



TECHNOLOGIES UNIVERSAL

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1026

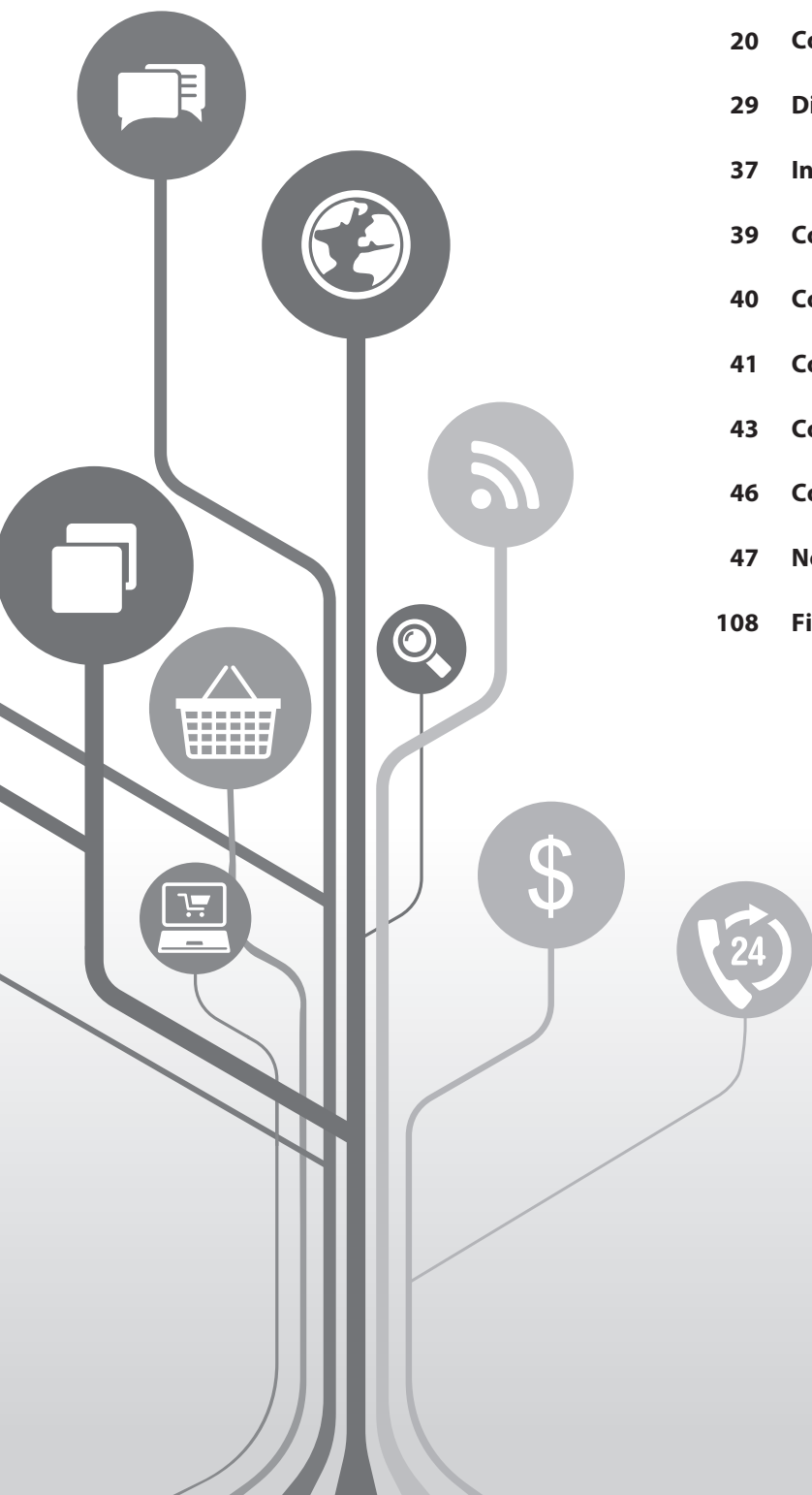


Annual Report **2014**

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Highlights of the Year

- Turnover for the year ended 31 December 2014 amounted to HK\$317.15 million (2013: HK\$189.85 million), representing an increase of 67% over the last fiscal year. The increase in turnover is mainly due to increase in revenue of the Group's payment solutions business.
- Net profit attributable to shareholders of the Company for the year ended 31 December 2014 was HK\$32.69 million (2013: Net loss attributable to shareholders of the Company of HK\$34.09 million), representing an increase of 196% over the last fiscal year. Profit for the year of the Group is mainly due to the gain on disposals of subsidiaries in the major transaction.
- Basic and diluted earnings per share for the year ended 31 December 2014 amounted to HK1.58 cent and HK1.58 cent respectively (2013: Basic and diluted losses per share of HK1.78 cent and HK1.78 cent respectively).
- The Board of Directors does not recommend payment of any dividend for the year ended 31 December 2014 (2013: HK\$Nil).

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Chen Jinyang (*Chairman*)
Chau Cheuk Wah (*Chief Executive Officer*)
Chen Runqiang
Chow Cheuk Lap
Zhou Jianhui

Non-Executive Director:

Fan Man Yee Alice

Independent Non-Executive Directors:

Dr. Cheung Wai Bun, Charles, *J.P.*
David Tsoi
Chan Chun Kau
Chao Pao Shu George

COMPANY SECRETARY

Tang Chi Wai

COMPLIANCE OFFICER

Chow Cheuk Lap

AUDIT COMMITTEE

David Tsoi (*Chairman*)
Dr. Cheung Wai Bun, Charles, *J.P.*
Chan Chun Kau
Chao Pao Shu George

AUTHORISED REPRESENTATIVES

Chen Runqiang
Tang Chi Wai

AUDITOR

PKF
Certified Public Accountants

WEBSITE

www.uth.com.hk

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Guangdong Investment Tower,
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Sheung Wan, Hong Kong

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Room 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKER

Wing Lung Bank

Chairman's Statement

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of the Universal Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014.

In 2014, global economies have progressively recovered in a more robust and extensive extent. However, certain weakening risks still existed in the prospects of such recovery, consequently the development and expansion of corporate business shall remain cautious. During the year, the Group has adhered to the core development strategy for structure optimisation, layout modification and prudent operation, laying a solid foundation for the long-run development of the Group.

REVIEW

During the year, regarding the Group's payment business, both competition in the third-party payment market and consolidation within the industry have intensified along with the rapid development of the industry. Evident integration of online and offline businesses demonstrates that the current payment industry is at the "flourishing" stage with an unceasing upsurge in enterprises engaging in third-party payment business. However, while the market demand has skyrocketed, the regulation of the third-party payment market has also been increasingly stringent. The uncertainties in the future development of the market layout owing to this stringent regulation have brought uncertainty risks as well as pressure to the enterprises engaging in payment business. During the year, the Group's payment business has advanced in development by capturing the layout, modifying the structure, seeking capital or industrial support for cooperation through mode innovation and internet financial innovation.

For the timber trading and furniture manufacturing business, the Group has converged its capital and manpower on brand building and stringent quality control all along. Nevertheless, in view of the adverse effect of the policies on the real estate market and rising raw material cost in recent years, this business has not contributed satisfactory revenue for the year to the Group as it was only based on the inherent inflation-proof and appreciation characteristics of the products as well as the support from regular customers.

Regarding the Group's building management and property investment business for the year, the standardised professional property management and thoughtful facilities and services were well recognised by the tenants. The Group recorded stable rental income and management fee income for the year. In addition, the Group's investment properties have appreciated during the year. In terms of human resources management, the Group has adhered to the people-oriented management philosophy to pursue a harmonious development for both the Company and its staff. In addition to optimising its deployment structure of human resources based on the core of efficiency enhancement, the Group improved its labour cost management system in line with efficiency, focusing on efficiency enhancement for resource allocation. Also, the Group has strengthened team building to achieve its objective of stimulating structural optimisation and capacity building among operation management teams at each level. The Group has laid a foundation for its stable future development through strengthening the influence of talent convergence, demonstration and stimulation.

Chairman's Statement

Moreover, the Group has completed a major transaction, a disposal of payment business and timber and property related assets during the year. Upon the completion of such transaction, the Group will continue to engage in payment solution business in China and Hong Kong. The Group will continue its efforts at traditional payment business and expect development in new business and international market. The remaining properties held by the Group will continue its self-use or investment purpose. The proceeds from such disposal will be used as general working capital and expansion in the new businesses.

PROSPECTS

In 2015, despite the ever-changing external environment and market demand, our efforts will last. We believe, innovation, development and advancement will come only if there are diligence, competition and breakthroughs. The Group will continue to adhere to its overall strategy of "concentrating on growth, reducing losses, and modifying the structure", so as to maintain a balance in the whole situation, emphasise its focus and drive all aspects in the overall planning.

In future, we will lean on the Group's success over a decade and think globally, in order to capture opportunities for development in the market and steadily penetrate the existing product markets, thus laying a solid foundation for entering overseas market. Looking back the industry development in the past decade, the overall business strategy in the industry has steered from extensiveness towards refinement, while competition has shifted from homogenisation in monotony to differentiation in diversity. For this reason, unceasing innovation as well as product research and development capability enhancement are the path towards long-term development for enterprises. We believe, on top of strengthening regulation on this industry and rising market demand, this business will bring new business growth for the Group in coordination with the efficient business synergy management of "capital pool, platform management and capital chain" within the Group.

In 2015, the Group will lay a solid foundation for the long-run sustainable development of the Group leveraging on the sufficient capital, prudent financial management, efficient corporate governance and improving human resources reserve system.

On top of stability, development, innovation and assertiveness, we believe, the Group's future development will enter a new stage by focusing on pragmatism as well as innovation.

WORD OF THANKS

On behalf of the Board, I would like to express our gratitude to the unremitting effort and valuable contribution made by all our staff including employees and management. We would also like to thank our shareholders, business partners and other colleagues who are concerned about the development of the Group for their unceasing support and trust. We will continue our efforts to drive the growth of the Group and create value for our shareholders, and we believe we will bring handsome returns to the Company and its shareholders in 2015.

Chen Jinyang
Chairman

Hong Kong, 27 March 2015

Management Discussion and Analysis

FINANCIAL OVERVIEW

Turnover and profit for the year

During the current fiscal year, the Group recorded a turnover of HK\$317,148,000, representing an increase of 67% as compared to the last fiscal year. The profit attributable to shareholders of the Company was HK\$32,694,000 in the current year, representing an increase of 196% as compared to the last fiscal year. The increase in turnover was mainly due to the increase in revenue of the Group's payment solutions business. Profit for the year of the Group was mainly attributable to the gain on disposal of subsidiaries in the major transaction.

Cost of sales/services rendered

During the current fiscal year, the Group recorded a cost of sales/services rendered of HK\$30,646,000 representing a decrease of 20% as compared to the last fiscal year. The decrease of cost of sales/services rendered was mainly due to the decrease in cost of goods sold for timber trading and furniture manufacturing business.

Other revenue

During the current fiscal year, the Group recorded other revenue of HK\$12,536,000, representing a decrease of 20% as compared to the last fiscal year. It was mainly due to a decrease in government subsidy for payment solutions business.

Other income

During the current fiscal year, the Group recorded other income of HK\$7,999,000, representing an increase of 22% as compared to the last fiscal year. It was mainly due to an increase in gain on disposal of financial assets and exchange gain.

General and administrative expenses

During the current fiscal year, the Group recorded general and administrative expenses of HK\$294,021,000, representing an increase of 64% as compared to the last fiscal year. It was mainly due to increase in staff costs, professional fees and other administrative expenses. During the current fiscal year, the Group recorded salaries and other benefits of HK\$152,230,000, representing an increase of 28% as compared to the last fiscal year. To conclude, general and administrative expenses as a percentage of revenue, decreased to 93% in the year of 2014, as compared to 94% in the year of 2013.

Increase in fair value of investment properties

During the current fiscal year, the increase in fair value of investment properties decreased from HK\$6,996,000 in the year of 2013 to HK\$126,000 in the year of 2014, representing a decrease of 98% as compared to the last fiscal year. It was mainly due to the fact that the property located at No. 1178 Tian Yao Qiao Road, Xuhui District, Shanghai, the People's Republic of China (the "PRC") was disposed during the current fiscal year.

Management Discussion and Analysis

FINANCIAL OVERVIEW *(continued)*

Impairment loss on debtors and other receivables

During the current fiscal year, the Group recorded an impairment loss on debtors and other receivables of HK\$1,917,000, representing a decrease of 75% as compared to the last fiscal year. It was mainly related to impairment loss on other receivables of payment solutions business.

Finance costs

During the current fiscal year, the Group recorded a finance costs of HK\$760,000, representing a decrease of 83% as compared to the last fiscal year. It was mainly due to a decrease in bank charge and bank loan interest incurred as the bank loan was fully repaid during the last fiscal period.

Impairment loss on intangible assets

During the current fiscal year, the Group recorded an impairment loss on intangible assets of HK\$8,796,000, representing an increase of 100% as compared to the last fiscal year. It is mainly related to impairment loss on development cost of system for payment solutions business.

Gain on disposals of subsidiaries

During the current fiscal year, the Group recorded gain on disposals of the entire issued share capital of Universal Enterprise Investment Holdings Limited, a wholly-owned subsidiary of the Company ("Property Co", together with its subsidiaries and associated companies, the "Property Co Group"); and the entire issued share capital of Universal Enterprise Resources Limited, a wholly-owned subsidiary of the Company ("Timber Co", together with its subsidiaries and associated companies, the "Timber Co Group") of HK\$46,224,000, representing an increase of 100% as compared to the last fiscal year. It is represented to the gain on disposal of the Property Co Group of HK\$44,389,000 and the gain on disposal of Timber Co Group of HK\$1,835,000 in the major transaction.

Income tax expense

During the current fiscal year, the Group recorded an income tax expense of HK\$10,425,000, representing a decrease of 1% as compared to the last fiscal year. There was no significant difference of income tax expense as compared to last fiscal year.

Property, plant and equipment

The Group's property, plant and equipment decreased by HK\$15,902,000 from HK\$53,888,000 as at 31 December 2013 to HK\$37,986,000 as at 31 December 2014. The decrease was due to the written off and the disposal of the Property Co Group and the Timber Co Group.

Goodwill

The Group's goodwill increased by HK\$695,000 from HK\$76,402,000 as at 31 December 2013 to HK\$77,097,000 as at 31 December 2014. The increase in goodwill was mainly attributable from the segment of payment solutions and related services income business.

Management Discussion and Analysis

FINANCIAL OVERVIEW *(continued)*

Intangible assets

The Group's intangible assets decreased by HK\$14,193,000 from HK\$18,443,000 as at 31 December 2013 to HK\$4,250,000 as at 31 December 2014. The decrease was mainly due to the impairment loss on development cost of systems for payment solutions business.

Investment properties

The Group's investment properties decreased by HK\$133,735,000 or 80% from HK\$166,274,000 as at 31 December 2013 to HK\$32,539,000 as at 31 December 2014. It was mainly attributable to the disposals of investment properties in the Property Co Group and the Timber Co group in the major transaction during the current fiscal year.

Interest in an associate

The Group's interest in an associate decreased by HK\$270,000, or 100% from HK\$270,000 as at 31 December 2013 to HK\$Nil as at 31 December 2014. The decrease was mainly due to the disposal of the Property Co Group during the current fiscal year.

Other investment

The Group's other investment decreased by HK\$12,683,000, or 100% from HK\$12,683,000 as at 31 December 2013 to HK\$Nil as at 31 December 2014. The decrease in other investment was due to the disposal of the Property Co Group during the current fiscal year.

Loan to an officer

The Group's loan to an officer increased by HK\$12,362,000, or 100% from HK\$Nil as at 31 December 2013 to HK\$12,362,000 as at 31 December 2014. The Group advanced an amount of HK\$12,362,000 to an officer pursuant to an entrusted loan arrangement during the current fiscal year. The Group was entrusted by a related company to advance to an officer.

Debtors

The Group's debtors decreased by HK\$62,347,000 or 49% from HK\$128,003,000 as at 31 December 2013 to HK\$65,656,000 as at 31 December 2014. The decrease was mainly attributable to the debtors that included an amount of HK\$45,795,000 which was related to a service provider of payment solutions business has been settled.

Deposits, prepayments and other receivables

The Group's deposits, prepayments and other receivables increased by HK\$183,395,000 from HK\$34,978,000 as at 31 December 2013 to HK\$218,373,000 as at 31 December 2014. The increase in deposits, prepayments and other receivables was due to an increase in secured loans receivables and unsecured loans receivables during the current fiscal year and the increase in other receivables incurred in the payment solutions business of the Group.

Management Discussion and Analysis

FINANCIAL OVERVIEW *(continued)*

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss decreased by HK\$1,573,000 from HK\$1,794,000 as at 31 December 2013 to HK\$221,000 as at 31 December 2014. The decrease in financial assets at fair value through profit or loss was mainly due to the disposal of financial assets during the current fiscal year.

Cash and bank balances

The Group's cash and bank balances decreased by HK\$79,856,000 from HK\$592,079,000 as at 31 December 2013 to HK\$512,223,000 as at 31 December 2014. As at 31 December 2014, 96% (31 December 2013: 81%) of cash and bank balances was denominated in Renminbi.

Fixed deposits

The Group's fixed deposits increased by HK\$338,087,000 or 100% from HK\$Nil as at 31 December 2013 to HK\$338,087,000 as at 31 December 2014. The increase was mainly due to the cash consideration received from the major transaction during the current fiscal year.

Payable to merchants

The Group's payable to merchants increased by HK\$58,686,000 or 16% from HK\$364,189,000 as at 31 December 2013 to HK\$422,875,000 as at 31 December 2014. It was mainly attributable to the increase in transaction volume of online payment business. The Group was playing the role as an agent on behalf of the merchants for collection of transaction money from debtors and then paid such transaction money to the merchants after deducting services fee. The Group mainly booked the services fee which is determined based on an agreed percentage of the transaction moneys involved as turnover.

Deposits received, sundry creditors and accruals

The Group's deposits received, sundry creditors and accruals increased by HK\$4,191,000 from HK\$100,016,000 as at 31 December 2013 to HK\$104,207,000 as at 31 December 2014. The increase was mainly attributable to increase in accruals and sundry creditors in payment solutions business.

Amount due to a related company

Amount due to a related company increased by HK\$14,350,000, or 100% from HK\$ Nil as at 31 December 2013 to HK\$14,350,000 as at 31 December 2014. The amount represents an advance from a related company, of which HK\$12,362,000 was entrusted by the related company to advance to an officer during the current fiscal year.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2014, the Group had net current assets of HK\$552,489,000. Current assets comprised inventories of HK\$1,502,000, debtors of HK\$65,656,000, deposits, prepayments and other receivables of HK\$213,336,000, financial assets at fair value through profit or loss of HK\$221,000, prepaid land lease premium of HK\$300,000, fixed deposits of HK\$338,087,000 and cash and bank balances of HK\$512,223,000.

Current liabilities comprised payable to merchants of HK\$422,875,000, deposits received, sundry creditors and accruals of HK\$104,207,000, amount due to a related company of the HK\$14,350,000 and tax payable of HK\$11,057,000.

The gearing ratio (defined as a percentage of total liabilities (excludes deferred tax liability) over total assets (excludes deferred tax assets)) of the Group at 31 December 2014 was 42% (2013: 41%).

The Board considers that the Group's existing financial resources are sufficient to fulfill its commitments, current working capital requirements and further development. In the long term, the Board believes that the Group will continue to fund its foreseeable expenditures through cash flows from operations. However, for a more massive scale of expansion and development, debt or equity financing may be required.

BUSINESS REVIEW AND PROSPECTS

Business Review

In 2014, the global economic recovery remained slow with international financial markets experiencing a cyclical fluctuation due to the impact of macroeconomic environment, however, the overall situation was rebounding. For the year, under the vision of "Optimizing corporate structure to lay a good foundation for future development", the Group actively explored innovative and effective measures to facilitate its business in moving forward. Internally, the Group remained adhering to the philosophy of management centralization and operation professionalization, continued current traditional business, optimized resources deployment, and endeavored to breakthrough a new situation.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS *(continued)*

Business Review *(continued)*

With regard to the Group's core payment business for the year, we adhered to the Group's strategies in facilitating its works steadily. Our payment policies for the year remained cautious and stringent, with regulatory measures already strengthened in various aspects including business, corporate governance and policy guidance. One after another, our peer competitors received notices and penalty charge notes and were ordered to rectify the situation due to non-compliance in business expansion and inadequate transaction monitoring, thus ringing an alarm bell for the industry. At policy level, peer companies inevitably increased the investments in system construction, risk management and other works, which led to an increase in operation costs, posing significant risks because of policy uncertainty. In facing the intensifying competition in the traditional sectors in recent years, many peer companies looked for differentiation development according to their respective strengths and positioning. For the year, the Company continued to assume the responsibility of improving operation efficiency for the society, operated cautiously, intensified the impact for those sectors with preliminary advantages, and strived to develop and construct its service platform. For the fund management for store retail industry, we helped the industry to improve the overall operation efficiency through the concepts of integrating capital flow, information flow and logistics, and conducted continuously products upgrading based on earlier expansion works, from which the market feedback was well praised. For the fund management for private internet finance, with nearly two years of setting up the layout, it was exceptionally well received by market with good reputation. However, owing to policy uncertainty, the development of related business remains with certain risks. For international market expansion, the result was below expectation and was affected by various factors like the neighboring environment, and it will take time before seeing good outcome in this sector. For operation protection, based on the new business direction and needs, the research and development of a new system is still at a testing stage, the Group's payment business in high stability, high flexibility and high efficiency characteristics can be expected, and it can greatly meet the needs of new business layout in future.

With regard to the Group's timber trading and furniture manufacturing business for the year, China rosewood furniture market dropped in general in terms of overall sales volume. As a result of domestic policies and weak real estate market sentiment, coupled with intensifying competition among peer companies and rising labor costs, by relying on our brand effect and long-term customer support, our performance remained stable as compared with the corresponding period of last year in terms of numbers of store, turnover and results during the year.

With regard to property investment and property management for the year, through the continuous provision of professional property management and services, Universal Enterprises Building in Shanghai had built up intangible values for the Group and secured a stable tenant base. The building continued to generate rental and management fee income for the Group. In addition, the Group owns two investment properties in Shanghai, with their fair values appreciated during the year.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS *(continued)*

Business Review *(continued)*

With regard to the Group's pool of talent for the year, as affected by policy and coupled with the needs of market intensification, it is especially urgent and important to recruit and train a large number of talents with technological background, familiar with policies and competent in risk management, and it is also an important support in human resources for achieving new business growth. Based on its talent introduction strategy of integrating both the shareholders and staff interests, the Company increased the efforts in aggregation, demonstration and bring-in effects. For the operation, the investments in the construction of corporate payment system had brought a significant impact for enhancing the overall comprehensive corporate capacity and subsequent strategic development.

Moreover, to further optimize resources deployment and follow the medium and long term development targets of the Group, on 29 December 2014, the Group completed a major transaction for investors to invest in the payment solutions business of the Group and the acquisition of timber and property related assets. The Group recorded revenue of over HK\$300 million for the disposal and the proceeds will be used as general working capital and potential investments in the new businesses of the Group.

Prospects

Vision starts from foresight and will take shape by following the past and be innovative for the future. In 2015, in facing various challenges, the Group is optimistic about its future development. The Group will continue to adopt prudent operation policy and follow the strategic direction of "concentrating on growth, reducing losses, and modifying the structure" to constantly explore more business and investment opportunities, so as to achieve business diversification and financial growth and maximize the value-added investment for shareholders.

In 2015, under the circumstances such as changes in operating environments of payment market, prominent financial disintermediation trend of banking industry, the Group will firmly grasp quality customer group, solid enhancement of operation efficiency of customers through payment link, and continue to develop its payment business in steady operation directions, deeply cultivate preliminary sectors with advantages such as education industry, physical retail industry and personal internet finance industry, expand corporate customers by the key model of industry penetration, deeply search for customers in industry segments and establish advantages and reputation in the industry, so as to comprehensively enhance the speed and width of customer expansion. For overseas expansion strategy, the Company will take a foothold of integrating external policies and systematic perfection of the Company, comprehensively integrate existing resources and advantages and achieve global business development by way of "focusing then expanding, followed by integrating, demonstrating and facilitating comprehensively".

In addition, owing to the uncertainties and risks brought by the policies, the Company needs to better monitoring internal and external risks to lay a solid foundation for the long term development of the Group. In 2015, the Group will actively explore payment business and new business expansion opportunities to widen the income source for the Group. The Group will assess market conditions and adjust its strategies and make decisions when appropriate to ensure effective implementation of expansion plan. The Group will also regularly review market risk, legal risk, contract risk and credit risk of customers for its domestic and foreign markets and continue to improve the internal control system and risk control system of the business operation of the Group.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS *(continued)*

Prospects *(continued)*

In 2015, we will step forward, maintain innovative pace, increase our intensifying business expansion efforts, enhance internal management and consolidate our core team. We have reasons to believe that resources integration and unified platform of the Group shall perform its best and it will be just around the corner for the Group to move forward into a flourishing new milestone.

EMPLOYEES

At 31 December 2014, the total number of employees of the Group was 602 (2013: 695). The dedication and contribution of the Group's staff during the year are greatly appreciated and recognised.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the Group's performance as well as the individual's performance.

In addition, the Group also provides social security benefits to its staff such as Mandatory Provident Fund Scheme in Hong Kong and the central pension scheme in the PRC.

TREASURY POLICIES

The Group adopted a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the current fiscal year, the Group acquired the entire 100% equity interests in Shanghai Chixing Property Management Limited, at a cash consideration of RMB2,205,000 (equivalent to HK\$2,771,000). The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition was HK\$2,076,000. The newly acquired business contribute a turnover of HK\$335,000 to the Group and contributed a loss of HK\$92,000 to the Group for the period between the date of acquisition and at the end of the current period. The Group recognised a goodwill of HK\$695,000 because the purchase consideration exceeded the fair value of net assets acquired.

During the current financial year, the Group acquired the entire 100% equity interests in Ease2Pay Limited, a company incorporated in Hong Kong at a cash consideration of HK\$1. The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition was HK\$10,000. The newly acquired business did not contribute any turnover to the Group and contributed a loss of HK\$1,000 to the Group for the period between the date of acquisition and at the end of the current period. The Group recognised gain on a bargain purchase of HK\$10,000 because the fair value of net assets acquired exceeded the purchase consideration.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS *(continued)*

On 29 October 2014, Universal Cyberworks International Ltd (“UCI”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA”) with H and R Group Limited (“H and R”) is an investment holding company incorporated in the British Virgin Islands. According to the agreements, the UCI would conditionally sell, and the H and R would conditionally purchase, interests in certain subsidiaries of the Company (together the “Sale Shares”) comprising: (i) 49% interests in International Payment Solutions Holdings Limited, a wholly-owned subsidiary of the Company (“Payment Co”, together with its subsidiaries and associated companies, the “Payment Co Group”); (ii) the entire issued share capital of Universal Enterprise Investment Holdings Limited, a wholly-owned subsidiary of the Company (“Property Co”, together with its subsidiaries and associated companies, the “Property Co Group”); and (iii) the entire issued share capital of Universal Enterprise Resources Limited, a wholly-owned subsidiary of the Company (“Timber Co”, together with its subsidiaries and associated companies, the “Timber Co Group”), free from encumbrances, together with the assignments of the Loans due from certain members of the Property Co Group and the Timber Co Group (“Net Loans”) to other members of the Group and the Remaining Group Loans that due from certain members of the Remaining Group to certain members of the Property Co Group and the Timber Co Group, at the aggregate consideration (the “Consideration”) of HK\$315,480,000 in cash and the VIE Tax Indemnity (the “Disposal”). The disposal was subsequently approved by the independent shareholders of the Company on 16 December 2014. The disposal was completed on 29 December 2014.

On 29 December 2014, The Group disposed of 49% equity interests in Payment Co Group and its entire interest in Property Co Group and Timber Co Group at a consideration of HK\$62,834,000, HK\$44,389,000 and HK\$45,014,000 respectively. The carrying amount of the non-controlling interests in Payment Co Group on the date of disposal was HK\$141,062,000. The Group recognised an increase in non-controlling interests of HK\$141,062,000 and a decrease in equity attributable to shareholders of the Company of HK\$86,447,000. Regarding to the Property Co Group, the carrying amount of the net assets value in Property Co Group and the tax effect on the date of disposal was HK\$101,048,000 and HK\$12,641,000 respectively. The Group recognised a gain of disposal of Property Co Group of HK\$44,389,000. Regarding to the Timber Co Group, the carrying amount of the net liabilities in Timber Co Group on the date of disposal was HK\$46,849,000. The Group recognised a gain of disposal of Timber Co Group of HK\$1,835,000.

CHARGES ON GROUP’S ASSETS

The Group had no charges on Group’s assets at 31 December 2014.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the current fiscal year, the Group disposed 49% equity interests in the Payment Co Group and its entire interest in the Property Co Group and the Timber Co Group and Net Loans at cash consideration of HK\$315,480,000, of which HK\$262,480,000 is intended for potential investment in new business. As at 31 December 2014, the Group had no plan for any acquisition of business or assets nor was the Company in negotiation for any investment in new business.

Management Discussion and Analysis

CURRENCY RISK

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign currency risk. However, in view of the fact that the Group's core business is mainly transacted in Renminbi and significant portion of assets are denominated in Renminbi, the exposure of the Group's risk from exchange rate fluctuation was minimal. For the year ended 31 December 2014, the Group did not enter into any arrangement to hedge its foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

CAPITAL COMMITMENT

The Group had no capital commitment at 31 December 2014.

CONTINGENT LIABILITIES

The Group is subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to directors and shareholders.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Chen Jinyang

Mr. Chen, aged 44, was appointed as an Executive Director of the Group and the Chairman of the Board on 18 December 2012 and 16 September 2013 respectively. He has substantial experience and knowledge of banking industry and investment business in the PRC.

Mr. Chau Cheuk Wah

Mr. Chau, aged 60, was appointed as the Chief Executive Officer and an Executive Director of the Group on 3 June 2013 and 16 September 2013 respectively. Mr. Chau has 36 years of experience in banking and finance in Hong Kong, China and Singapore with various global financial institutes. Mr. Chau was graduated from The Chinese University of Hong Kong with a bachelor degree in Business Administration.

Mr. Chau is a director of and has 25% beneficially interest in Eastcorp International Limited ("Eastcorp"), the substantial shareholder of the Company. Mr. Chau is a brother of Mr. Chow Cheuk Lap, an Executive Director and the Compliance Officer of the Group.

Mr. Chen Runqiang

Mr. Chen, aged 48, was appointed as an Executive Director and the authorised representative of the Group on 8 June 2012 and 10 September 2012 respectively. Mr. Chen also served as the Chairman of the Board from 10 September 2012 to 16 September 2013. Mr. Chen is a businessman with plenty of experiences in the PRC and the he engages in property development and leasing in the PRC.

Mr. Chow Cheuk Lap

Mr. Chow, aged 63, was formerly a Non-Executive Director of the Group until 16 September 2013 when he was re-designated as an Executive Director of the Group. He has also been appointed as the Compliance Officer of the Company since 10 September 2012. Mr. Chow graduated from University of London with a Bachelor Science Degree in Economics and qualified as a Solicitor in Hong Kong. Mr. Chow has more than 20 years experience in civil litigation and commercial matters.

Mr. Chow Cheuk Lap is a partner of Messrs. C.L. Chow and Mackxion Chan, Solicitors which is the employer of Ms. Fan Man Yee Alice, a Non-Executive Director of the Group, and the legal adviser of Ever City Industrial Development Limited ("Ever City") and Eastcorp, the substantial shareholders of the Company. Mr. Chow is a brother of Mr. Chau Cheuk Wah, who is an Executive Director and the Chief Executive Officer of the Group, and a director of and has 25% beneficially interest in Eastcorp.

Directors and Senior Management

DIRECTORS *(continued)*

Executive Directors *(continued)*

Mr. Zhou Jianhui

Mr. Zhou, aged 50, was appointed as an Executive Director of the Group on 18 December 2012. Mr. Zhou was previously a senior advisor of the Company and joined the Group as Vice President. Mr. Zhou has substantial experience and knowledge of financial management and investment business in the PRC.

Non-Executive Director

Ms. Fan Man Yee Alice

Ms. Fan, aged 45, was appointed as the Non-Executive Director of the Group on 16 September 2013. She is a qualified solicitor in Hong Kong. Ms. Fan had extensive experience in the commercial litigation area. Ms. Fan has handled a number of complex commercial litigation cases involving shareholders/investors and the disputes in relation to clients' businesses in Hong Kong and across the border in China or elsewhere in the Far East Region. Ms. Fan is particularly familiar with the interactions between Hong Kong and China. Ms. Fan has joined Messrs. C.L. Chow & Macksion Chan, Solicitors (of which one of the partners is Mr. Chow Cheuk Lap, an Executive Director and the Compliance Officer of the Group) since February 2009 and is specialized in the area of commercial and civil litigation.

Directors and Senior Management

DIRECTORS *(continued)*

Independent Non-Executive Directors

Dr. Cheung Wai Bun, Charles, J.P.

Dr. Cheung, aged 78, is an Independent Non-Executive Director, the Chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee of the Group. He was awarded with Honorary Doctorate Degree in Business Administration by John Dewey University in the United States in 1984. He obtained a master degree in Business Administration and a Bachelor of Science degree in Accounts and Finance from New York University in the United States in 1962 and 1960, respectively. Dr. Cheung is a Director and Vice Chairman of Executive Committee of Metropolitan Bank (China) Ltd., and the Independent Non Executive Director and the Director of Audit Committee of China Resources Bank of Zhuhai Co., Ltd. He was formerly an Independent Non Executive Director and the Chairman of Audit Committees of Shanghai Electric Group Company Limited (stock code: 2727). Dr. Cheung is an Independent Non-Executive Director and the Chairman of respective Audit Committees of Pioneer Global Group Limited (stock code: 224) and China Financial International Investments Limited (stock code: 721), all of which are companies listed on the Main Board of the Stock Exchange. He is the Chairman of the Board, an Independent Non-Executive Director, the Chairman of Nomination Committee and Remuneration Committee of Grand T.G Gold Holding Limited (stock code: 8299), a company listed on the GEM of the Stock Exchange. Dr. Cheung is an Independent Director and the Chairman of Nomination Committee of Zebra Strategic Holdings Limited (stock code: 8260) listed on GEM board. Dr. Cheung is the Chairman of Joy Harvest International Ltd. He is also a Council Member of the Hong Kong Institute of Directors. He was a former visiting professor of School of Business of Nanjing University, China. He is a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital and a member of Regional Advisory Committee of Hospital Authority. He was a former director and advisor of the Tung Wah Group of Hospitals. Dr. Cheung was formerly a Chief Executive & Executive Deputy Chairman of Mission Hills Group.

Dr. Cheung was awarded the Directors of the Year Awards 2002 of "Listed Company Non-Executive Director". He was elected Outstanding Director Award by the Chartered Association of Directors, Outstanding Management Award by Chartered Management Association, and Outstanding CEO Award by the Asia Pacific CEO Association in December 2010.

Mr. David Tsoi

Mr. Tsoi, aged 67, was appointed as an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Group on 3 June 2013. Mr. Tsoi is the managing director of Alliot, Tsoi CPA Limited. Mr. Tsoi obtained a master's degree in business administration from the University of East Asia, Macau (currently known as University of Macau) in 1986. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is also a member of the Institute of Chartered Accountants of England and Wales, CPA Australia, the Society of Chinese Accountants and Auditors and the Certified General Accountants Association of Canada, respectively. He was formerly an Independent Non-Executive Director of CSR Corporation Limited (Stock code: 1766). Mr. Tsoi is an Independent Non-Executive Director of each of MelcoLot Limited (stock code: 8198) and Enviro Energy International Holdings Limited (stock code: 1102), respectively, the shares of which are all listed on the Stock Exchange.

Directors and Senior Management

DIRECTORS *(continued)*

Independent Non-Executive Directors *(continued)*

Mr. Chan Chun Kau

Mr. Chan, aged 40, was appointed as an Independent Non-Executive Director, the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Group on 3 June 2013. Mr. Chan graduated from the Trinity College, Cambridge University of England with a bachelor degree in computer science and laws. Mr. Chan is a practicing solicitor in Hong Kong and is a partner of Messrs. Cheung and Choy and J.S. Gale & Co. and the sole proprietor of Lawrence Chan & Co. He is also the Company Secretary of China Energy Development Holdings Limited (stock code: 228) and an Independent Non-Executive Director of Jin Bao Bao Holdings Limited (stock code: 1239), both of which are listed on Hong Kong Stock Exchange. Mr. Chan is experienced in corporate finance and capital markets.

Mr. Chao Pao Shu George

Mr. Chao, aged 68 was appointed as an Independent Non-Executive Director, a member of Audit Committee, Nomination Committee and Remuneration Committee of the Group on 16 September 2013. Mr. Chao started his career as an air traffic controller in Civil Aviation Department and was graduated in the College of Air Traffic Control in UK. Having progressed in the job, he was promoted to the post of Air Traffic General Manager and was also awarded the honorary position of J.P. As a part time job, Mr. Chao joined the Royal Hong Kong Auxiliary Air Force (which was known as Hong Kong Government Flying Services after 1997). He became a pilot and air traffic controller in the force in the rank of the Squadron Leader and took charge of the whole auxiliary unit after 1997 until his retirement. His association with Civil Aviation Administration of China (CAAC) started as early as 1970's through bi-lateral meetings and the good working relationship was maintained throughout the years. Mr. Chao was highly recommended by CAAC to take the position of Chairmanship in the Asia Pacific United Nation Aviation International Civil Aviation Organisation Meeting (ICAO). Prior to his retirement, CAAC offered Mr. Chao the job as a consultant of CAAC Peking and he took up the job until now. Presently, Mr. Chao is also working as an Air Traffic Control Specialist in Middle South Region of CAAC.

SENIOR MANAGEMENT

Mr. Tang Chi Wai

Mr. Tang, aged 41, is the qualified accountant, the company secretary and one of the authorised representatives of the Group. Mr. Tang joined the Group as Financial Controller in June 2008. Mr. Tang is a fellow member of the Hong Kong Institute of Certificate Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of the Chinese Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Tang has over 18 years experience in auditing, accounting and financial management.

Corporate Governance Report

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance and have adopted the principles of the corporate governance practices of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in the construction of our corporate governance practices. The Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of our shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasize a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board CG Code"). The Company has complied with all the applicable Code Provisions of the Main Board CG Code. The Company has complied with all the code provisions. It has also put in place certain recommended best practices.

The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the Main Board CG Code.

BOARD OF DIRECTORS

Board Composition

At the date of this annual report, the Board comprises ten Directors, including five Executive Directors, namely, Mr. Chen Jinyang (Chairman), Mr. Chau Cheuk Wah (Chief Executive Officer), Mr. Chen Runqiang, Mr. Chow Cheuk Lap and Mr. Zhou Jianhui; one Non-Executive Director, namely Ms. Fan Man Yee Alice; four Independent Non-Executive Directors, namely Dr. Cheung Wai Bun, Charles, J.P., Mr. David Tsoi, Mr. Chan Chun Kau and Mr. Chao Pao Shu George. Throughout the year and up to the date of this report, the Company has complied with the requirements under Rule 3.10(A) and (2) of the Listing Rules. The former Rule requires that the number of Independent Non-Executive Directors must represent at least one-third of the Board and the latter Rule requires that at least one of the Independent Non-Executive Director must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from each of the Independent Non-Executive Directors pursuant to Rule 3.13 of the Listing Rules and all Independent Non-Executive Directors are considered to be independent. Brief biographical particulars of the Directors are set out on pages 16 to 19.

Board's Responsibilities and Delegation

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Group and its businesses by directing and supervising the Group's affairs. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

Corporate Governance Report

BOARD OF DIRECTORS *(continued)*

Board's Responsibilities and Delegation *(continued)*

The participation of Non-Executive Directors in the Board brings independent judgement on issues relating to the Company's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Board delegates day-to-day operations of the Company to Executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through Executive Directors who have attended at Board meetings.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the required standard of dealings as set out in Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors have complied with the above-mentioned required standards of dealings regarding Directors' securities transactions throughout year ended 31 December 2014.

Board Meetings and Attendance

The Board held seven board meetings during the year. Details of the attendance of the Board at the board meetings are as follows:-

Directors	Attendance
Mr. Chen Jinyang	7/7
Mr. Chau Cheuk Wah	7/7
Mr. Chen Runqiang	5/7
Mr. Chow Cheuk Lap	6/7
Mr. Zhou Jianhui	7/7
Ms. Fan Man Yee Alice	6/7
Dr. Cheung Wai Bun, Charles, <i>J.P.</i>	7/7
Mr. David Tsoi	7/7
Mr. Chan Chun Kau	7/7
Mr. Chao Pao Shu George	7/7

Corporate Governance Report

BOARD OF DIRECTORS *(continued)*

Corporate governance functions

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

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix 14 to the Listing Rules.

Directors' Continuing Professional Development Programme

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for Directors and Directors have provided the Company with their respective training records pursuant to the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. The Chairman of the Company is Mr. Chen Jinyang, while the Chief Executive Officer is Mr. Chau Cheuk Wah.

The Chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. Under provisions A.2.1 and A.2.2 of the Code, the Chairman would ensure that all Directors are properly briefed on issues arising at Board meetings and would be responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner. On the other hand, the Chief Executive Officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The Chief Executive Officer is also responsible for the Company's day-to-day management and operations and the formulation of the organisation structure, control systems and internal procedures and processes of the Company for the Board's approval.

Corporate Governance Report

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the Directors were appointed for a specific initial term which shall continue thereafter subject to retirement by rotation in accordance with the articles of association of the Company and re-election by shareholders and termination in accordance with the terms of the respective service agreements.

The Articles of Association of the Company provides that any Director appointed by the Board, (i) to fill a casual vacancy in the Board, shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting and (ii) as an addition to the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election.

The Articles of Association of the Company also provides that the Company may remove a Director by way of an ordinary resolution at general meeting.

COMPANY SECRETARY

The company secretary of the Company, Mr. Tang Chi Wai, is the qualified accountant, financial controller and one of the authorised representatives of the Company. Mr. Tang is a fellow member of the Hong Kong Institute of Certificate Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of the Chinese Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Tang supports the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the year 2014.

REMUNERATION COMMITTEE

The Board established the remuneration committee in July 2006. The major responsibilities of the remuneration committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company. The remuneration committee shall determine, with delegated responsibility, the individual remuneration package of each Executive Director and senior management including benefits in kind and pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). When determining remuneration packages of the Executive Directors and senior management of the Company, the remuneration committee takes into consideration factors such as time commitment, responsibilities, employment condition and remuneration packages of executive directors of comparable companies.

The remuneration committee currently comprises four Independent Non-Executive Directors, Dr. Cheung Wai Bun, Charles, *J.P.*, Mr. David Tsoi, Mr. Chan Chun Kau and Mr. Chao Pao Shu George and is chaired by Dr. Cheung Wai Bun, Charles, *J.P.*.

The terms of reference of the remuneration committee have been uploaded to the Company's website and the Stock Exchange's website.

Corporate Governance Report

REMUNERATION COMMITTEE *(continued)*

The remuneration committee held one meeting for the year ended 31 December 2014. The composition of the remuneration committee during the year as well as the meeting attendance of the committee members are as follows:-

Remuneration Committee	Attendance
Dr. Cheung Wai Bun, Charles, <i>J.P. (Chairman)</i>	1/1
Mr. David Tsoi	1/1
Mr. Chan Chun Kau	1/1
Mr. Chao Pao Shu George	1/1

NOMINATION COMMITTEE

The Board established the nomination committee on 29 March 2012. The nomination committee is authorised by the Board to determine the policy for the nomination of Directors, to set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. The nomination committee is also responsible for reviewing the structure, size and composition of the board.

The Board has adopted its board diversity policy (the "Board Diversity Policy"). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee currently comprises four Independent Non-Executive Directors, Mr. Chan Chun Kau, Dr. Cheung Wai Bun, Charles, *J.P.*, Mr. David Tsoi and Mr. Chao Pao Shu George and is chaired by Mr. Chan Chun Kau.

The terms of reference (including the nomination procedures and criteria for selection and recommendation of candidates for directorship) of the nomination committee have been uploaded to the Company's website and the Stock Exchange's website.

The nomination committee held one meeting for the year ended 31 December 2014. The composition of the nomination committee during the year as well as the meeting attendance of the committee members are as follows:-

Nomination Committee	Attendance
Mr. Chan Chun Kau <i>(Chairman)</i>	1/1
Dr. Cheung Wai Bun, Charles, <i>J.P.</i>	1/1
Mr. David Tsoi	1/1
Mr. Chao Pao Shu George	1/1

Corporate Governance Report

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining an adequate and effective system of internal control of the Company to safeguard the shareholders' investments and the Company's assets.

The Company's internal control system includes a management structure with defined lines of responsibility and limits of authority. It aims to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The system is designed to identify, evaluate and manage effectively risks rather than to eliminate all risks of failure.

The Board, through the audit committee, has reviewed the effectiveness of the Company's internal control system, inter alia, the financial, operational and compliance controls and risk management functions of the Company; and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. No material deficiencies have been identified. The management will deal with the areas for improvement which come to the attention of the Board and the audit committee. The Board is committed to improving the Company's internal control system on an ongoing basis.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company. The financial statements set out on pages 39 to 107. Financial results of the Company are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Board of Directors recognises the importance of integrity of financial information and acknowledges its responsibility for preparing interim and annual financial statements that give a true and fair view of the Company's affairs and its results and cash flows in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance. In presenting the financial information, as well as price-sensitive announcements and other financial disclosures as required by regulations, the board endeavours to present in a timely manner to shareholders and other stakeholders a balanced and understandable assessment of the Company's performance, position and prospects. Accordingly, appropriate accounting policies are selected and applied consistently, and judgments and estimates made by the management for financial reporting purpose are prudent and reasonable. Prior to the adoption of the financial statements and the related accounting policies, the relevant financial information is discussed between the external auditor and the management, and then submitted to the audit committee for review.

The Board considers that the adoption of new or amended financial reporting standards that became effective during the year has not had a significant impact on the Company's financial statements, details of which are disclosed in Note 2(a) on page 51.

The responsibilities of the external auditor with respect to the financial statements for the year ended 31 December 2014 are set out in the Independent Auditor's Report on page 41 to 42.

Corporate Governance Report

AUDITOR'S REMUNERATION

PKF has been appointed as the Company's external auditor since 2001.

During the year under review, the remuneration paid and payable to the Company's auditor, PKF, is set out as follows:

SERVICES RENDERED	Fee Paid/ Payable 2014 HK\$'000
Statutory audit services	671
Other audit services in connection with major transactions	200
Review of interim results	331
NON-AUDIT SERVICES:-	
Taxation services	50
Taxation services in connection with the major transaction	998
	2,250

AUDIT COMMITTEE

The Board established the audit committee in October 2001. The audit committee is authorised by the Board to consider the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) the Company's financial control, internal control and risk management systems.

The audit committee monitors the integrity of the Company's financial statements, annual report and accounts and half-year report and reviews significant financial report judgments contained therein. It reviews, makes recommendations and reports to the Board on findings relating to the financial statements, reports and accounts, systems of internal controls and risk management and compliance issues.

The audit committee currently comprises four Independent Non-Executive Directors, Mr. David Tsoi, Dr. Cheung Wai Bun, Charles, J.P., Mr. Chan Chun Kau and Mr. Chao Pao Shu George and is chaired by Mr. David Tsoi.

The terms of reference of the audit committee have been uploaded to the Company's website and the Stock Exchange's website.

Corporate Governance Report

AUDIT COMMITTEE *(continued)*

The audit committee held two meetings for the year ended 31 December 2014. The composition of the audit committee during the year as well as the meeting attendance of the committee members are as follows:-

Audit Committee	Attendance
Mr. David Tsoi (<i>Chairman</i>)	2/2
Dr. Cheung Wai Bun, Charles, <i>J.P.</i>	2/2
Mr. Chan Chun Kau	2/2
Mr. Chao Pao Shu George	2/2

SHAREHOLDERS' RIGHTS

In accordance with the Company's Article 58, the shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

A shareholders' communication policy (the "Policy") was adopted by the Company in March 2012 to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

INVESTOR RELATIONS

There was no amendment made to the constitutional documents of the Company during the year.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Hong Kong Registrars Limited, Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Other enquiries or comments raised by any shareholder can be mailed to the Board at the Company's head office in Hong Kong at Room A & B2, 11th Floor, Guangdong Investment Tower, No.148 Connaught Road Central, Sheung Wan, Hong Kong or sent through email to info@uth.com.hk.

Corporate Governance Report

ATTENDANCE AT GENERAL MEETING

The Company's annual general meeting provides a useful platform for direct communication between the board and shareholders.

The 2014 annual general meeting ("2014 AGM") was held on 30 May 2014. The attendance record of the Directors at the 2014 AGM is set out below:

	Attendance
Executive Directors:	
Mr. Chen Jinyang (<i>Chairman</i>)	✓
Mr. Chau Cheuk Wah (<i>Chief Executive Officer</i>)	✓
Mr. Chow Cheuk Lap	✓
Mr. Chen Runqiang	✓
Mr. Zhou Jianhui	✓
Non-Executive Director:	
Ms. Fan Man Yee Alice	✓
Independent Non-Executive Directors:	
Dr. Cheung Wai Bun, Charles, <i>J.P.</i>	✓
Mr. David Tsoi	✓
Mr. Chan Chun Kau	✓
Mr. Chao Pao Shu George	✓

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the principal subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Company and of the Group at 31 December 2014 are set out in the consolidated financial statements on pages 39 to 107.

No interim dividend was declared and paid during the year (2013: HK\$Nil).

The Board of Directors does not recommend the payment of a final dividend in respect of the year ended 31 December 2014 (2013: HK\$Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 108. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PREMIUM

The Group purchased property, plant and equipment amounting to HK\$42,293,000 during the year.

Details of movements in property, plant and equipment and prepaid land lease premium of the Group during the year are set out in notes 14 and 15 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

At 31 December 2014, the investment properties of the Group were revalued by an independent valuer on an open market value basis at HK\$32,539,000.

Details of movements in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 30(a) to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 32 to the consolidated financial statements.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Chen Jinyang (*Chairman*)
Chau Cheuk Wah (*Chief Executive Officer*)
Chow Cheuk Lap
Chen Runqiang
Zhou Jianhui

Non-Executive Director:

Fan Man Yee Alice

Independent Non-Executive Directors:

Dr. Cheung Wai Bun, Charles, *J.P.*
David Tsoi
Chan Chun Kau
Chao Pao Shu George

The Non-Executive Director and Independent Non-Executive Directors were appointed for an initial term of 2 years which is renewable after the expiry of the initial term of appointment.

In accordance with article 87 of the Company's Articles of Association, Mr. Chen Jinyang, Mr. Chau Cheuk Wah, Dr. Cheung Wai Bun, Charles, *J.P.* and Mr. David Tsoi shall retire from office by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the Independent Non-Executive Directors pursuant to Rule 3.13 of the Listing Rules and all Independent Non-Executive Directors are considered to be independent.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and top five highest paid individuals of the Group are set out in note 7 to the consolidated financial statements.

Directors' Report

SHARE OPTIONS

The three share option schemes adopted by the Company on 12 October 2001 were terminated, upon the listing of the shares of the Company being transferred from GEM to the Main Board of the Stock Exchange on 22 June 2010. The Board adopted a new share option scheme ("New Share Option Scheme") which is compliance with the Listing Rules and obtained the approval of the shareholders in accordance with the Listing Rules at the Company's extraordinary general meeting held on 12 August 2010.

The purpose of the New Share Option Scheme is to enable the Company to grant options to participants an incentive or rewards for their contributions to the Group.

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 and will remain in force until 11 August 2020, after which period no further options will be offered or granted but the provisions of the scheme shall remain in full force and effect in all other respects with regard to options granted during the life of the scheme. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any option granted shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price for shares shall be at least not lower than the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

At 31 December 2014, the number of shares in respect of which options had been granted and outstanding under the New Share Option Scheme was 120,000,000, representing approximately 6% of the issued share capital of the Company.

A summary of the movements of the share options granted under the New Share Option Schemes during the year is as follows:-

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options				Outstanding at 31 December 2014	Market value per share at date of grant of option	Market value per share on exercise of option
					Outstanding at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year			
Directors of the Group	25 November 2013	Fully vested on 25 November 2013	25 November 2013 to 11 August 2020	HK\$0.465	120,000,000	—	—	—	120,000,000	HK\$0.460	—
					120,000,000	—	—	—	120,000,000		

Note: The Company received a consideration of HK\$1.00 from each of the grantees of the New Share Option Schemes.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2014, the interests or short positions of the Directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO")) which (i) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:-

Name of directors	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued share
	Personal interests	Family interests	Corporate interests (note 2)				
Executive Directors:							
Mr. Chen Jinyang (note 1)	—	—	—	—	20,000,000	20,000,000	0.97%
Mr. Chau Cheuk Wah (note 1)	—	—	—	—	20,000,000	20,000,000	0.97%
Mr. Chen Runqiang (note 1)	6,000,000	—	—	6,000,000	20,000,000	26,000,000	1.26%
Mr. Chow Cheuk Lap (note 1, 2)	—	—	67,540,000	67,540,000	20,000,000	87,540,000	4.23%
Mr. Zhou Jianhui (note 1)	6,000,000	—	—	6,000,000	20,000,000	26,000,000	1.26%
Non-Executive Director:							
Ms. Fan Man Yee Alice (note 1)	—	—	—	—	20,000,000	20,000,000	0.97%
Independent Non-Executive Directors:							
Dr. Cheung Wai Bun, Charles, J.P.	—	—	—	—	—	—	—
Mr. David Tsoi	—	—	—	—	—	—	—
Mr. Chan Chun Kau	—	—	—	—	—	—	—
Mr. Chao Pao Shu George	—	—	—	—	—	—	—

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Notes:

1. The interests of Mr. Chen Jinyang, Mr. Chau Cheuk Wah, Mr. Chen Runqiang, Mr. Chow Cheuk Lap, Mr. Zhou Jianhui and Ms. Fan Man Yee Alice in underlying shares of the Company represent the interests in share options granted to them under the share option schemes of the Company.

Details of the interests in the share options of the Company are separately disclosed in the section headed "Share Options".

2. Total interests of Mr. Chow Cheuk Lap in the ordinary shares of the Company include 67,540,000 shares held by Top Nation International Limited ("Top Nation"). Mr. Chow Cheuk Lap owns 50% beneficial interests in Top Nation and he is deemed to be interested in these ordinary shares held by Top Nation.
3. There were no debt securities nor debentures issued by the Group at any time during the year ended 31 December 2014.

Save as disclosed above, so far as the Directors are aware at 31 December 2014, none of the Directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

The Directors confirmed that at 31 December 2014 and for the year ended 31 December 2014:-

- (i) the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings according to the Model Code; and
- (ii) all the Directors complied with the required standard of dealings and the Company's code of conduct regarding Directors' securities transactions.

Directors' Report

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any Director or chief executive of the Company, at 31 December 2014, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company were as follows:-

(a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
Ever City Industrial Development Limited (note 1)	Beneficial owner and interest in controlled corporation	510,380,000	24.65%
Mr. Yang Zhimao (note 1)	Interest in controlled corporation	510,380,000	24.65%
Eastcorp International Limited (note 2)	Beneficial owner	200,000,000	9.66%
Ng Tin Shui	Beneficial owner	240,000,000	11.59%
Ho Shui Chee	Beneficial owner	149,170,000	7.20%
Ms. Zhu Fenglian (note 1)	Interest in controlled corporation	106,000,000	5.12%

Notes:

- Mr. Yang Zhimao is deemed to be interested in 510,380,000 shares, comprising (a) 310,380,000 shares directly held by his controlled corporation, Ever City Industrial Development Limited; (b) 200,000,000 shares directly held by his controlled corporation, Eastcorp International Limited. Eastcorp International Limited is owned as to 50% by Ever City Industrial Development Limited, which is in turn 80% owned by Mr. Yang Zhimao. The remaining 20% shareholding in Ever City Industrial Development Limited is owned by Ms. Zhu Fenglian, the spouse of Mr. Yang Zhimao. Pursuant to the SFO, Ever City Industrial Development Limited is also deemed to be interested in the entire 510,380,000 shares because Eastcorp International Limited is deemed to be its controlled corporation. Eastcorp International Limited is beneficially owned by Ever City Industrial Development Limited, Mr. Chau Cheuk Wah and Mr. Chen Zhihao as to 50%, 25% and 25% respectively. Eastcorp International Limited directly holds 200,000,000 shares.
- Eastcorp International Limited is beneficially owned by Ever City Industrial Development Limited, Mr. Chau Cheuk Wah and Mr. Chen Zhihao as to 50%, 25% and 25% respectively. Eastcorp International Limited directly holds 200,000,000 shares.

(b) Long positions in underlying shares of equity derivatives of the Company

So far as the Directors are aware, save as disclosed herein, no persons have long positions in underlying shares of equity derivatives of the Company.

Directors' Report

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING *(continued)*

(c) Short positions in the shares and underlying shares of equity derivatives of the Company

So far as the Directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

MANAGEMENT SHAREHOLDERS' INTERESTS

Save as disclosed under the sections headed "Directors' and chief executives' interests or short positions in shares, underlying shares and debentures" and "Persons who have an interest or a short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding" above, at 31 December 2014, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

CONNECTED TRANSACTIONS

On or about 2 September 2014, the Group made a loan to an officer of the Company in the amount of approximately HK\$12,362,000 resulting from an entrusted loan arrangement which was interest-free, unsecured and repayable on 1 September 2016. As the officer was a connected person of the Company at the relevant material time, such transaction should have constituted a connected transaction of the Company and it would appear that the Company should have made an announcement pursuant to Chapter 14A of the Listing Rules on or about 2 September 2014 in relation to such transaction but had not done so. As at the date hereof, the Board was taking advice from professional parties regarding the appropriate actions to be taken with due regard to the Listing Rules. The Company will make further announcement in due course in this regard, if required and appropriate.

COMPETITION AND CONFLICT OF INTERESTS

During the year, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 4% of the total sales for the year and sales to the largest customer included therein amounted to approximately 1%. Purchases from the Group's five largest suppliers accounted for approximately 34% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 27%.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

Directors' Report

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 20 to 28 of the Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2014. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters.

AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. PKF, is to be proposed at the forthcoming general meeting.

On behalf of the Board

Chen Jinyang

Chairman

Hong Kong, 27 March 2015

Independent Auditor's Report



Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

大信梁學濂(香港)會計師事務所

香港
銅鑼灣
威非路18號
萬國寶通中心26樓

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Universal Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 107, which comprise the consolidated statement of financial position at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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

Independent Auditor's Report

preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

PKF

Certified Public Accountants

Hong Kong

27 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	4	317,148	189,847
Cost of sales/services rendered		(30,646)	(38,458)
Gross profit		286,502	151,389
Other revenue	4	12,536	15,728
Other income	5	7,999	6,560
General and administrative expenses		(294,021)	(178,886)
Profit/(loss) from operations		13,016	(5,209)
Gain on a bargain purchase	33(b)	10	—
Increase in fair value of investment properties	16	126	6,996
Impairment loss on goodwill	18	—	(3,468)
Impairment loss on debtors	23	(923)	(1,704)
Impairment loss on other receivables	24	(994)	(5,931)
Impairment loss on intangible assets	17	(8,796)	—
Gain on disposals of subsidiaries	34(a)	46,224	—
Share of results of an associate	19	256	(444)
Finance costs	6(a)	(760)	(4,586)
Profit/(loss) before income tax	6	48,159	(14,346)
Income tax expense	8	(10,425)	(10,519)
Profit/(loss) for the year		37,734	(24,865)
Attributable to:-			
Shareholders of the Company	10	32,694	(34,085)
Non-controlling interests		5,040	9,220
Profit/(loss) for the year		37,734	(24,865)
Earnings/(losses) per share (in cents)			
Basic	12	1.58	(1.78)
Diluted	12	1.58	(1.78)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

Note	2014 HK\$'000	2013 HK\$'000
Profit/(loss) for the year	37,734	(24,865)
Other comprehensive (loss)/income:- Items that may be reclassified subsequently to profit or loss:- Exchange differences arising on translation of financial statements of subsidiaries established in the People's Republic of China	(10,964)	13,382
Other comprehensive (loss)/income for the year, net of tax	(10,964)	13,382
Total comprehensive income/(loss) for the year	26,770	(11,483)
Total comprehensive income/(loss) attributable to:- Shareholders of the Company	22,060	(22,230)
Non-controlling interests	4,710	10,747
	26,770	(11,483)

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	37,986	53,888
Prepaid land lease premium	15	9,406	42,317
Investment properties	16	32,539	166,274
Intangible assets	17	4,250	18,443
Goodwill	18	77,097	76,402
Interest in an associate	19	—	270
Other investment	20	—	12,683
Deferred tax assets	9(a)	146	—
Loan to an officer	21	12,362	—
Other receivables	24	5,037	4,566
		178,823	374,843
CURRENT ASSETS			
Inventories	22	1,502	36,713
Debtors	23	65,656	128,003
Deposits, prepayments and other receivables	24	213,336	30,412
Financial assets at fair value through profit or loss	25	221	1,794
Prepaid land lease premium	15	300	1,238
Tax recoverable		—	1,153
Fixed deposits		338,087	—
Cash and bank balances	26	512,223	592,079
		1,131,325	791,392
DEDUCT:			
CURRENT LIABILITIES			
Bank overdraft, unsecured	38	—	4,241
Payable to merchants	27	422,875	364,189
Deposits received, sundry creditors and accruals	28	104,207	100,016
Amount due to a related company	29	14,350	—
Tax payable		11,057	6,170
		552,489	474,616

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
NET CURRENT ASSETS		578,836	316,776
TOTAL ASSETS LESS CURRENT LIABILITIES		757,659	691,619
DEDUCT:			
NON-CURRENT LIABILITY			
Deferred tax liability	9(a)	1,401	17,350
NET ASSETS		756,258	674,269
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	30(a)	20,705	20,705
Reserves	32(a)	533,972	598,359
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		554,677	619,064
NON-CONTROLLING INTERESTS		201,581	55,205
TOTAL EQUITY		756,258	674,269

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 27 MARCH 2015

CHEN JINYANG
DIRECTOR

CHAU CHEUK WAH
DIRECTOR

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

Note	2014 HK\$'000	2013 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax	48,159	(14,346)
Adjustments for:-		
Interest on bank deposits	(8,490)	(8,092)
Other interest income	(247)	(72)
Interest expenses	72	2,756
Dividend income from investments	(108)	(25)
Depreciation	29,976	18,071
Amortisation of prepaid land lease premium	1,240	1,223
Amortisation of intangible assets	4,764	650
Share of results of an associate	(256)	444
Loss on disposal of property, plant and equipment	2,023	4,517
Increase in fair value of investment properties	(126)	(6,996)
(Gain)/loss on change in fair value of financial assets	(101)	724
Gain on disposal of financial assets	(1,377)	(790)
Gain on disposals of subsidiaries	34(a) (46,224)	—
Impairment loss on goodwill	—	3,468
Impairment loss on debtors	923	1,704
Impairment loss on other receivables	994	5,931
Impairment loss on intangible assets	8,796	—
Write-down of inventories	3,470	1,614
Reversal of written off of inventories	(496)	—
Equity settled share-based payment expenses	—	4,796
Gain on a bargain purchase	(10)	—
Operating profit before working capital changes	42,982	15,577
(Increase)/decrease in inventories	(21,307)	3,685
Decrease/(increase) in debtors	61,203	(42,585)
(Increase)/decrease in deposits, prepayments and other receivables	(405,078)	38,538
Increase in payable to merchants	58,686	116,310
Increase in deposits received, sundry creditors and accruals	398,678	32,848
Increase in loan to an officer	(12,362)	—
Increase in amount due to a related company	14,350	—
Cash generated from operations	137,152	164,373
Bank interest received	8,490	8,092
Interest paid	(72)	(2,756)
Tax paid	(4,460)	(6,446)
NET CASH FROM OPERATING ACTIVITIES	141,110	163,263

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from investments		108	25
Other interest income received		247	72
Payments to acquire property, plant and equipment		(42,293)	(10,761)
Proceeds from disposal of property, plant and equipment		2,611	61
Payment to prepaid land lease premium		(2,860)	—
Payments to acquire intangible assets		(574)	(2,106)
Payments to acquire financial assets at fair value through profit or loss		(2,393)	—
Proceeds from disposal of financial assets at fair value through profit or loss		5,434	8,450
Net cash outflow arising on acquisition of a subsidiary	33(a)	(2,667)	—
Net cash inflow arising on disposals of subsidiaries	34(a)	110,251	—
Proceeds from disposal of partial interests in a subsidiary	34(b)	62,834	—
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		130,698	(4,259)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued under share option scheme		—	77,337
Proceeds from shares issued under placing		—	111,360
Repayment of bank loan, secured		—	(217,765)
Decrease in pledged time deposits		—	115,357
Shares issuing expenses		—	(2,784)
NET CASH FROM FINANCING ACTIVITIES		—	83,505
NET INCREASE IN CASH AND CASH EQUIVALENTS		271,808	242,509
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		(9,336)	3,794
CASH AND CASH EQUIVALENTS AT 1 JANUARY		587,838	341,535
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		850,310	587,838

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		512,223	592,079
Fixed deposits		338,087	—
Bank overdraft, unsecured		—	(4,241)
		850,310	587,838

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to shareholders of the Company										Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Statutory reserve	Other reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2013	17,396	303,110	481	1,093	10,754	6,716	4,556	16,008	28,407	62,064	450,585	44,458	495,043
Equity settled share-based transactions	—	—	—	—	—	—	4,796	—	—	—	4,796	—	4,796
Transferred to retained profits	—	—	—	—	—	—	(76)	—	—	76	—	—	—
Shares issued under share option scheme	1,389	80,428	—	—	—	—	(4,480)	—	—	—	77,337	—	77,337
Shares issued under placing	1,920	106,656	—	—	—	—	—	—	—	—	108,576	—	108,576
Total comprehensive income/(loss) for the year	—	—	—	—	—	11,855	—	—	—	(34,085)	(22,230)	10,747	(11,483)
Transferred to statutory reserve	—	—	—	—	—	—	—	5,895	—	(5,895)	—	—	—
At 31.12.2013 and 1.1.2014	20,705	490,194	481	1,093	10,754	18,571	4,796	21,903	28,407	22,160	619,064	55,205	674,269
Acquisition of a subsidiary — Note 33(a)	—	—	—	—	—	—	—	—	—	—	—	604	604
Change in ownership interests in a subsidiary that do not result in a loss of control — Note 34(b)	—	—	—	—	—	—	—	—	(86,447)	—	(86,447)	141,062	54,615
Total comprehensive (loss)/income for the year	—	—	—	—	—	(10,634)	—	—	—	32,694	22,060	4,710	26,770
Transferred to statutory reserve	—	—	—	—	—	—	—	4,044	—	(4,044)	—	—	—
At 31.12.2014	20,705	490,194	481	1,093	10,754	7,937	4,796	25,947	(58,040)	50,810	554,677	201,581	756,258

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of the registered office was changed from Units 601–608, 6/F, Harbour View Two, Phase Two, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong to Room A & B2, 11/F, Guangdong Investment Tower, No. 148 Connaught Road Central, Sheung Wan, Hong Kong on 5 March 2015.

Pursuant to the reorganisation to rationalise the structure of the Company and its subsidiaries in the preparation for the listing of the Company's shares on The Growth Enterprise Market ("GEM") operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in October 2001, the Company became the holding company of the companies now comprising the Group. The shares of the Company were listed on GEM on 26 October 2001.

On 22 June 2010, the listing of shares of the Company was transferred to the Main Board of the Stock Exchange.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below:-

(a) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:-

HK(IFRIC)-Int 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investment Entities
Annual improvements to HKFRSs (2010–2012)	Amendments to HKFRS 2 and HKFRS 3

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by revaluation of investment properties and financial assets at fair value through profit or loss as explained in the accounting policies set out below.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated statement of profit or loss from the dates of acquisition or to the dates of disposal respectively. All significant intra-group transactions and balances have been eliminated on consolidation.

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 interests 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 their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss 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 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 that 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries

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.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. Income from subsidiaries is recognised in the Company's financial statements when the shareholder's right to receive payment is established.

(e) Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, the consolidated statement of profit or loss includes the Group's share of the post-acquisition results of the associates and the consolidated statement of financial position includes the Group's share of the net assets of the associate, as reduced by any identified impairment losses.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that makes strategic decisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is also the Company's functional and presentation currency.

Foreign currency transactions of the Group are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period and the exchange differences arising are recognised in profit or loss. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognised in profit or loss except for the exchange component of a gain or loss that is recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Such translation differences are reclassified from equity to profit or loss when in which the foreign operation is disposed of.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the cost of property, plant and equipment less any estimated residual value, on a straight-line basis over their estimated useful lives as follows:-

Leasehold land	— unexpired term of the lease
Leasehold buildings	— 40 years – 47 years
Leasehold improvement	— Shorter of 5 years and the unexpired term of the lease
Plant and machinery	— 5 years
Office equipment, computer and other equipment	— 5 years
Furniture and fixtures	— 5 years
Motor vehicles	— 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising from the retirement or disposal of a plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss on the date of retirement or disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Lease

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the periods of the respective leases.

(j) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases is classified and accounted for as investment property when the rest definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Intangible assets

(i) *Research and development expenditure*

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Intangible assets *(continued)*

(ii) **Computer software and technology**

Computer software and technology is recognised when the project under development expenditure was completed. Amortisation is calculated using the straight-line basis over their estimated economic lives of three years.

(iii) **Domain name**

Domain name recognised and measured at fair value at the acquisition date. Domain name has an indefinite useful life and is carried at cost less accumulated impairment losses.

(l) **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(m) **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Investments *(continued)*

Purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated separately in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains or losses from investment securities.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less direct selling costs.

(p) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Borrowing costs

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

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

(t) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable when the Group recovers or settles the carrying amounts of assets or liabilities recognised in the consolidated financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset is realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) **Income tax** *(continued)*

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(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 reporting 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

(u) **Employee benefits**

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the People's Republic of China (the "PRC") central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Provisions and contingent liabilities

Provisions are recognised for 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 expenditures 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 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 is remote.

(w) Recognition of revenue

Revenue from the provision of enterprise solutions services is recognised on a straight-line basis over the period in which the work is performed.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Handling income from online payment platform transaction is recognised when the transaction is authorised and completed.

Annual fee income of online payment platform services is recognised on a straight-line basis over the years of the services.

Set up fee income of online payment platform services is recognised at the time when the services are rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised at the time when the shareholders' right to receive payment has been established.

Rental income receivable under operating lease is recognised on a straight-line basis over the terms of the relevant lease.

Building management service income is recognised over the relevant period in which the services are rendered.

Franchise fee income is recognised at the time when the initial services are rendered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Recognition of revenue *(continued)*

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expenses.

(x) 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.
- (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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2014 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2014:-

HKFRS 9 (2014)	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual improvements to HKFRSs (2010–2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual improvements to HKFRSs (2011–2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40
Annual improvements to HKFRSs (2012–2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The Group is required to initially apply these standards and amendments in its annual consolidated financial statements beginning on 1 January 2016, except that the Group is required to initially apply amendments to HKAS 19, Annual Improvements (2010–2012) and Annual Improvements (2011–2013) in its annual consolidated financial statements beginning on 1 January 2015, and to initially apply HKFRS 15 and HKFRS 9 (2014) in its annual consolidated financial statements beginning on 1 January 2017 and 2018 respectively. HKFRS 14 is not applicable to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2 to the consolidated financial statements, management had made the following estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Inventories

Note 2(o) to the consolidated financial statements describes that inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group does not have a general provisioning policy on inventory based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. However, operational procedures have been in place to monitor this risk as majority of working capital is devoted to inventories. The sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regards, the directors of the Group are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the consolidated financial statements.

(ii) Depreciation

The management determines the estimated useful lives and related depreciation of the property, plant and equipment as set out in note 2(h) to the consolidated financial statements. The estimate is based on projected lifecycles of the assets. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using straight-line method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iii) *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 present value. The carrying amount of goodwill at the end of the reporting period was HK\$77,097,000 (2013: HK\$76,402,000). Details of the impairment loss calculation are provided in note 18 to the consolidated financial statements.

(iv) *Estimation of fair value of investment properties*

Investment properties were revalued at 31 December 2014 based on the appraised market value by an independent valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. The carrying amount of investment properties at 31 December 2014 was HK\$32,539,000 (2013: HK\$166,274,000).

(v) *PRC enterprise income tax*

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have impact on the income tax and tax provisions in the period in which the differences realise.

(vi) *Other investment*

At 31 December 2013, the Group invested into a company which engaged in a property development project, which was included in its consolidated statement of financial position at 31 December 2013 at HK\$12,683,000. The project was in a preliminary stage, therefore the Group had not appointed an independent professional valuer to assess the fair value of the investment. The investment was disposed of through disposal of a subsidiary during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Critical judgements

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the consolidated financial statements are made in determining:-

- (i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;
- (ii) whether there is an indication of impairment of assets;
- (iii) the expected manner of recovery of the carrying amount of assets;
- (iv) whether the discount rates used to calculate the recoverable amount of goodwill and other assets are appropriate for the purpose of impairment review; and
- (v) the valuation method used to calculate the fair value of share options at the measurement date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. TURNOVER AND OTHER REVENUE

The Group is principally engaged in investment holding, provision of payment solutions and related services, timber trading and furniture manufacturing, system integration and technical platform services, property investment and building management. Turnover for the year represents revenue recognised from the provision of payment handling income net of tax, the net invoiced value of goods sold and rental and building management service income. An analysis of the Group's turnover and other revenue is set out below:-

	2014 HK\$'000	2013 HK\$'000
Payment solutions and related services income	279,900	151,618
Timber trading and furniture manufacturing	34,195	35,216
Rental and building management service income	3,053	3,013
Turnover	317,148	189,847
Interest on bank deposits	8,490	8,092
Other interest income	247	72
Government subsidy	3,691	7,539
Dividend income	108	25
Other revenue	12,536	15,728
Total revenue	329,684	205,575

5. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Gain on disposal of financial assets	1,377	790
Gain on change in fair value of financial assets	101	—
Reversal of written off of inventories	496	—
Exchange gain	5,979	4,768
Others	46	1,002
	7,999	6,560

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2014 HK\$'000	2013 HK\$'000
Profit/(loss) before income tax is arrived at after charging/(crediting):-		
(a) Finance costs		
Interest on bank loan wholly repayable within five years	—	2,552
Interest on bank overdraft	72	204
Bank charges	688	1,830
	760	4,586
(b) Other items		
Auditor's remuneration		
— Audit services	671	675
— Other services	531	—
	1,202	675
Cost of inventories sold	27,119	36,620
Staff costs (including directors' remuneration)		
— Salaries and other benefits	134,120	100,647
— Pension scheme contributions	18,110	13,157
— Equity settled share-based payment expenses	—	4,796
	152,230	118,600
Depreciation	29,976	18,071
Impairment loss on debtors	923	1,704
Impairment loss on other receivables	994	5,931
Impairment loss on goodwill	—	3,468
Impairment loss on intangible assets	8,796	—
Write-down of inventories	3,470	1,614
Amortisation of prepaid land lease premium	1,240	1,223
Amortisation of intangible assets	4,764	650
(Gain)/loss on change in fair value of financial assets	(101)	724
Minimum operating lease rentals	15,798	9,772
Sale proceeds of property, plant and equipment	(2,611)	(61)
Less: Carrying amounts of property, plant and equipment	4,634	4,578
Loss on disposal of property, plant and equipment	2,023	4,517
Gain on disposal of financial assets	(1,377)	(790)
Rental income less outgoings	(2,393)	(2,516)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors

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 :-

Name of director	Year ended 31 December 2014					Total HK\$'000
	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000 (note i)	Pension scheme contributions HK\$'000	Sub-total HK\$'000	Share based payment HK\$'000	
Mr. Chen Runqiang	60	1,440	—	1,500	—	1,500
Mr. Zhou Jianhui	60	1,440	7	1,507	—	1,507
Mr. Chen Jinyang	60	1,560	—	1,620	—	1,620
Mr. Chow Cheuk Lap	60	1,440	—	1,500	—	1,500
Dr. Chueng Wai Bun, Charles, J.P.	360	—	—	360	—	360
Mr. Chau Cheuk Wah	60	2,145	17	2,222	—	2,222
Ms. Fan Man Yee, Alice (note ii)	240	—	—	240	—	240
Mr. Chao Pao Shu, George (note ii)	240	—	—	240	—	240
Mr. David Tsoi (note iii)	240	—	—	240	—	240
Mr. Chan Chun Kau (note iii)	240	—	—	240	—	240
	1,620	8,025	24	9,669	—	9,669

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7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors (continued)

Name of director	Year ended 31 December 2013					
	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000 (note i)	Pension scheme contributions HK\$'000	Sub-total HK\$'000	Share based payment HK\$'000	Total HK\$'000
Mr. Chen Runqiang	60	2,112	—	2,172	799	2,971
Mr. Xu Hui (note iv)	42	765	—	807	—	807
Mr. Lau Yeung Sang (note iv)	76	—	—	76	—	76
Mr. Zhou Jianhui	60	1,680	—	1,740	800	2,540
Mr. Chen Jinyang	60	1,680	—	1,740	800	2,540
Mr. Chow Cheuk Lap	285	360	—	645	799	1,444
Mr. Meng Lihui (note v)	152	84	—	236	—	236
Mr. Fong Heung Sang (note v)	152	35	—	187	—	187
Dr. Chueng Wai Bun, Charles, J.P.	315	26	—	341	—	341
Mr. Chau Cheuk Wah	15	674	4	693	799	1,492
Ms. Fan Man Yee, Alice (note ii)	60	—	—	60	799	859
Mr. Chao Pao Shu, George (note ii)	60	—	—	60	—	60
Mr. David Tsoi (note iii)	139	—	—	139	—	139
Mr. Chan Chun Kau (note iii)	139	—	—	139	—	139
	1,615	7,416	4	9,035	4,796	13,831

Notes:-

- i. Salaries, allowances and other benefits in kind included basic salaries, housing and other allowances, benefits in kind and employee share option benefits. The employee share option benefits represent fair value at the date the share options were granted and accepted under the scheme amortised to the statement of profit or loss during the period disregarding whether the options have been exercised or not.
- ii. Appointed on 16 September 2013.
- iii. Appointed on 3 June 2013.
- iv. Resigned on 12 September 2013.
- v. Retired on 3 June 2013.

No directors waived any emolument during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Five highest paid individuals

Among the five highest paid individuals of the Group, of which all (2013: all) are directors of the Company and the details of their remuneration have already been disclosed above.

During the year, no share option (2013: 100,000,000) was granted to the above highest paid employees in respect of their services to the Group.

During the year, no emolument was paid by the Group to the five highest paid employees, including the directors of the Company, as an inducement to join, or upon joining the Group.

8. INCOME TAX EXPENSE

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (2013: 25%).

During the year, certain subsidiaries in the PRC are entitled to preferential tax treatments. Certain subsidiaries are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the applicable tax rate ("Five-year tax holiday"). Other subsidiaries in the PRC did not generate any assessable profits subject to Mainland China corporate income tax.

- (b) The income tax expense represents the sum of the current tax and deferred tax and is made up as follows:-

	2014 HK\$'000	2013 HK\$'000
Current tax:-		
Current year	9,931	5,851
Under-provision in respect of previous year	608	2,919
	10,539	8,770
Deferred taxation (Note 9(a)):-		
Current year	(114)	1,749
	10,425	10,519

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

8. INCOME TAX EXPENSE (continued)

- (c) The income tax expense for the year can be reconciled to the profit/(loss) per consolidated statement of profit or loss as follows:-

	Hong Kong		PRC		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
(Loss)/profit before income tax	(436)	(33,349)	48,595	19,003	48,159	(14,346)
Applicable tax rate (%)	16.5	16.5	25	25	N/A	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	(72)	(5,502)	12,149	4,751	12,077	(751)
Tax effect of non-deductible expenses in determining taxable profit	702	1,473	2,844	9,223	3,546	10,696
Tax effect of non-taxable revenue in determining taxable profit	(8,607)	(761)	(1,243)	(1,363)	(9,850)	(2,124)
Tax effect of unrecognised (accelerated)/decelerated depreciation allowances	(241)	170	(199)	(405)	(440)	(235)
Tax effect of unrecognised tax losses	8,218	4,620	4,011	3,352	12,229	7,972
Tax effect on tax free concession	—	—	(7,745)	(7,958)	(7,745)	(7,958)
Under-provision in respect of previous year	—	111	608	2,808	608	2,919
Income tax expense	—	111	10,425	10,408	10,425	10,519

Notes to the Consolidated Financial Statements

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9. DEFERRED TAXATION

- (a) The following is deferred tax assets/(liability) recognised by the Group and movements hereon during the current year and prior year:-

	Impairment loss on debtors HK\$'000	Accelerated depreciation allowances of property, plant and equipment and revaluation of investment properties HK\$'000	Total HK\$'000
At 1.1.2013	—	(15,072)	(15,072)
Charged to profit or loss — Note 8(b)	—	(1,749)	(1,749)
Exchange adjustments	—	(529)	(529)
At 31.12.2013 and 1.1.2014	—	(17,350)	(17,350)
Acquisition of a subsidiary — Note 33(a)	—	(574)	(574)
Disposals of subsidiaries — Note 34(a)	—	16,452	16,452
Credited/(charged) to profit or loss — Note 8(b)	146	(32)	114
Exchange adjustments	—	103	103
At 31.12.2014	146	(1,401)	(1,255)

Represented by:-

	2014 HK\$'000	2013 HK\$'000
Deferred tax assets	146	—
Deferred tax liability	(1,401)	(17,350)
	(1,255)	(17,350)

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For the year ended 31 December 2014

9. DEFERRED TAXATION *(continued)*

- (b) The components of unrecognised deductible/(taxable) temporary difference of the Group are as follows:-

	2014 HK\$'000	2013 HK\$'000
Deductible temporary difference — note (i)		
Unutilised tax losses	144,772	100,273
Taxable temporary difference — note (ii)		
Accelerated tax allowances	(569)	(99)
	144,203	100,174

Notes:-

- (i) Deductible temporary difference has not been recognised in these consolidated financial statements owing to the absence of objective evidence in respect of availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Included in unrecognised tax losses are losses of HK\$24,225,000 (2013: HK\$24,853,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.
- (ii) Taxable temporary difference has not been recognised in these consolidated financial statements owing to its immateriality.

10. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to shareholders of the Company includes a loss of HK\$16,934,000 (2013: HK\$31,991,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014.

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12. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share for the year is based on the following data:-

	2014 HK\$'000	2013 HK\$'000
Profit/(loss)		
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share	32,694	(34,085)
	2014	2013
Number of shares		
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	2,070,448,858	1,916,674,474
Effect of dilutive potential ordinary shares:-		
Share options	—	160,301
Weighted average number of shares in issue for the purpose of calculation of diluted earnings/(loss) per share	2,070,448,858	1,916,834,775

For the year ended 31 December 2014, diluted earnings per share was equal to the basic earnings per share because the exercise price of the Group's share option was higher than the average market price of the Company's shares.

13. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with rules of MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's contribution to such scheme for the year ended 31 December 2014 amounted to HK\$261,000 (2013: HK\$265,000).

The Company's subsidiaries in the PRC have participated in a central pension scheme. Contributions are made by the subsidiaries to the scheme based on certain percentage of the applicable payroll costs. The Group has no obligation other than the above-mentioned contributions.

The Group's contribution to the state-sponsored retirement plan for the year ended 31 December 2014 amounted to HK\$17,849,000 (2013: HK\$12,892,000).

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For the year ended 31 December 2014

14. PROPERTY, PLANT AND EQUIPMENT

	Properties held under medium-term lease	Plant and machinery	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2013							
Cost	30,196	1,795	26,773	32,766	676	10,389	102,595
Aggregate depreciation	(3,159)	(481)	(11,070)	(20,750)	(218)	(3,472)	(39,150)
Net book value	27,037	1,314	15,703	12,016	458	6,917	63,445
For the year ended 31.12.2013							
Opening net book value	27,037	1,314	15,703	12,016	458	6,917	63,445
Exchange adjustments	653	43	425	1,026	1	183	2,331
Additions	—	143	878	8,317	—	1,423	10,761
Disposals	—	—	—	(4,562)	(3)	(13)	(4,578)
Depreciation	(1,300)	(201)	(5,753)	(8,780)	(120)	(1,917)	(18,071)
Closing net book value	26,390	1,299	11,253	8,017	336	6,593	53,888
At 31.12.2013							
Cost	30,957	1,999	28,498	35,783	651	11,946	109,834
Aggregate depreciation	(4,567)	(700)	(17,245)	(27,766)	(315)	(5,353)	(55,946)
Net book value	26,390	1,299	11,253	8,017	336	6,593	53,888
For the year ended 31.12.2014							
Opening net book value	26,390	1,299	11,253	8,017	336	6,593	53,888
Exchange adjustments	(122)	(7)	(61)	(164)	—	(36)	(390)
Additions	3,443	567	2,873	25,294	724	9,392	42,293
Transfer from intangible assets — Note 17	—	—	—	1,118	—	—	1,118
Transfer to inventories	—	—	—	(956)	—	—	(956)
Disposals	—	(129)	—	(1,926)	(16)	(2,563)	(4,634)
Depreciation	(1,317)	(230)	(6,124)	(19,673)	(164)	(2,468)	(29,976)
Disposals of subsidiaries — Note 34(a)	(15,824)	(1,500)	(2,555)	(748)	(88)	(2,642)	(23,357)
Closing net book value	12,570	—	5,386	10,962	792	8,276	37,986
At 31.12.2014							
Cost	13,657	—	16,628	45,782	1,212	12,265	89,544
Aggregate depreciation	(1,087)	—	(11,242)	(34,820)	(420)	(3,989)	(51,558)
Net book value	12,570	—	5,386	10,962	792	8,276	37,986

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

15. PREPAID LAND LEASE PREMIUM

The Group's interests in land lease premium represents prepaid operating lease payments and its net book value is analysed as follows:-

	2014 HK\$'000	2013 HK\$'000
Outside Hong Kong, held under medium-term lease	9,706	43,555
Less: Current portion	(300)	(1,238)
Non-current portion	9,406	42,317
Representing:-		
Opening net book value	43,555	43,330
Additions	2,860	—
Disposals of subsidiaries — Note 34(a)	(35,197)	—
Exchange adjustments	(272)	1,448
Amortisation of prepaid land lease premium	(1,240)	(1,223)
Closing net book value	9,706	43,555

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

16. INVESTMENT PROPERTIES

	HK\$'000
At 1.1.2013	154,026
Increase in fair value recognised in the consolidated statement of profit or loss	6,996
Exchange adjustments	5,252
At 31.12.2013 and 1.1.2014	166,274
Increase in fair value recognised in the consolidated statement of profit or loss	126
Acquisition of a subsidiary — Note 33(a)	11,096
Disposals of subsidiaries — Note 34(a)	(143,997)
Exchange adjustments	(960)
At 31.12.2014	32,539

Notes:-

- (a) The Group's properties interest held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. These properties are located at the PRC and held under medium-term lease.
- (b) The Group's investment properties were revalued at 31 December 2014. The valuation was carried out by an independent firm of surveyors, BMI Appraisals Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. Management had discussed with the surveyors on the valuation assumptions and valuation results when the valuation was performed at the end of the reporting period.
- (c) The fair value of the Group's investment properties measured at the end of the reporting period is categorised as Level 3 of fair value hierarchy as defined in HKFRS 13.
- (d) Information about Level 3 fair value measurement:-

	Valuation techniques	Unobservable input	Range	Weighted average
Residential properties in PRC	Market comparison approach	Premium (discount) on quality of the buildings	-5% to 0%	-2.5%
Commercial property in PRC	Market comparison approach	Premium (discount) on quality of the buildings	-5% to 0%	-2.5%

- (e) The fair value of investment properties located at the PRC was determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis, adjusted by quality and location of the Group's investment properties compared to the recent sales. The fair value measurement is negatively correlated to risk-adjusted discount rates.
- (f) Fair value adjustment of investment properties is recognised in the line item "Increase in fair value of investment properties" on the face of the consolidated statement of profit or loss.

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17. INTANGIBLE ASSETS

	Development cost HK\$'000	Computer software and technology HK\$'000	Domain name HK\$'000	Total HK\$'000
At 1.1.2013				
Cost	8,664	6,360	2,682	17,706
Accumulated amortisation	—	(1,202)	—	(1,202)
Net book value	8,664	5,158	2,682	16,504
For the year ended 31.12.2013				
Opening net book value	8,664	5,158	2,682	16,504
Additions	2,102	4	—	2,106
Amortisation	—	(650)	—	(650)
Exchange adjustments	318	165	—	483
Closing net book value	11,084	4,677	2,682	18,443
At 31.12.2013				
Cost	11,084	6,576	2,682	20,342
Accumulated amortisation	—	(1,899)	—	(1,899)
Net book value	11,084	4,677	2,682	18,443
For the year ended 31.12.2014				
Opening net book value	11,084	4,677	2,682	18,443
Transfers to property, plant and equipment — Note 14	(1,118)	—	—	(1,118)
Transfer	(604)	604	—	—
Additions	574	—	—	574
Impairment loss	(8,796)	—	—	(8,796)
Amortisation	—	(4,764)	—	(4,764)
Exchange adjustments	(62)	(27)	—	(89)
Closing net book value	1,078	490	2,682	4,250
At 31.12.2014				
Cost	9,874	7,140	2,682	19,696
Accumulated amortisation	—	(6,650)	—	(6,650)
Accumulated impairment loss	(8,796)	—	—	(8,796)
Net book value	1,078	490	2,682	4,250

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17. INTANGIBLE ASSETS (continued)

During the year, the management of the Group reviewed the estimated useful lives of all of its computer software and technology and concluded that due to the technological development in recent years, the expected useful lives of its computer software and technology were shorter than their original estimation. As a result, the Group has shortened the estimated useful lives of its computer software and technology to three years.

The change in accounting estimates is accounted for prospectively from 1 January 2014. The effect of this change in estimated useful lives is estimated to have increased amortisation charge by approximately HK\$4,038,000 for the year.

18. GOODWILL

	HK\$'000
Cost:-	
At 1.1.2013, 31.12.2013, 1.1.2014	79,893
Acquisition of a subsidiary — Note 33(a)	695
Disposals of subsidiaries	(3,466)
At 31.12.2014	77,122
Impairment loss:-	
At 1.1.2013	23
Impairment loss	3,468
At 31.12.2013 and 1.1.2014	3,491
Disposals of subsidiaries	(3,466)
At 31.12.2014	25
Net book value:-	
At 31.12.2014	77,097
At 31.12.2013	76,402

Notes to the Consolidated Financial Statements

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18. GOODWILL (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:-

	2014 HK\$'000	2013 HK\$'000
Platform payment services	43,050	43,050
Internet based remittance services	33,352	33,352
Trading of timber	—	3,402
Others	720	89
	77,122	79,893

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For platform payment services and internet based remittance services segments, the recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. A discount factor at a rate was 18.25% was applied in the value in use model. Cash flows beyond the five-year period are extrapolated using the growth rate with 3%.

The Group disposed the subsidiaries which are engaged in trading of timber on 29 December 2014.

For others segment, the recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. A discount factor at a rate was 13.11% was applied in the value in use model. Cash flows beyond the five-year period are extrapolated using the growth rate with 3%.

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19. INTEREST IN AN ASSOCIATE

	2014 HK\$'000	2013 HK\$'000
Share of net assets	—	270

Name of company	Place of establishment and business	Particulars of registered capital	Attributable equity interest held by the Company directly	Principal activities
OEC Consultant (Shanghai) Company Limited	People's Republic of China	RMB3,000,000	– (2013: 28.42%)	Provision of financial advisory services

OEC Consultant (Shanghai) Company Limited is a strategic business partner of the Group.

The associate is accounted for using the equity method in the consolidated financial statements.

The summarised financial information in respect of OEC Consultant (Shanghai) Company Limited is set out below:-

	2014 HK\$'000	2013 HK\$'000
Current assets	—	1,721
Non-current assets	—	687
Total liabilities	—	(1,457)
Net assets	—	951
Group's share of net assets of an associate	—	270

	2014 HK\$'000	2013 HK\$'000
Revenue	3,555	667
Profit/(loss) for the year	224	(1,563)
Other comprehensive income for the year	—	61
Total comprehensive income/(loss) for the year	224	(1,502)
Group's share of result of an associate for the year	48	(444)
Gain on deemed disposal	208	—
	256	(444)

The associate was disposed on 29 December 2014.

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20. OTHER INVESTMENT

At 31 December 2013, other investment of HK\$12,683,000 represented capital injection paid by the Group in connection with the acquisition of 8.63% equity interest of a company incorporated in the PRC. This investment is made through a trust arrangement and paid through a company which is controlled by a key personnel management of the Group. At the date of transaction, the key personnel management had no relationship with the Group. On 29 December 2014, the Group disposed of the other investment through the disposal of a subsidiary (note 34(a)).

21. LOAN TO AN OFFICER

During the year, the Group advanced an amount of HK\$12,362,000 to an officer pursuant to an entrusted loan arrangement. The Group was entrusted by a related company to advance to an officer (note 29).

Loan to an officer of the Group disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32) are as follows:-

Name of officer	At 31 December 2014 HK\$'000	At 1 January 2014 HK\$'000	Maximum outstanding during the year HK\$'000	Terms
Madam Luan Yumin	12,362	—	12,362	Interest-free, unsecured and repayable on 1 September 2016

22. INVENTORIES

	2014 HK\$'000	2013 HK\$'000
Raw materials	—	3,894
Work in progress	—	9,995
Finished goods	2,806	24,459
Less: Write-down of inventories	(1,304)	(1,635)
	1,502	36,713

23. DEBTORS

	2014 HK\$'000	2013 HK\$'000
Trade debtors	68,166	129,730
Less: Impairment loss — Note 23(c)	(2,510)	(1,727)
	65,656	128,003

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23. DEBTORS (continued)

Notes:-

- (a) Apart from payment solutions business, the credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with debtors, credit evaluations of customers are performed periodically. For payment solutions business, as the Group is playing the role as an agent on behalf of the merchants for collection of payments, there is no significant credit risk (note 27).
- (b) An aging analysis of debtors is set out below:-

	2014 HK\$'000	2013 HK\$'000
0-6 months	65,656	82,142
7-12 months	—	—
1-2 years	—	100
Over two years	—	45,761
	65,656	128,003
Neither past due nor impaired	65,656	82,142
Past due but not impaired	—	45,861
	65,656	128,003

Debtors that were neither past due nor impaired relate to tenants and a wide range of customers for timber trading and furniture manufacturing business and service providers of payment solutions business for whom there were no recent history of default.

At 31 December 2013, debtors that were past due but not impaired included an amount of HK\$66,000 which was related to a number of independent customer of timber trading and furniture manufacturing business which had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

At 31 December 2013, debtors that were past due but not impaired who included an amount of HK\$45,795,000 which was related to a service provider of payment solutions business. As the Group was playing the role as an agent on behalf of the merchants for collection of payments, thus no impairment allowance was necessary in respect of this balance.

- (c) The movement in the impairment loss on accounts receivable during the year is as follows:-

	2014 HK\$'000	2013 HK\$'000
At 1 January	1,727	—
Impairment loss recognised	923	1,704
Disposals of subsidiaries	(140)	—
Exchange adjustments	—	23
At 31 December	2,510	1,727

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For the year ended 31 December 2014

24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Utilities and deposits	2,852	2,347
Prepayments	12,437	22,560
Secured loans receivables — Note 24(a)	5,988	693
Unsecured loans receivables — Note 24(b)	129,081	7,356
Amounts due from former subsidiaries — Note 24(c)	64,839	—
Other receivables — Note 24(e)	5,114	8,727
	220,311	41,683
Less: Impairment loss on other receivables — Note 24(d)	(1,938)	(6,705)
	218,373	34,978
Less: Non-current portion	(5,037)	(4,566)
Current portion	213,336	30,412

Notes:-

- (a) Except for an amount of HK\$5,295,000 (2013: HK\$Nil) which was interest-free, the remaining secured loans receivables were interest-bearing at 0.8% (2013: 0.8%) per month and repayable within one year. The secured loan receivable of HK\$693,000 was fully impaired in 2012.
- (b) All unsecured loans receivable were interest-free. Except for an amount of HK\$500,000 (2013: HK\$4,566,000) which was repayable after one year, the remaining balance was repayable within one year.
- (c) The amounts are interest-free, unsecured and repayable on demand.
- (d) The movement in the impairment loss on other receivables during the year is as follows:-

	2014 HK\$'000	2013 HK\$'000
At 1 January	6,705	693
Impairment loss recognised	994	5,931
Disposals of subsidiaries	(5,724)	—
Exchange adjustments	(37)	81
At 31 December	1,938	6,705

- (e) Included in the balance was an amount due from a related person of HK\$4,537,000 (2013: HK\$Nil), which was interest-free, unsecured and repayable after one year. At the date of transaction, the personnel had no relationship with the Group.

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$'000	2013 HK\$'000
Listed securities		
Equity securities — PRC	221	1,794
Market value of listed securities	221	1,794

26. CASH AND BANK BALANCES

At 31 December 2014, fixed deposits and cash and bank balances of the Group denominated in Renminbi amounted to HK\$492,207,000 (2013 : HK\$480,618,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

27. PAYABLE TO MERCHANTS

	2014 HK\$'000	2013 HK\$'000
An aging analysis of payable to merchants is set out below:-		
0–12 months	418,479	307,686
Over one year	4,396	56,503
	422,875	364,189

28. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	2014 HK\$'000	2013 HK\$'000
Deposits received and receipts in advance	8,531	61,990
Accruals	26,030	17,998
Sundry creditors	47,075	20,028
Amount due to a former subsidiary — Note 28(a)	430	—
Other tax payables	22,141	—
	104,207	100,016

Notes:-

(a) The amount is interest-free, unsecured and repayable on demand.

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29. AMOUNT DUE TO A RELATED COMPANY

The amount represents an advance from a related company, of which HK\$12,362,000 was entrusted by the related company to advance to an officer (note 21). The amount is interest-free, unsecured and repayable on demand.

30. SHARE CAPITAL

	Note	The Group and the Company	
		Number of shares	HK\$'000
(a) Share capital			
Ordinary share of HK\$0.01 each			
Authorised:-			
At 1 January 2013, 31 December 2013 and 31 December 2014			
		5,000,000,000	50,000
Issued and fully paid:-			
At 1 January 2013			
		1,739,578,858	17,396
Shares issued under share option scheme	(a)	138,870,000	1,389
Shares issued under placing	(b)	192,000,000	1,920
At 31 December 2013, 1 January 2014 and 31 December 2014			
		2,070,448,858	20,705

Notes:-

- (a) During the year ended 31 December 2013, 138,870,000 share options were exercised by the eligible option holders, resulting in the issue of 138,870,000 shares of HK\$0.01 each of the Company at a total consideration of HK\$77,337,000.
- (b) On 23 July 2013, a total of 192,000,000 new shares of the Company were issued at a placing price of HK\$0.58 each to not less than six places. The related transaction costs amounting to HK\$2,784,000 have been netted off with the proceeds and debited to the share premium account of the Company.

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For the year ended 31 December 2014

30. SHARE CAPITAL *(continued)*

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy was to maintain a reasonable proportion in total liabilities and total assets. The Group monitors equity capital on the basis of gearing ratio, which is calculated as total liabilities over total assets. The gearing ratios at 31 December 2014 and at 31 December 2013 were as follows:-

	2014 HK\$'000	2013 HK\$'000
Total liabilities	552,489	474,616
Total assets	1,310,002	1,166,235
Gearing ratio	42.17%	40.70%

31. SHARE OPTIONS

Pursuant to the Company transferred the listing of its share from GEM to the Main Board of the Stock Exchange on 22 June 2010, the Company adopted a new share option scheme which is compliance with the Listing Rules at the Company's extraordinary general meeting held on 12 August 2010 ("New Share Option Scheme"). The three share option schemes adopted on 12 October 2001 ("GEM Share Option Schemes") have been terminated and no further options under such schemes have been granted thereunder upon the adoption of the New Share Option Scheme. The outstanding options granted under the GEM Share Option Schemes shall continue to be subject to the provision of the GEM Share Option Schemes.

The purpose of the New Share Option Scheme is to enable the Company to grant options to participants an incentive or rewards for their contributions to the Group.

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 and will remain in force until 11 August 2020, after which period no further options will be offered or granted but the provisions of the scheme shall remain in full force and effect in all other respects with regard to options granted during the life of the scheme.

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31. SHARE OPTIONS (continued)

The subscription price of the New Share Option Scheme shall be determined by the Board in its absolute discretion, but in any event shall not be less than the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

- (a) A summary of the movements of share options granted under the New Share Option Scheme during each of the two years ended 31 December 2014 is as follows:-

Date of grant	Exercise period	Exercise price	Number of share options								
			Outstanding at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2014
31 August 2010	31 August 2010 to 31 August 2013	HK\$0.360	3,150,000	—	(2,150,000)	(1,000,000)	—	—	—	—	—
19 May 2011	19 May 2011 to 18 May 2013	HK\$0.560	137,870,000	—	(136,720,000)	(1,150,000)	—	—	—	—	—
25 November 2013	25 November 2013 to 11 August 2020	HK\$0.465	—	120,000,000	—	—	120,000,000	—	—	—	120,000,000
			141,020,000	120,000,000	(138,870,000)	(2,150,000)	120,000,000	—	—	—	120,000,000

- (b) The number and weighted average of exercise prices of share options are as follows:-

	2014		2013	
	Weighted average of exercise price HK\$	Number of options	Weighted average of exercise price HK\$	Number of options
Outstanding at the beginning of the year	0.465	120,000,000	0.555	141,020,000
Granted during the year	—	—	0.465	120,000,000
Exercised during the year	—	—	0.557	(138,870,000)
Lapsed during the year	—	—	0.467	(2,150,000)
Outstanding at the end of year	0.465	120,000,000	0.465	120,000,000
Exercisable at the end of year	0.465	120,000,000	0.465	120,000,000

Notes to the Consolidated Financial Statements

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31. SHARE OPTIONS *(continued)*

- (b) The number and weighted average of exercise prices of share options are as follows:- *(continued)*

The weighted average share price at the dates of exercise for the share options exercised during the year ended 31 December 2013 was HK\$0.588. There was no share option exercised during the year ended 31 December 2014.

The options outstanding at 31 December 2014 had an exercise price of HK\$0.465 (2013: HK\$0.465) and a weighted average remaining contractual life of 5.6 years (2013: 6.6 years).

- (c) **Fair value of share options granted**

120,000,000 share options under the New Share Option Scheme were granted during the year ended 31 December 2013.

Fair value of share options granted during the year ended 31 December 2013 was as follows:-

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Binomial Option Pricing Model.

Fair value at measurement date	HK\$0.03997
Share price	HK\$0.460
Exercise price	HK\$0.465
Expected volatility	65.89%
Expected dividend yield	1.41%
Risk-free interest rate	1.44%

The expected volatility is based on the historic volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

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32. RESERVES

(a) The Group

	Share premium	Capital redemption reserve	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Statutory reserve	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2013	303,110	481	1,093	10,754	6,716	4,556	16,008	28,407	62,064	433,189
Equity settled share-based transactions	—	—	—	—	—	4,796	—	—	—	4,796
Transferred to retained profits	—	—	—	—	—	(76)	—	—	76	—
Shares issued under share option scheme	80,428	—	—	—	—	(4,480)	—	—	—	75,948
Shares issued under placing	106,656	—	—	—	—	—	—	—	—	106,656
Total comprehensive income/(loss) for the year	—	—	—	—	11,855	—	—	—	(34,085)	(22,230)
Transferred to statutory reserve	—	—	—	—	—	—	5,895	—	(5,895)	—
At 31.12.2013 and 1.1.2014	490,194	481	1,093	10,754	18,571	4,796	21,903	28,407	22,160	598,359
Change in ownership interests in a subsidiary that do not result in a loss of control — Note 34(b)	—	—	—	—	—	—	—	(86,447)	—	(86,447)
Total comprehensive (loss)/income for the year	—	—	—	—	(10,634)	—	—	—	32,694	22,060
Transferred to statutory reserve	—	—	—	—	—	—	4,044	—	(4,044)	—
At 31.12.2014	490,194	481	1,093	10,754	7,937	4,796	25,947	(58,040)	50,810	533,972

Notes:-

- (a) The special reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the share capital of a subsidiary acquired pursuant to the reorganisation completed in 2001.
- (b) The subsidiary established in the PRC was required by PRC Company Law to appropriate 10% of its statutory after-tax profit to a statutory reserve fund until the balance of the fund reached 50% of share capital and thereafter any further appropriation was optional. The statutory reserve fund could be utilised to offset prior years' losses or to increase share capital on the condition that the statutory reserve fund must be maintained at a maximum of 25% of the share capital after such issuance. During the year, the Board of Directors of the subsidiary resolved to appropriate HK\$4,044,000 (2013: HK\$5,895,000) from retained profits to statutory reserve fund.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

32. RESERVES (continued)

(b) The Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.1.2013	310,674	481	4,556	(18,167)	297,544
Equity settled share- based transactions	—	—	4,796	—	4,796
Transferred to retained profits	—	—	(76)	76	—
Shares issued under share option scheme	80,428	—	(4,480)	—	75,948
Share issued under placing	106,656	—	—	—	106,656
Total comprehensive loss for the year	—	—	—	(31,991)	(31,991)
At 31.12.2013 and 1.1.2014	497,758	481	4,796	(50,082)	452,953
Total comprehensive loss for the year	—	—	—	(16,934)	(16,934)
At 31.12.2014	497,758	481	4,796	(67,016)	436,019

Notes:-

- (i) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the ordinary shares issued by the Company and the net asset values of the subsidiaries at the date they were acquired through an exchange of shares pursuant to the reorganisation completed in 2001. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.
- (ii) Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.
- (iii) At 31 December 2014, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to HK\$430,742,000 (2013: HK\$447,676,000) subject to the restrictions as stated above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

33. ACQUISITIONS OF SUBSIDIARIES

- (a) On 20 May 2014, the Group acquired 77.5% equity interests in Shanghai Chixing Property Management Limited, a company incorporated in the PRC, at a cash consideration of RMB2,205,000 (equivalent to HK\$2,771,000).

The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition is as follows:-

	HK\$'000
Investment property — Note 16	11,096
Other receivables	1,144
Cash and bank balances	104
Other payables and accruals	(9,090)
Deferred tax liability — Note 9(a)	(574)
	2,680
Non-controlling interests	(604)
	2,076
Goodwill arising on acquisition	
Consideration for acquisition	2,771
Less: Fair value of identifiable net assets acquired	(2,076)
	695
Net cash outflow arising on acquisition	
Cash consideration paid	(2,771)
Less: Cash and cash equivalents acquired	104
	(2,667)

The Group recognised a goodwill of HK\$695,000 because the purchase consideration exceeded the fair value of net assets acquired.

The newly acquired business contributed a turnover of HK\$335,000 to the Group and contributed a loss of HK\$92,000 to the Group for the period between the date of acquisition and the end of reporting period.

Had the acquisition been completed on 1 January 2014, the Group's turnover for the year would have been HK\$317,393,000, and the profit for the year would have been HK\$39,508,000. The proforma financial information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been completed on 1 January 2014 nor is intended to be a projection of future results.

Notes to the Consolidated Financial Statements

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33. ACQUISITIONS OF SUBSIDIARIES *(continued)*

- (b) On 13 October 2014, the Group acquired the entire equity interests in Ease2Pay Limited, a company incorporated in Hong Kong, at a cash consideration of HK\$1.

The fair value of the identifiable assets of the subsidiary acquired as at the date of acquisition is as follows:-

	HK\$'000
Other receivables	10
Gain on a bargain purchase arising on acquisition	—
Consideration for acquisition	—
Less: Fair value of identifiable net assets acquired	(10)
	(10)

The Group recognised a gain on bargain purchase HK\$10,000 because the fair value of net assets acquired exceeded the purchase consideration.

The newly acquired business did not contribute any turnover to the Group and contributed a loss of HK\$1,000 to the Group for the period between the date of acquisition and the end of reporting period.

Had the acquisition been completed on 1 January 2014, the Group's turnover for the year would have been HK\$317,148,000, and the profit for the year would have been HK\$37,813,000. The proforma financial information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been completed on 1 January 2014 nor is intended to be a projection of future results.

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34. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of equity interest of Universal Enterprise Resources Limited ("UER") and Universal Enterprise Investment Holdings Limited ("UEIH")

On 29 December 2014, the Group disposed of its entire interest of UER and UEIH at a consideration of HK\$113,064,000.

	UER HK\$'000	UEIH HK\$'000	Total HK\$'000
Net (liabilities)/assets disposed of:-			
Property, plant and equipment — Note 14	4,246	19,111	23,357
Prepaid land lease premium — Note 15	—	35,197	35,197
Investment properties — Note 16	6,379	137,618	143,997
Interest in an associate	—	552	552
Other investment — Note 20	—	12,607	12,607
Inventories	54,500	—	54,500
Debtors	142	79	221
Deposits, prepayments and other receivables	17,878	203,965	221,843
Cash and bank balances	2,272	541	2,813
Deposits received, sundry creditors and accruals	(132,251)	(292,185)	(424,436)
Deferred tax liability — Note 9(a)	(15)	(16,437)	(16,452)
	(46,849)	101,048	54,199
Gain on disposals of subsidiaries			
Consideration received			113,064
Less: Net assets disposed of			(54,199)
Less: Tax effect			(12,641)
			46,224
Net cash inflow arising on disposals of subsidiaries			
Cash consideration received			113,064
Less: Cash and bank balances disposed of			(2,813)
			110,251

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34. DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

(b) Disposal of interests in subsidiaries without loss of control

On 29 December 2014, the Group disposed of 49% equity interests in subsidiaries at a consideration of HK\$62,834,000. The carrying amount of the non-controlling interests in this subsidiary on the date of disposal was HK\$141,062,000. The Group recognised a decrease in non-controlling interests of HK\$141,062,000 and in equity attributable to shareholders of the Company of HK\$86,447,000. The PRC income tax payable on the capital gains of approximately HK\$19,859,000 is indemnified by the purchaser. The effect of changes in the ownership interests of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:-

	HK\$'000
Consideration received from non-controlling interests	62,834
Carrying amount of non-controlling interests disposed of	(141,062)
Income tax effect	(8,219)
Changes recognised on disposal within equity	(86,447)

35. COMMITMENTS

(a) Operating lease arrangements

As lessor

At 31 December 2014, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:-

	2014 HK\$'000	2013 HK\$'000
Within one year	151	1,908
After one year but within five years	151	7,466
Over five years	—	3,191
	302	12,565

The Group leases its investment properties under operating leases. The leases were negotiated for terms ranging from one to ten years.

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35. COMMITMENTS *(continued)*

(a) Operating lease arrangements *(continued)*

As lessee

At 31 December 2014, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:-

	2014 HK\$'000	2013 HK\$'000
Within one year	17,639	7,041
After one year but within five years	30,114	3,779
	47,753	10,820

Operating lease payments represent rentals payable by the Group for the use of servers and office premises. Leases are negotiated for a term ranging from one to five years with fixed monthly rentals.

(b) Capital commitments

Capital expenditure contracted but not provided for is as follows:-

	2014 HK\$'000	2013 HK\$'000
Investment	—	12,683

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36. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

The Group's policy is to prudently manage daily operations and invest surplus funds managed by the Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns.

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, market price risk and interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of the other parties, measured by the extent of past due or default.

In respect of debtors arising from trading business, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and obtaining information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due with 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group was not exposed to significant credit risk from debtors arising from online platform as the transactions of which are made in cash or via reliable major credit cards by limiting the amount of credit exposure to these financial institutions and the merchants. In addition, the Group is playing the role as an agent on behalf of the merchants for collection of payment.

Carrying amounts of financial assets at 31 December 2014, which represented the amounts of maximum exposure to credit risk, were as follows:-

	2014 HK\$'000	2013 HK\$'000
Loan to an officer	12,362	—
Debtors	65,656	128,003
Deposits and other receivables	205,936	12,418
Fixed deposits	338,087	—
Cash and bank balances	512,223	592,079
	1,134,264	732,500

The Directors are satisfied with the credit quality of financial assets.

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36. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the gearing ratio.

Maturities of the non-derivative financial liabilities of the Group at 31 December 2014 were as follows:-

	2014 HK\$'000	2013 HK\$'000
Total amounts of contractual undiscounted obligations:-		
Bank overdraft, unsecured	—	4,241
Payable to merchants	422,875	364,189
Sundry creditors and accruals	101,781	67,033
Amount due to a related company	14,350	—
	539,006	435,463
Due for payment:-		
Within one year or on demand	539,006	435,463

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36. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Carrying amounts of financial assets and financial liabilities at 31 December 2014 exposed to currency risk were as follows:-

	2014 HK\$'000	2013 HK\$'000
Financial assets denominated in foreign currencies:-		
Debtors	1	46,693
Deposits and other receivables	133	133
Cash and bank balances	1,407	1,365
	1,541	48,191
Financial liabilities denominated in foreign currencies:-		
Payable to merchants	—	53,619
Sundry creditors and accruals	6,819	4,656
	6,819	58,275
Net financial liabilities exposed to currency risk	(5,278)	(10,084)

The Group's net financial liabilities exposed to currency risk were primarily denominated in the following currencies:-

	2014 HK\$'000	2013 HK\$'000
Singapore dollars	1	101
United States dollars	1,486	(5,561)
Renminbi	(6,772)	(4,624)
Other currencies	7	—
	(5,278)	(10,084)

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36. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(c) Currency risk *(continued)*

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from Renminbi, primarily with respect to the Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. At present, the Group does not intend to seek to hedge its exposure to foreign exchange risk profile as there were insignificant fluctuation in exchange rate between Hong Kong dollars and Renminbi.

Since Hong Kong dollars is pegged to United States dollars, material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

Should Hong Kong dollars at 31 December 2014 devalue by 10% against all foreign currencies except United States dollars, the carrying amount of the net financial liabilities of the Group exposed to currency risk at 31 December 2014 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31 December 2014 would be decreased by HK\$676,000 (2013: HK\$452,000); and profit (2013: loss) for the year ended 31 December 2014 would be decreased by HK\$676,000 (2013: increased by HK\$452,000).

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market prices risk, when it is considered significant, by entering into appropriate derivatives contracts.

The Group is exposed to equity price risk arising from equity investments classified as financial assets at fair value through profit or loss (note 25). The Group is not exposed to commodity price risk.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity price had been 10% higher/lower, post-tax profit (2013: loss) for the year ended 31 December 2014 would be increased/decreased by HK\$22,000 (2013: decreased/increased by HK\$179,000); and hence the equity at 31 December 2014 would be increased/decreased by HK\$22,000 (2013: decreased/increased by (HK\$179,000) as a result of the change in fair value of equity investments.

All investments are subject to a maximum concentration limit predetermined by the Board.

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36. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its bank balances and unsecured bank overdraft. The bank balances bear interest at rates varied with the then prevailing market condition. If the market interest rate at 31 December 2014 had been 10 basis point lower or higher with all other variables held constant, there would be no significant change to the profit (2013: loss) for the year.

(f) Fair values

(i) *Financial instruments carried at fair value*

For financial instruments carried at fair value, the financial instruments should be measured by the three level hierarchy as defined in HKFRS 13. The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:-

- Level 1: fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: fair value measured using observable inputs and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: fair value measured using significant unobservable inputs.

At 31 December 2014, the only financial instruments of the Group carried at fair value were financial assets at fair value through profit or loss of HK\$221,000 (2013: HK\$1,794,000) listed on the Shanghai Stock Exchange (see note 25). These instruments fall into Level 1 of the fair value hierarchy described above.

During the year ended 31 December 2014, there were no significant transfers between financial level instruments in level 1 and level 2.

(ii) *Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2014 and 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

37. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Apart from the transaction as disclosed in notes 20, 21, 24(e) and 29 to the financial statements, the Group had no other material transaction with its related party during the year.

(b) **Key management compensation**

	2014 HK\$'000	2013 HK\$'000
Fees for key management personnel	300	598
Salaries, allowances and other benefits in kind	11,203	10,832
Pension scheme contributions	500	495
Equity settled share-based payment expenses	—	3,997
	12,003	15,922

(c) During the year, the Group made a loan to an officer, which constituted a connected transaction. Details of the transaction are set out in note 21 to the consolidated financial statements.

38. BANKING FACILITIES

At 31 December 2014, the Group had no banking facilities.

At 31 December 2013, the Group's banking facilities to the extent of HK\$4,286,000 were secured by corporate guarantee limited to HK\$6,000,000 executed by the company; and guarantee limited to HK\$4,286,000 executed by the Government of Hong Kong Special Administrative Region. Such banking facilities were utilised by the Group to the extent of HK\$4,241,000.

39. CONTINGENT LIABILITIES

At 31 December 2014, the Group had no contingent liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

40. SEGMENT REPORTING

(a) Payment solutions

This segment primarily derives its revenue from the provision of payment solutions and ongoing technical support services to customers in the PRC, Hong Kong and overseas. Currently the Group's activities in this regard are carried out in the PRC, Hong Kong and overseas.

(b) Timber trading and furniture manufacturing

This segment engaged in trading of timber and manufacturing of furniture to customers in the PRC. Currently the Group's activities in this regard are carried out in the PRC.

(c) System integration and technical platform services

This segment engaged in provision of system integration and technical platform services to customers in the PRC. Currently the Group's activities in this regard are carried out in the PRC.

(d) Industry park

This segment engaged in development and management of e-commerce, financial and resources industry parks where enterprise cluster of the same industry chain are integrated. The services for enterprise in industry parks include property leasing, property sales, facilities maintenance, processing efficiency improvement and management related consulting, supporting and outsourcing. Currently the Group's activities in this regard are carried out in the PRC.

Others include supporting units of Hong Kong operation and the net result of other subsidiaries in Hong Kong and the PRC. These operating segments have not been aggregated to form a reportable segment.

The key management assesses the performance of the segments based on the results, assets and liabilities attributable to each reportable segment on the following basis:-

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets and liabilities excluded deferred tax assets, financial assets at fair value through profit or loss, deferred tax liability and other corporate assets and liabilities.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments such as share of results of an associate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

40. SEGMENT REPORTING (continued)

(a) Segments results, assets and liabilities

The following tables present the information for the Group's reporting segments:-

	Payment solutions		Timber trading and furniture manufacturing		System integrating and technical platform services		Industry park		Others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue												
Revenue from external customers	279,900	151,618	34,195	35,216	—	—	3,053	3,013	—	—	317,148	189,847
Other revenue	11,436	12,571	535	397	253	2,044	141	394	171	322	12,536	15,728
Total revenue	291,336	164,189	34,730	35,613	253	2,044	3,194	3,407	171	322	329,684	205,575
Reportable segment profit/(loss)	56,147	35,090	(7,001)	(9,801)	(3,760)	(7,190)	(16,462)	(8,855)	(28,444)	(30,181)	480	(20,937)
Interest on bank deposits											8,490	8,092
Other interest income											247	72
Government subsidy											3,691	7,539
Dividend income											108	25
Profit/(loss) from operations											13,016	(5,209)
Gain on a bargain purchase											10	—
Increase in fair value of investment properties											126	6,996
Impairment loss on goodwill	—	—	—	(3,402)	—	—	—	—	—	(66)	—	(3,468)
Impairment loss on debtors	(858)	(1,630)	(65)	(74)	—	—	—	—	—	—	(923)	(1,704)
Impairment loss on other receivables											(994)	(5,931)
Impairment loss on intangible assets											(8,796)	—
Gain on disposal of subsidiaries											46,224	—
Share of results of an associate											256	(444)
Finance costs											(760)	(4,586)
Profit/(loss) before income tax											48,159	(14,346)
Income tax expense											(10,425)	(10,519)
Profit/(loss) for the year											37,734	(24,865)
Attributable to:												
— Shareholders of the Company											32,694	(34,085)
— Non-controlling interests											5,040	9,220
											37,734	(24,865)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

40. SEGMENT REPORTING (continued)

(a) Segments results, assets and liabilities (continued)

The following tables present the information for the Group's reporting segments:-

	Payment solutions		Timber trading and furniture manufacturing		System integration and technical platform services		Industry park		Others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation for the year	23,462	11,791	1,115	886	233	293	4,054	3,827	1,112	1,274	29,976	18,071
Amortisation	4,870	746	—	—	—	—	1,042	1,017	92	110	6,004	1,873
Capital expenditure incurred during the year	40,576	10,986	1,916	1,677	1,184	152	1,235	12	816	40	45,727	12,867
Reportable segment assets	846,012	684,458	—	65,201	19,347	24,035	55,093	242,094	389,329	147,230	1,309,781	1,163,018
Unallocated assets											367	3,217
Total assets											1,301,148	1,166,235
Reportable segment liabilities	475,903	420,165	—	34,493	13,080	371	2,625	2,816	46,246	8,063	537,854	465,908
Unallocated liabilities											16,036	26,058
Total liabilities											553,890	491,966

There was no revenue arising from transactions with any customers which was individually more than 10 percent of the Group's revenue in both years.

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	315,598	186,931	1,550	2,916	317,148	189,847
Other revenue	12,347	15,382	189	346	12,536	15,728
Total revenue	327,945	202,313	1,739	3,262	329,684	205,575
Non-current assets	122,261	362,981	56,416	11,862	178,677	374,843

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on the physical location of the assets, in the case of property, plant and equipment, investment properties and prepaid land lease premium, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operation, in the case of interest in an associate, other investment, loan to an officer and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,281	2,146
Interests in subsidiaries	41(a)	343,569	426,019
		344,850	428,165
CURRENT ASSETS			
Deposits, prepayments and other receivables		2,208	1,561
Fixed deposits		338,087	—
Cash and bank balances		1,975	95,970
		342,270	97,531
DEDUCT:			
CURRENT LIABILITIES			
Sundry creditors and accruals		6,498	3,186
Amounts due to subsidiaries	41(b)	223,898	48,852
		230,396	52,038
NET CURRENT ASSETS		111,874	45,493
NET ASSETS		456,724	473,658
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	30(a)	20,705	20,705
Reserves	32(b)	436,019	452,953
TOTAL EQUITY		456,724	473,658

Notes:

(a) Interests in subsidiaries

	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	153,704	153,704
Amounts due from subsidiaries — Note	189,865	272,315
	343,569	426,019

Note:

The amounts are interest-free, unsecured and have no fixed terms of repayment.

(b) Amounts due to subsidiaries

The amounts are interest-free, unsecured and repayable on demand.

Notes to the Consolidated Financial Statements

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42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The details of the principal subsidiaries at 31 December 2014 are as follows:-

Name of company	Place of incorporation/ establishment and operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company		Group's effective interest	Principal activities
			Directly	Indirectly		
Universal Cyberworks International Limited	British Virgin Islands	2 ordinary shares of US\$1 each	100%	—	100%	Investment holding
Universal eCommerce China Limited	People's Republic of China	RMB100,000,000	—	51%	51%	Provision of payment solutions and related services
International Payment Solutions Holdings Limited	Hong Kong	HK\$101,540,000	—	51%	51%	Investment holding
International Payment Solutions (China) Limited *	People's Republic of China	US\$880,000	—	51%	51%	Provision of technical platform services
Universal Technologies (Hong Kong) Limited	Hong Kong	HK\$10,000	—	100%	100%	Trading of timber and investment holding
International Payment Solutions (Hong Kong) Limited	Hong Kong	HK\$10,000	—	100%	100%	Provision of payment solutions and related services
Universal ECPAY Limited	People's Republic of China	RMB105,000,000	—	51%	39.53%	Provision of payment solutions and related services
Universal Technologies Investment Limited	Hong Kong	HK\$1,000,000	—	100%	100%	Investment holding
Shanghai Phetion Information Technology Company Limited	People's Republic of China	RMB550,000	—	51%	51%	Provision of technical platform services
Shanghai Zhuofu Technologies Company Limited	People's Republic of China	RMB1,000,000	—	51%	51%	Not yet commenced business
Universal Property Holdings Limited	Hong Kong	HK\$10,000	—	100%	100%	Investment holding
Shenzhen Huanye Universal Technologies Limited*	People's Republic of China	RMB10,000,000	—	100%	100%	Investment holding
Shanghai Chixing Property Management Limited	People's Republic of China	RMB500,000	—	51%	39.53%	Investment holding
IPS E-Commerce Hong Kong Limited	Hong Kong	HK\$10,000	—	51%	39.53%	Provision of payment solution and related services
Ease2Pay Limited	Hong Kong	HK\$10,000	—	100%	100%	Provision of payment solution and related services

* The subsidiaries are registered as Wholly Foreign Owned Enterprises under PRC Laws.

Notes to the Consolidated Financial Statements

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42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The following table lists out the information relating to Universal ECPAY Limited, the only subsidiary of the Group which has material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014	2013
NCI Percentage	60.47%	22.50%
	2014 HK\$'000	2013 HK\$'000
Current assets	708,583	525,218
Non-current assets	35,601	54,798
Current liabilities	(459,889)	(334,662)
Net assets	284,295	245,354
Carrying amount of NCI	171,998	55,205
	2014 HK\$'000	2013 HK\$'000
Revenue	391,672	219,653
Profit for the year	40,440	40,984
Other comprehensive (loss)/income	(1,499)	7,155
Total comprehensive income for the year	38,941	48,139
Profit allocated to NCI	9,099	9,220
Cash flows generated from operating activities	67,666	248,565
Cash flows used in investing activities	(13,417)	(6,944)

Five Years Financial Summary

RESULTS

	Year ended 31 December				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	317,148	189,847	126,719	240,339	122,952
Profit/(loss) for the year	37,734	(24,865)	14,146	61,695	52,978
Attributable to:					
Shareholders of the Company	32,694	(34,085)	6,989	58,145	53,294
Non-controlling interests	5,040	9,220	7,157	3,550	(316)
	37,734	(24,865)	14,146	61,695	52,978

ASSETS AND LIABILITIES

	At 31 December				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
NON-CURRENT ASSETS	178,823	374,843	368,942	318,368	303,480
CURRENT ASSETS	1,131,325	791,392	677,458	812,226	561,674
DEDUCT:					
CURRENT LIABILITIES	552,489	474,616	536,285	676,751	484,914
NET CURRENT ASSETS	578,836	316,776	141,173	135,475	76,760
	757,659	691,619	510,115	453,843	380,240
DEDUCT:					
NON-CURRENT LIABILITIES	(1,401)	(17,350)	(15,072)	(13,122)	(30,343)
NET ASSETS	756,258	674,269	495,043	440,721	349,897