasehold land of the Group is held in Hong Kong under a medium term lease.

Notes to the Financial Statements

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12. Oil Exploitation Assets

	2014 HK\$'000	2013 HK\$'000
Cost:		
At 1 January	130,157	129,060
Additions during the year	422	1,097
At 31 December	130,579	130,157
Accumulated amortisation and impairment losses:		
At 1 January	45,835	20,046
Amortisation during the year	1,887	2,589
Impairment loss	16,600	23,200
At 31 December	64,322	45,835
Net book value	66,257	84,322

Key sources of estimation uncertainty relating to oil exploitation assets are disclosed in note 2.

Notes to the Financial Statements

31 December 2014

13. Notes on the Company's Balance Sheet

(a) Investments in subsidiaries

	2014 HK\$'000	2013 HK\$'000
Cost	1	1

The following sets out the financial information of Think Bright Limited, a material subsidiary of the Group which has non-controlling interests:

	2014 HK\$'000	2013 HK\$'000
Non-controlling interests' percentage	29.5%	29.5%
Income	5,012	130,112
Profit for the year	4,373	96,328
Profit for the year attributable to non-controlling interests	1,290	28,417
Non-current assets	2	2
Current assets	40,964	136,825
Current liabilities	(36,451)	(44,884)
Net assets	4,515	91,943
Carrying amount of non-controlling interests	1,332	27,123
Dividend paid to non-controlling interests	27,080	4,130
Cash flows from operating activities	104,879	20,607
Cash flows from financing activities	(91,800)	(14,000)

Notes to the Financial Statements

31 December 2014

13. Notes on the Company's Balance Sheet (continued)

(b) Amounts due from subsidiaries

	2014 HK\$'000	2013 HK\$'000
Amounts due from subsidiaries	10,968,307	11,136,791
Less: Impairment	(543,350)	(315,250)
	10,424,957	10,821,541

Amounts due from subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts approximate their fair values at the balance sheet date.

(c) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts approximate their fair values at the balance sheet date.

(d) Reserves of the Company

	Share premium account HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	5,912,600	1,688,145	7,600,745
Loss and other comprehensive income for the year	–	(259,735)	(259,735)
Dividends paid (note 10)	–	(31,073)	(31,073)
At 31 December 2014	5,912,600	1,397,337	7,309,937
At 1 January 2013	5,912,600	2,126,849	8,039,449
Loss and other comprehensive income for the year	–	(332,169)	(332,169)
Dividends paid (note 10)	–	(106,535)	(106,535)
At 31 December 2013	5,912,600	1,688,145	7,600,745

Notes to the Financial Statements

31 December 2014

13. Notes on the Company's Balance Sheet *(continued)*(e) **Liquidity risk and contingent liabilities of the Company**

The following tables detail the remaining contractual maturities at the balance sheet date of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

	Contractual undiscounted cash flows			Balance sheet carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	Undated HK\$'000	Total HK\$'000	
At 31 December 2014				
Other payables	7,951	–	7,951	7,951
Amounts due to subsidiaries	895,974	–	895,974	895,974
Amount due to ultimate holding company	–	1,798,553	1,798,553	1,798,553
	903,925	1,798,553	2,702,478	2,702,478
At 31 December 2013				
Other payables	5,699	–	5,699	5,699
Amounts due to subsidiaries	689,395	–	689,395	689,395
Amount due to ultimate holding company	–	2,247,683	2,247,683	2,247,683
	695,094	2,247,683	2,942,777	2,942,777

The Company is exposed to liquidity risk that arises from guarantees in respect of the banking facility of a subsidiary. The guarantees are callable if the subsidiary is unable to meet its obligations and the maximum amount callable as at 31 December 2014 was HK\$335,000,000 (2013: HK\$180,000,000) of which the facility was utilised to the extent of HK\$335,000,000 (2013: Nil).

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14. Interests in Property Development

	2014 HK\$'000	2013 HK\$'000
At 1 January	10,614,101	10,198,258
Change in fair value recognised in other comprehensive income	306,822	415,843
At 31 December	10,920,923	10,614,101

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the ultimate holding company. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the development projects which is subject to an aggregate maximum amount. In return, the two wholly owned subsidiaries of the ultimate holding company will pay to the Group cash flows from the development projects according to the formulae set out in the co-investment agreements. The basis and estimations for arriving at the fair value of the interests in property development are further described in note 2.

15. Interest in Joint Venture

	2014 HK\$'000	2013 HK\$'000
Investment cost	12	12
Share of post acquisition profit	1,217,903	996,990
Share of net assets	1,217,915	997,002

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Percentage of equity interest attributable to the Group	Principal activities
South Bay Centre Company Limited	Corporate	Macau	50%	Property investment and trading

Notes to the Financial Statements

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15. Interest in Joint Venture (continued)

Summarised financial information of South Bay Centre Company Limited ("South Bay"), adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Income	548,506	618,855
Profit for the year	470,826	533,768
Dividend received from South Bay	14,500	–
Depreciation	80	54
Income tax	60,758	69,894
Non-current assets	2,739,105	2,312,154
Current assets	15,740	7,898
Current liabilities	(48,356)	(107,043)
Non-current liabilities	(270,659)	(219,005)
Equity	2,435,830	1,994,004
Reconciliation to the Group's interest in joint venture:		
Group's share of net assets/carrying amount in consolidated financial statements	1,217,915	997,002

The above unlisted investment in joint venture is indirectly held by the Company.

16. Goodwill

For the purposes of impairment testing, the goodwill has been allocated to an individual cash-generating unit (the "CGU") in the ice and cold storage segment. At 31 December 2014, management of the Group determined that there is no impairment of the CGU containing goodwill.

17. Amount due from Joint Venture

The amount was unsecured, interest-free and fully repaid during the current year. The carrying amount approximated its fair value at 31 December 2013.

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18. Held for Trading Investments

	2014 HK\$'000	2013 HK\$'000
Equity securities held for trading listed in Hong Kong	9,405	8,685

The fair values of the above equity securities held for trading are determined based on the quoted market bid prices available on the relevant exchanges.

19. Inventories

	2014 HK\$'000	2013 HK\$'000
Properties held for sale	72,753	69,285
Properties under development for sale (<i>Note</i>)	–	25,200
Crude oil	1,714	1,037
Consumables	12,717	9,984
Others	1,287	–
	88,471	105,506

Note: The Group had entered into a joint agreement in the form of a joint operation to construct certain low-rise houses in Hong Kong. At 31 December 2013, the aggregate amount of assets recognised in the financial statements in relation to joint operation was HK\$25,200,000. During the year ended 31 December 2014, such assets were disposed and a gain of HK\$13,786,000 was recognised in the consolidated income statement.

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20. Trade and Other Receivables

	2014 HK\$'000	2013 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	45,171	124,653
31 days to 60 days past due	4,337	2,788
61 days to 90 days past due	700	1,748
Over 90 days past due	229	1,657
Amounts past due	5,266	6,193
Trade receivables	50,437	130,846
Other receivables	20,997	26,148
	71,434	156,994

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

Trade and other receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Trade and other receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The fair value of the Group's trade and other receivables at the balance sheet date approximates to the corresponding carrying amount.

21. Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates their fair value at the balance sheet date.

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22. Trade and Other Payables

	2014 HK\$'000	2013 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	560	-
31 days to 60 days past due	72	-
Over 90 days past due	3	-
Amounts past due	75	-
Trade payables	635	-
Other payables		
– Government fees and levies	41,710	51,721
– Others	90,479	68,825
	132,189	120,546
	132,824	120,546

23. Bank Loan

As at 31 December 2014, the bank loan was repayable as follows:

	2014 HK\$'000	2013 HK\$'000
Within 1 year	13,400	-
After 1 year but within 2 years	321,600	-
	335,000	-

As at 31 December 2014, the bank loan of the Group was secured by mortgages over its land and buildings with an aggregate carrying value of HK\$91,656,000 and HK\$25,001,000 respectively.

The bank loan is subject to fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facility would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's arrangements of liquidity risk are set out in note 32(c). As at 31 December 2014, none of the covenants relating to drawn down facility had been breached.

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24. Deferred Taxation

The following are the components of deferred tax (assets)/liabilities recognised and movements during the current year and the prior year:

Deferred tax arising from:	Accelerated depreciation allowances <i>HK\$'000</i>	Revaluation of assets <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014	(63,160)	16,891	(16,348)	(62,617)
(Credited)/charged to the profit or loss	(22,611)	(821)	1,130	(22,302)
At 31 December 2014	(85,771)	16,070	(15,218)	(84,919)
At 1 January 2013	(11,622)	14,487	(24,099)	(21,234)
(Credited)/charged to the profit or loss	(51,538)	2,404	7,751	(41,383)
At 31 December 2013	(63,160)	16,891	(16,348)	(62,617)
			2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Representing:				
Deferred tax assets			(104,078)	(82,702)
Deferred tax liabilities			19,159	20,085
			(84,919)	(62,617)

No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams. At the balance sheet date, the Group has unrecognised tax losses of HK\$477,416,000 (2013: HK\$271,634,000) available for offset against future profits, of which HK\$443,773,000 (2013: HK\$228,542,000) will expire within ten years from the balance sheet date and the remaining losses may be carried forward indefinitely.

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25. Share Capital

	2014 HK\$'000	2013 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
5,000,000,000 convertible preference shares of HK\$0.01 each	50,000	50,000
	1,050,000	1,050,000
Issued:		
4,438,967,838 fully paid ordinary shares of HK\$0.1 each	443,897	443,897

(a) Share premium

The application of the share premium account is governed by Section 34 of the Cayman Islands Companies Law.

(b) Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of bank borrowings, borrowings from holding companies, cash and cash equivalents and equity attributable to equity shareholders of the Company, comprising issued share capital, reserves and retained profits.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital and maintains an appropriate gearing ratio determined as the Group's borrowings (bank borrowings plus amount due to ultimate holding company) over equity attributable to equity shareholders of the Company. In view of this, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as raising new debts or redemption of existing debts. The Group's overall strategy remains unchanged from prior year and the gearing ratio as at 31 December 2014 was 19.0% (2013: 20.6%).

26. Share Options

The Company adopted a share option scheme on 9 January 2004. No share options were granted under the share option scheme and the share option scheme expired in January 2014.

Notes to the Financial Statements

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27. Note to Consolidated Cash Flow Statement

Reconciliation of profit before taxation to net cash generated from/(used in) operating activities:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Operating activities		
Profit before taxation	29,902	8,573
Adjustments for:		
Share of profit of joint venture	(235,413)	(266,884)
Dividend income from listed securities	(85)	(111)
Interest income	(1,426)	(677)
(Gain)/loss arising from change in fair value of held for trading investments	(720)	1,140
Depreciation and amortisation	52,167	32,471
Loss on disposal of property, plant and equipment	27	26
Impairment loss of oil production and exploitation assets	212,000	296,400
Finance costs	31,996	31,628
Operating cash flow before working capital changes	88,448	102,566
Decrease in inventories	17,035	15,187
Decrease/(increase) in trade and other receivables	85,560	(95,348)
Increase/(decrease) in trade and other payables	9,541	(98,109)
Cash generated from/(used in) operations	200,584	(75,704)
Interest received	1,426	677
Interest paid	(955)	(2,002)
Dividends received from listed securities	85	111
Tax paid	(2,856)	(4,668)
Net cash generated from/(used in) operating activities	198,284	(81,586)

28. Note to Consolidated Statement of Changes in Equity

As at 31 December 2014, loans from minority shareholders of a subsidiary of HK\$5,490,000 (2013: HK\$5,490,000) were classified as equity being the capital contribution to such subsidiary by those minority shareholders.

Notes to the Financial Statements

31 December 2014

29. Operating Lease Arrangements and Capital Commitments**(a) Operating lease arrangements****As lessee**

The Group leases certain of its office properties and factory premises under operating lease arrangements. Leases for properties are negotiated for terms from three months to two years. As at 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	980	177
In the second to fifth years inclusive	256	-
	1,236	177

As lessor

The Group leases certain of its inventories under operating lease arrangements with lease terms for not exceeding two years. As at 31 December 2014, total future minimum lease receivables under non-cancellable operating leases are as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	1,638	3,815
In the second to fifth years inclusive	-	1,309
	1,638	5,124

(b) Capital commitments

As at 31 December 2014, the Group had capital commitments contracted but not provided for in the amount of HK\$2 million (2013: Nil), mainly for the acquisition of property, plant and equipment of the oil business.

Notes to the Financial Statements

31 December 2014

30. Material Related Party Transactions

During the year ended 31 December 2014, the Group had the following transactions with related parties:

- (a) The amount due to ultimate holding company was unsecured, interest bearing at a premium over HIBOR and repayable after more than one year. During the year, interest of HK\$31,041,000 (2013: HK\$20,898,000) was payable to the ultimate holding company.
- (b) During the year ended 31 December 2013, interest of HK\$8,728,000 was payable to the immediate holding company.
- (c) During the year, the Group paid rental expenses and building management fees amounting to HK\$998,000 (2013: HK\$801,000) in aggregate to an intermediate holding company of the Company for the leasing of administrative offices in Hong Kong.
- (d) During the year, management fees totalling HK\$5,705,000 (2013: HK\$3,492,000) were payable to an intermediate holding company of the Company for the administrative expenses shared by the Group.
- (e) Applicability of the Listing Rules relating to connected transactions.

None of the above related party transactions falls under the definition of a connected transaction or a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

31. Pledge of Assets

As at 31 December 2014, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:

- (a) legal charge over all of the Group's medium term leasehold land with an aggregate net book value of HK\$91,656,000 (2013: HK\$94,476,000); and
- (b) legal charge over all of the Group's buildings with an aggregate net book value of HK\$25,001,000 (2013: HK\$25,770,000).

Notes to the Financial Statements

31 December 2014

32. Financial Risk Management and Fair Values

The Group is exposed to interest rate, credit, liquidity, price and currency risks arising in the normal course of the Group's business as set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner and these risks are limited by financial policies and practices undertaken by the Group.

(a) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing bank borrowings and borrowings from holding companies. All the borrowings are on a floating rate basis. The risk is mainly concentrated on the fluctuation in Hong Kong dollar interest rates arising from the Group's Hong Kong dollar denominated borrowings.

Interest rate risk is managed by the Group's senior management with defined policies through regular review to determine the strategy as to funding in floating/fixed rate mix appropriate to its current business profile, and engaging in relevant hedging arrangements in appropriate time.

If interest rates had increased/decreased by 100 basis points, with all other variables held constant, the Group's result attributable to the equity shareholders of the Company and retained profits would have decreased/increased by HK\$20,783,000 (2013: HK\$22,477,000).

The sensitivity analysis has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared assuming the amount of interest bearing borrowings outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease in Hong Kong dollar interest rates is used when reporting interest rate risk. The analysis has been performed on the same basis as 2013.

(b) Credit risk

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

Cash at bank, deposits placed with financial institutions and investments are with counterparties with sound credit ratings to minimise credit exposure.

The Group has no significant concentration of credit risk, with exposure spread over a number of counter-parties and customers.

Notes to the Financial Statements

31 December 2014

32. Financial Risk Management and Fair Values (continued)**(c) Liquidity risk**

Cash management of the Group is centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flows				Balance sheet carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	Over 1 year but less than 2 years HK\$'000	Undated HK\$'000	Total HK\$'000	
At 31 December 2014					
Trade and other payables	132,824	–	–	132,824	132,824
Bank loan	18,861	326,079	–	344,940	335,000
Amount due to ultimate holding company	–	–	1,798,553	1,798,553	1,798,553
	151,685	326,079	1,798,553	2,276,317	2,266,377
At 31 December 2013					
Trade and other payables	120,546	–	–	120,546	120,546
Amount due to ultimate holding company	–	–	2,247,683	2,247,683	2,247,683
	120,546	–	2,247,683	2,368,229	2,368,229

Notes to the Financial Statements

31 December 2014

32. Financial Risk Management and Fair Values (continued)**(d) Price risk**

At the balance sheet date, the Group has the following financial instruments measured at fair value across the three levels of fair value hierarchy based on the degree to which the fair value is observable:

	2014 HK\$'000	2013 HK\$'000
Assets		
Level 1 (Notes)		
– Held for trading investments	9,405	8,685
Level 3 (Notes)		
– Interests in property development	10,920,923	10,614,101

Notes:

Level 1: Assets/liabilities carried at fair values measured using unadjusted quoted prices in active markets for identical financial instruments

Level 2: Assets/liabilities carried at fair values using quoted prices in active markets for similar financial instruments or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: Assets/liabilities carried at fair values measured using valuation techniques in which any significant input is not based on observable market data

Equity price risk

The Group is exposed to equity security price risk through its held for trading investments. Appropriate measures are implemented under risk management policies on a timely and effective manner. These measures cover macroeconomic analysis, securities analysis, trade execution control and portfolio evaluation. The Group controls this exposure by maintaining a diversified investment portfolio of securities with high market liquidity and different risk profiles.

At 31 December 2014, it is estimated that an increase/decrease of 5% in market value of the Group's held for trading investments, with all other variables held constant, would have increased/decreased the Group's result attributable to the equity shareholders of the Company and retained profits by HK\$470,000 (2013: HK\$434,000).

The sensitivity analysis above has been determined assuming that the changes in equity price had occurred at the balance sheet date and had been applied to the exposure to equity security price risk in existence at that date. It is also assumed that the fair values of the Group's held for trading investments would change in accordance with the historical correlation with the relevant equity price and that all other variables remain constant. The analysis has been performed on the same basis as for 2013.

Notes to the Financial Statements

31 December 2014

32. Financial Risk Management and Fair Values (continued)**(d) Price risk (continued)****Other price risk**

The Group is also exposed to property price risk through its interests in property development classified as non-current assets. The Group has a team reporting to the senior management which performs the valuation of the interests in property development required for financial reporting purposes. Discussions of valuation processes and results are held between the senior management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the valuation model include estimated selling prices of the underlying properties which are derived from observable market data, including average market prices of residential properties in Macau, with certain adjustments to reflect the impact of those factors on the development. The adjustments to the selling price range from -10% to +10%. The fair value measurement is positively correlated to adjustments to the selling prices of the underlying properties. At 31 December 2014, it is estimated that an increase/decrease of 5% in the selling price of the underlying properties of the Group's interests in property development classified as non-current assets, with all other variables held constant, would have increased/decreased the Group's fair value reserve by HK\$1,322,474,000/HK\$1,322,444,000 (2013:HK\$1,047,623,000/HK\$1,038,571,000).

The analysis has been determined assuming that the changes in the selling price of the underlying properties had occurred at the balance sheet date and had been applied to the exposure to property price risk in existence at that date. The analysis has been performed on the same basis as for 2013.

(e) Currency risk

The Group conducts its oil exploration and production business primarily in Kazakhstan. Currency exposure arises from sales of crude oil in a currency other than the local currency of the domicile of the Group entity making the sale. The sales are substantially denominated in United States Dollars, whilst the costs are substantially denominated in Kazakhstan Tenge. During the year, the Kazakhstan Tenge was pegged to a basket of currencies, including United States Dollars, Euros and Russian Rubles. Management considers this risk is insignificant to the Group as a whole but still manages and monitors this risk to ensure that its net exposure is kept to an acceptable low level.

33. Immediate and Ultimate Holding Company

At 31 December 2014, the Directors consider the immediate holding company and ultimate holding company to be Marble King International Limited and Polytec Holdings International Limited, which are both incorporated in the British Virgin Islands. Neither entity produces financial statements available for public uses.

Notes to the Financial Statements

31 December 2014

34. Possible Impact of Amendments, New Standards and Interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS15	Revenue	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of evaluating the impact that will result from the adopting these new or revised HKFRSs. The Group is therefore unable to disclose the impact that adopting these new or revised HKFRSs will have on its financial position and the results of operations when such new or revised HKFRSs are adopted.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) came into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that 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.

35. Particulars of Subsidiaries

Particulars of the subsidiaries at 31 December 2014 are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid up capital	Percentage of equity attributable to the Company	Principal activities
<i>Directly held:</i>				
Noble Prime International Limited	British Virgin Islands	US\$1	100%	Investment holding
Power Charm International Limited	British Virgin Islands	US\$1	100%	Investment holding
Power Mighty Limited	British Virgin Islands	US\$1	100%	Investment holding
Sinocharm Trading Limited	British Virgin Islands	US\$1	100%	Investment holding

Notes to the Financial Statements

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35. Particulars of Subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid up capital	Percentage of equity attributable to the Company	Principal activities
<i>Indirectly held:</i>				
Acestart Investments Limited	British Virgin Islands/ Macau	US\$1	70.5%	Property trading and investment
Aquatic & Agriculture (HK) Company Limited	Hong Kong	HK\$1	100%	General trading
Caspi Neft TME	Kazakhstan	50,000,000 Tenge	100%	Oil exploration and production
Coöperatieve Power Mighty U.A.	Netherlands	Euro30,000	100%	Investment holding
Eastford Development Limited	Hong Kong	HK\$100	100%	Property development and investment
Equal Talent Limited	British Virgin Islands	US\$1	100%	Investment holding
Glentech International Company Limited	Hong Kong	HK\$2	100%	Property investment and development and provision of consultancy services
Kam Yuen Property Investment Limited	Macau	MOP30,000	58%	Property investment and development
Marvel Talent Corporation	British Virgin Islands	US\$200	70.5%	Inactive
Melosa Limited	British Virgin Islands	US\$1	100%	Inactive
Mission Geronimo Enterprises Limited	British Virgin Islands/ Macau	US\$1	58%	Provision of consultancy services
New Bedford Properties Limited	British Virgin Islands	US\$1	100%	Investment holding
New Cosmos Holdings Limited	British Virgin Islands	US\$100	58%	Investment holding
Newest Luck Enterprises Limited	British Virgin Islands/ Macau	US\$1	58%	Provision of consultancy services

Notes to the Financial Statements

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35. Particulars of Subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid up capital	Percentage of equity attributable to the Company	Principal activities
<i>Indirectly held: (continued)</i>				
Noble Gainer Limited	Hong Kong	HK\$2	100%	Ice manufacturing and trading
Power Giant Limited	British Virgin Islands/ Macau	US\$1	100%	Property trading and investment
Power Mighty A N.V.	Curacao	US\$6,000	100%	Investment holding
Power Mighty B N.V.	Curacao	US\$6,000	100%	Investment holding
Power Mighty B.V.	Netherlands	Euro18,000	100%	Investment holding
Profit Sphere International Limited	British Virgin Islands	US\$1	100%	Investment holding
Richstone International Limited	Hong Kong	HK\$1	100%	Property development and investment
Sheen Concord Enterprises Limited	Hong Kong	HK\$2	100%	Inactive
Success Ever Limited	British Virgin Islands	US\$1	100%	Investment holding
Sunpark International Limited	British Virgin Islands/ Macau	US\$10	58%	General trading
The Hong Kong Ice & Cold Storage Company Limited	Hong Kong	HK\$500,000	100%	Ice manufacturing and provision of cold storage
Think Bright Limited	British Virgin Islands/ Macau	US\$200	70.5%	Property trading and investment
Top Vision Assets Limited	British Virgin Islands	US\$1	100%	Investment holding
Wide Universe International Limited	British Virgin Islands	US\$1	100%	Financial investment

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Particulars of Properties

31 December 2014

Property	Purpose	Gross floor area	Group's interest (%)	Stage of completion
<i>Properties held for sale of the Group:</i>				
3 carparking spaces of Pacifica Garden at Lots TN25b and TN26d near Estrada Coronel Nicolau de Mesquita, Taipa, Macau	Commercial	3 carparking spaces	58	Completed
35 shop units and 59 carparking spaces at China Plaza Avenida da Praia Grande Nos. 730-804 and Avenida de D. Joao IV Nos. 2-6-B, Macau	Commercial	1,940 square metres and 59 carparking spaces	70.5	Completed
5 carparking spaces at Va long Praca da Amizade Nos. 6-52, Avenida do Infante D. Henrique Nos. 25-31 and Avenida Doutor Mario Soares Nos. 227-259 Macau	Commercial	5 carparking spaces	100	Completed
Lot no. 725 in Demarcation District no. 171 and Lot No. 67 in Demarcation District no. 175, Kau To Shan, Shatin, New Territories, Hong Kong	Residential	1,122 square metres	100	Completed

Particulars of Properties

31 December 2014

Property	Purpose	Gross floor area	Group's interest (%)	Category of lease
<i>Investment properties of the joint venture:</i>				
208 shop units, 208 office units and 265 carparking spaces at The Macau Square Rua do Dr. Pedro Jose Lobo No.2-16A, Avenida do Infante D. Henrique No. 43-53A and Avenida Doutor Mario Soares No. 81-113 Macau	Commercial	36,553 square metres and 265 carparking spaces	50	Short term lease

Property	Purpose	Gross floor area/ site area	Group's interest (%)	Status	Expected completion date
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Properties held for development for sale of the Group:

Pearl Horizon The Orient Pearl District Novos Aterros da Areia Preta Macau*	Residential/ Commercial	697,568 square metres/ 68,001 square metres	80	Foundation work for the whole project commenced in late 2014	2017/2018
Lotes T+T1 The Orient Pearl District Novos Aterros da Areia Preta Macau*	Residential/ Commercial	195,587 square metres/ 17,969 square metres	80	Piling work to be completed by end 2015	2017/2018

* The development of these properties is under the co-investment agreements with wholly owned subsidiaries of the ultimate holding company of the Company.



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