COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8081)

Annual Report 2013

* For identification purpose only

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*This report, for which the directors (the "**Directors**") of Computech Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at http://www.computech.com.hk.

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EXECUTIVE DIRECTORS
Mr. Zhang Xiongfeng *(Chairman)*
Mr. Zhang Peiao *(Chief Executive Officer)*
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Mr. Hung Kenneth

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Siu Keung, Joe
Mr. Wong Ching Yip
Mr. Luk Chi Shing

COMPLIANCE OFFICER
Mr. Mak Kwong Yiu, CPA, CFA

AUTHORISED REPRESENTATIVES
Mr. Mak Kwong Yiu
Ms. Lam Ching Yee

COMPANY SECRETARY
Ms. Lam Ching Yee, CPA

AUDIT COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
Mr. Wong Ching Yip
Mr. Luk Chi Shing

REMUNERATION COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
Mr. Wong Ching Yip
Mr. Luk Chi Shing

NOMINATION COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
Mr. Wong Ching Yip
Mr. Luk Chi Shing

AUDITOR
PKF
Certified Public Accountants

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Unit 1801, 18/F.
Jubilee Centre
46 Gloucester Road
Wanchai, Hong Kong

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Hong Kong Registrars Limited
Room 1712–1716, 17/F., Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER
Dah Sing Bank Limited

STOCK CODE
8081

WEBSITE ADDRESS
www.computech.com.hk

Chairman's Statement

Dear shareholders:

On behalf of the Board of Directors (the "**Board**"), I hereby present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013. During the year under review, the Group recorded revenue of approximately HK$99,557,000 (2012: HK$106,604,000). The loss attributable to the shareholders of the Company was approximately HK$8,847,000 (2012: HK$21,076,000) and the loss per share was 1.50 HK cents (2012: 12.78 HK cents).

DETERMINED TO MOVE INTO MARKETS WITH HIGHER GROWTH POTENTIAL

During the year under review, the Group strived hard to adjust its strategy, diversifying its business from the sale of IT hardware products and moving into markets that offer a more satisfactory profit margin. Capturing the enormous growth potential of the mobile-online gaming market in China, the Group's objective is to become one of the leading players in the mobile-online game industry through organic growth and/or acquisition.

To take a substantial step in realising its vision, in January 2014 the Group entered into a conditional sale and purchase agreement to acquire 5% of issued share capital of Mighty Eight Investments Limited ("**Mighty Eight**"). The subsidiaries and companies controlled by Mighty Eight include Something Big Technology Company Limited ("**HK SBT**"), 上海顛視數碼科技有限公司 (unofficial English name being, "Shanghai Something Big Technology Co., Ltd.") ("**Shanghai SBT**") and 上海頑迦網絡科技有限公司 (unofficial English name being "Shanghai Wanjia Network Technology Co., Ltd.") ("**Shanghai Wangjia**"). HK SBT is principally engaged in development and operation of mobile-online games. It is also responsible for marketing and distribution of games developed by Shanghai Wanjia and Shanghai SBT to the international markets including Japan, Korea, United States, Taiwan, Malaysia, Macau and Singapore. Shanghai SBT is one of the pioneers in the mobile-online game market and is well known by its original SanGuo-themed games, namely SanGuo-Mobile (手機三國). The games are popular in the Greater China and South East Asia regions and ranked high on various digital distribution platforms for mobile application software, including Google Play and App Store. In March 2014, Shanghai Wanjia launched a new mobile game,namely, Voyagemobile (手機大航海) in various digital distribution platforms for mobile application software, including Google Play.

As an integral part of the strategy to broaden the Group's offerings on mobile-online games, in December 2013 the Group entered into a joint venture agreement with a wholly-owned subsidiary of Universe International Holdings Limited ("**Universe International**"), whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1046), Ample China Development Limited ("**Ample China**"). The Group and Ample China have conditionally agreed to establish a joint venture company which will be principally engaged in the development and sale of computer and mobile phone games. The joint venture enables the Group to tap on business in development and sales of computer and mobile phone games, which represents an essential step for the Group to develop as one of the major players in the mobile-online gaming market.

Chairman's Statement

In April 2013, the Group entered into a conditional sale and purchase agreement to acquire Luck Key Investment Limited and its subsidiaries ("**Luck Key Group**"). Luck Key Group is principally engaged in the provision of medical diagnostic and health check services in Hong Kong. The acquisition was completed on 30 September 2013. The acquisition is in line with the Group's plan to broaden its income base, and provides a good opportunity for the Group to tap into medical diagnostic and health check services.

PROSPECTS

The Group is dedicated to expand by investing more resources on the development of and investment on mobile-online games business. Subsequent to the year under review, apart from the acquisition of 5% interest in Mighty Eight as disclosed above, the Group has tapped into the industry through entering into cooperation agreement and license agreement, details of which are set out in the paragraph headed "Mobile-online games business" of the section headed "Management Discussion and Analysis" of this report, demonstrating the determination of the Group to implement the new business strategy. In addition, the acquisition of the self-sustainable health check business during the year enables the Group to tap into medical diagnostic and health check services amid the aging population in Hong Kong. The Directors are reviewing the operations of health check centers and the entire healthcare industry to formulate a long-term development plan.

Moreover, in order to maximize returns for the shareholders of the Company, the Group will also consider investing in quality listed securities. At the same time, the Group will continue to identify business opportunities or business investments with huge potentials, aiming to bring higher returns for the Group.

APPRECIATION

I would like to take this opportunity to express my appreciation to our employees, shareholders, customers and business partners for their continued support.

Zhang Xiongfeng
Chairman

Hong Kong, 20 March 2014

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 December 2013, the principal activities of the Group in Hong Kong are (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products; (ii) money lending business; and (iii) provision of medical diagnostic and health check services.

IT business

Revenue of the IT business for the year under review was approximately HK$48,487,000 (2012: HK$101,846,000), which accounted for approximately 49% of the Group's revenue. The segment loss increased to approximately HK$684,000 from HK$228,000 in 2012 due to fierce competition in sales of hardware products. In order to improve profit margin, the Group invested more resources on IT software products rather than on the sale of IT hardware products. During the year under review, the Group explored the feasibility in developing software products, including but not limited to financial-related software, online games, mobile games as well as related service offerings.

Health check business

The Group entered into a conditional sale and purchase agreement on 16 April 2013 to acquire Luck Key Group. Luck Key Group is a group principally engaged in the provision of medical diagnostic and health check services in Hong Kong. The acquisition was completed on 30 September 2013.

The acquisition is in line with the Group's plan to broaden its income base and provides a good opportunity for the Group to tap into medical diagnostic and health check services, which the Group believes the demand for such services had increased due to the increasing aging population in Hong Kong. The revenue from health check business amounted to approximately HK$46,134,000 for the three months period since completion, which accounted for 46% of the Group's revenue for the year. This segment recorded a loss of approximately HK$3,178,000 for the year under review which was mainly due to payment of discretionary bonus to employees at the end of the year. The Directors are reviewing the operations of health check centers and the entire healthcare industry to formulate a long-term development plan.

Money lending business

During the year under review, the loan portfolio comprised of secured and unsecured loans, and revenue from loan interests and related income was approximately HK$4,936,000 (2012: HK$4,758,000), which accounted for approximately 5% of Group's revenue. The average interest rate charged by the Group during the year under review was approximately 22% per annum. The segment loss decreased to approximately HK$17,000 from HK$4,561,000 in 2012. The improvement is mainly attributable to stringent cost control during the year under review.

Management Discussion and Analysis

On 29 January 2014, the Group entered into a sale and purchase agreement to dispose of Computech Online Limited and its subsidiaries (the "**Computech Online Group**"), which were engaged in one of the money lending businesses of the Group. Due to its historical unsatisfactory performance, the Directors consider that the disposal represents a good opportunity to realise the Group's investment in the Computech Online Group and can provide capital and resources for the operation and development of the Group. However, in view of the significant demand in the market, the Group intends to continue the existing money lending business and the Group expects the money lending business will generate a healthy cash flow and steady returns to for the Group.

Other investments

(i) Investment properties

As disclosed in the Company's announcement dated 22 March 2013, the Group entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Funa Assets Limited ("**Funa Assets**") at a consideration of HK$40,000,000. The principal assets of Funa Assets are the investment properties situated in Hong Kong (the "**Investment Properties**") which are currently leased to an independent third party. The Group will continue to lease out the Investment Properties or if opportunities arise the Group may consider disposing the Investment Properties in order to realise the investment which can provide capital and resources for the operation and development of the Group.

(ii) Investment in fish breeding business

On 25 April 2012, the Group entered into an investment agreement with Enrich Marine Sdn. Bhd. ("**EMSB**") in relation to a fish breeding business for a term of 20 calendar months with guaranteed returns on profit. On 18 July 2013, the Group entered into a deed of novation with Keen Profit Development Limited ("**Keen Profit**"), a new investor, and EMSB, under which the Group agreed to novate, from the date of the deed of novation, its rights and obligations in and under the investment agreement to Keen Profit at a consideration of HK$16,740,000. The Group recorded a gain of HK$1,240,000 as a result of the novation which represents the difference between the consideration and the Group's investment amount in the fish breeding business. The novation represents a good opportunity for the Group to realise its investment under the investment agreement for fair and reasonable returns.

FINANCIAL REVIEW

For the year ended 31 December 2013, the Group recorded revenue of approximately HK$99,557,000 and loss attributable to the shareholders of the Company of approximately HK$8,847,000, compared with approximately HK$106,604,000 and HK$21,076,000 respectively for the year before. The basic loss per share was 1.50 HK cents (2012: 12.78 HK cents). The improved results were mainly attributable to (a) gain on bargain purchase for the acquisition of entire interest of Luck Key Group of approximately HK$8,368,000, (b) gain on disposals of subsidiaries of approximately HK$1,999,000 and (c) gain on disposal of investment in fish breeding business of approximately HK$1,240,000.

Management Discussion and Analysis

During the year under review, operating expenses increased to approximately HK$60,080,000 from approximately HK$24,497,000 for the year before mainly due to the inclusion of operating expenses of Luck Key Group as a result of the acquisition of Luck Key Group by the Group in September 2013. The operating expenses mainly comprised of employee benefits expenses, depreciation, operating lease expenses and professional fee. During the year under review, the Group recorded finance costs of approximately HK$4,048,000 (2012: HK$2,673,000), which mainly represented the imputed interest expenses on the zero coupon convertible notes due on 2015 in the principal amount of HK$50 million.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has maintained a strong liquidity and financial position. As at 31 December 2013, the total assets of the Group were approximately HK$177,450,000 (2012: HK$160,076,000), including cash and bank balances of approximately HK$42,125,000 (2012: HK$77,156,000), debtors, deposits and prepayments of approximately HK$41,483,000 (2012: HK$19,501,000), investment properties of approximately HK$38,700,000 (2012: Nil) and property, plant and equipment of approximately HK$35,835,000 (2012: HK$5,899,000). The net current assets of the Group was approximately HK$85,445,000 (2012: HK$126,813,000). The Group's current ratio, i.e. current assets over its current liabilities, was approximately 6.8 times (2012: 19.2 times).

As at 31 December 2013, the Group did not have any outstanding loans due to banks or financial institutions and the Group's gearing was 0.08 times (2012: 0.29), calculated on the basis of total liabilities to total assets.

CAPITAL STRUCTURE

As at 31 December 2013, the Group had shareholders' equity of approximately HK$161,911,000 (2012:HK$113,538,000).

Placing of new shares under general mandate

On 12 November 2013, the Company and CNI Securities Group Limited ("**Placing Agent**") entered into the conditional placing agreement, pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 110,000,000 new ordinary shares of HK$0.10 each in the share capital of the Company ("**GM Placing Share**"), to not less than six placees who and whose ultimate beneficial owners are third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK$0.128 per GM Placing Share ("**GM Placing**") ("**GM Placing Agreement**"), which represents: (i) a discount of approximately 15.79% to the closing price of HK$0.152 per share of the Company as quoted on the Stock Exchange on the date of the GM Placing Agreement; and (ii) a premium of approximately 0.16% over the average closing price of HK$0.1278 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of HK$0.10 each in the share capital of the Company immediately prior to the date of the GM Placing Agreement.

On 28 November 2013, completion of the GM Placing took place in accordance with the terms and conditions of the GM Placing Agreement. The Company received net proceeds of approximately HK$13.4 million from the GM Placing. The net issue price was approximately HK$0.122 per GM Placing Share. The aggregate nominal value of the GM Placing Shares under the GM Placing was HK$11,000,000.

The Directors were of the view that the GM Placing can improve the gearing ratio and strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The GM Placing also represented good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors considered that the GM Placing was in the interest of the Company and the shareholders of the Company as a whole.

The net proceeds from the GM Placing had been applied for the payment of the deposits for the acquisition of 5% issued capital of Mighty Eight, details of which are set out in the announcement of the Company dated 29 January 2014.

Convertible notes

On 6 March 2012, the Company issued the zero coupon Convertible Notes (the "**Notes**") in the principal amount of HK$50,000,000 due on 5 March 2015. The holders of the Notes are entitled to convert the outstanding principal amount of Notes into ordinary share of the Company at the adjusted conversion price of HK$0.19 per share, further details of which are set out in the Company's circular dated 2 February 2012 and announcements dated 6 March 2012, 31 October 2012 and 3 December 2012 respectively. During the year under review, the holders of the Notes converted the Notes into 263,157,892 ordinary shares of the Company at the adjusted conversion price. As at 31 December 2013, the Company had no outstanding convertible notes (2012: HK$39,587,000). Details of the exercise of the conversion rights attached to the said convertible notes are set out in note 24(a) to the consolidated financial statements of this annual report.

Capital reduction and share subdivision

On 4 February 2014, the Group proposed to implement the capital reorganisations that (i) the par value of each of the issued existing shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 per issued existing share (the "**Capital Reduction**") and (ii) immediately following the Capital Reduction becoming effective, each authorised but unissued existing share with a par value of HK$0.10 will be subdivided into ten (10) unissued new shares with par value of HK$0.01 each ("**Share Subdivision**") and (iii) the credits arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company. The Capital Reduction and the Share Subdivision were approved by a special resolution passed at the extraordinary general meeting of the Company on 10 March 2014 and is conditional upon the approval by the Grand Court of the Cayman Islands and fulfillment of certain registration requirements. Details of these were set out in the Company's circular dated 14 February 2014 and the Company's announcements dated 4 February 2014 and 10 March 2014.

FOREIGN EXCHANGE

The Group's foreign exchange risk is primarily attributable to its creditors. The Group's purchase principally denominated in Hong Kong Dollars and United Stated Dollars, the impact of foreign exchange exposure of the Group is minimal.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2013, the investment properties of the Group with fair value of HK$38,700,000 (2012: Nil) were pledged to secure a general banking facility granted to the Group.

Management Discussion and Analysis

CAPITAL COMMITMENTS

As at 31 December 2013, the Group had capital expenditure commitments contracted for acquiring office equipment of approximately HK$294,000 (2012: Nil). The Group had sufficient internal resources to finance its capital expenditures.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any material contingent liabilities (2012: Nil).

EMPLOYEES REMUNERATION POLICIES

As at 31 December 2013, the Group had approximately 210 employees (2012: 18). Staff (including Directors) salaries, allowances and bonuses totaled approximately HK$30,147,000 for the year under review (2012: HK$7,010,000). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

Remuneration of employee is determined by reference to industry practices and performance, qualification and experience of individual employee.

The emolument policy of the Directors of the Group are decided by the Board and recommendation of the Remuneration Committee, having regard to merit, qualifications and competence.

On top of regular remuneration, discretionary bonus and share options may be granted to employees and Directors by reference to the Group's performance as well as individual's performance. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees.

The Company adopted the Share Option Scheme on 10 November 2010 and as at the date of adoption of the Share Option Scheme the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group. No share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2013.

Management Discussion and Analysis

PROSPECTS

Mobile-online game business

The Group aims to develop as one of the leading players in mobile-online gaming industry. With the increasing penetration of smart mobile devices and advanced technologies, the Group expects that money spent on mobile games by users of smart mobile devices will grow rapidly in the future. Subsequent to the year under review, the Group has tapped into the industry through a series of acquisition, entering into cooperation agreement and license agreement, demonstrating the determination of the Group to implement the new business strategy.

In 30 January 2014, the Group and certain independent third parties agreed to conditionally acquire 5% issued share capital of Mighty Eight. The subsidiaries and companies controlled by Mighty Eight include HK SBT, Shanghai Wanjia and Shanghai SBT. HK SBT is principally engaged in development and operation of mobile-online games. It is also responsible for marketing and distribution of games developed by Shanghai Wanjia and Shanghai SBT to the international markets including Japan, Korea, United States, Taiwan, Malaysia, Macau and Singapore. Shanghai Wanjia recently launched a new mobile game Voyagemobile (手機大航海) in various digital distribution platforms for mobile application software, including Google Play. And Shanghai SBT is well known by its original SanGuo-themed games, namely "手機三國", which are popular in the Greater China and South East Asia and ranked high on various digital distribution platforms for mobile application software, including Google Play and App Store.

On 12 March 2014, the Group announced that it intends to form a wholly foreign owned enterprise in Shanghai, the People's Republic of China ("**PRC**") which will be engaging in design, research and development of mobile-online games and identifying and securing intellectual property rights for onward sale or licensing. In addition, the Group entered into the cooperation agreement with HK SBT, a wholly-owned subsidiary of Mighty Eight, in relation to the appointment of HK SBT as the preference cooperation partner of the Group in relation to the publication, operation and distribution of the mobile-online games to be developed by the Group from time to time.

On 16 March 2014, the Group entered into exclusive license agreement with Jade Dynasty Publications Limited ("**Jade Dynasty**") pursuant to which Jade Dynasty will grant the exclusive licence to the Group for the development of mobile games and other related products based on the contents of designated comics, including but not limited to the character images, storylines, display screen, circumstances and various items (weapons and costumes) of various comics series during the licence period.

Securities investment

In March 2014, the Group acquired 9.91% stake of Universe International from an investment holding company. As a result of the growing synergy between mobile-online games and films, the Directors consider that Universe International has growth potential and prospects upon the formation of the joint venture company with the Group pursuant to the joint venture agreement dated 5 December 2013 entered into between the Group and a wholly-owned subsidiary of Universe International. The acquisition represents a good opportunity for the Group to expand its investment portfolio and broaden its revenue streams. In order to maximise returns for the shareholders of the Company, the Group will continue to consider to invest in quality listed securities.

Directors Profile

EXECUTIVE DIRECTOR

Mr. ZHANG Xiongfeng, aged 46, has been appointed as an executive Director and the chairman of the Board (the "**Chairman**") on 9 December 2013 and 31 December 2013 respectively. Mr. Zhang holds a bachelor's of arts degree in German Language awarded by Shanghai International Studies University (上海外國語大學) in July 1990. Mr. Zhang has extensive experience in the investment banking industry specialising in the area of corporate finance. From December 2004 to September 2010, Mr. Zhang was employed at Daiwa Capital Markets Hong Kong Limited. From October 2010 to May 2012, Mr. Zhang was the Joint Head of Corporate Finance of Oriental Patron Asia Limited.

Mr. ZHANG Peiao, aged 38, has been appointed as an executive Director and the chief executive officer of the Company (the "**Chief Executive Officer**") since 30 January 2014. Mr. Zhang was graduated from the Shanghai Institute of Tourism* (上海旅遊高等專科學校), which together with Shanghai Normal School of Tourism* (上海師範大學旅遊學院) are treated as one educational institution with two different names, in July 1997. From March 2002 to June 2005, Mr. Zhang was the vice general manager (Shanghai district) for the marketing department of Guangzhou Optisp Co., Ltd.* (廣州光通通信發展有限公司). From June 2005 to December 2013, Mr. Zhang was the senior vice president of KuBao Information Technology (Shanghai) Co., Ltd.* (酷寶信息技術(上海)有限公司) and was responsible for the operation and management, media relations, government relations and legal affairs of China Online Game Service Network* (中國網路遊戲服務網) (www.5173.com). Mr. Zhang has more than 7 years experience in the online game industry in the PRC.

Since January 2008, Mr. Zhang has been the standing committee member for Interactive Entertainment Specialty Committee of Shanghai Information Service Industry Association* (上海市信息服務業行業協會互動娛樂專業委員) ("**Association**") and has participated in the online game management for the Association, including but not limited to, the formulation and drafting of the Shanghai Online Game Service Joint Enterprise Standard* (上海市網絡遊戲服務聯合企業標準), Shanghai Online Game Service Joint Enterprise Regulation* (上海市網絡遊戲服務規範) and the preparation and development of Online Game Anti-Pirating Green Union* (網絡遊戲反盜號綠色聯盟).

Since September 2013, Mr. Zhang has participated in the management, advisory work and consultancy work for the online and mobile game industry of China Cultural Industry Association* (中國文化產業協會).

Mr. MAK Kwong Yiu, aged 39, was appointed as the executive Director of the Company on 30 July 2008. He is also a director of a number of subsidiaries of the Company. Mr. Mak holds Bachelor and Master degrees in Business Administration from the Hong Kong University of Science and Technology. He earned the Chartered Financial Analyst designation in 2000. He is a Certified Public Accountant in the United States and Hong Kong respectively. Mr. Mak currently holds directorships in several companies which are engaged in business of financial services in Hong Kong. Mr. Mak is currently an executive director of Convoy Financial Services Holdings Limited (Stock code: 1019), a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Mak is also as the independent non-executive Director of Buildmore International Limited (Stock code: 108), a company whose shares are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of AcrossAsia Limited (Stock code: 8061) from March 2008 to May 2010, a company whose shares are listed on the GEM of the Stock Exchange.

* *English translated name is for identification only*

Directors Profile

Mr. HUNG Kenneth, aged 43, joined the Group in 2014 and was appointed as the executive Director of the Company on 18 February 2014. He is also a director of a number of subsidiaries of the Company. Mr. Hung holds a degree of bachelor of science awarded by Woodbury University in June 1995. Mr. Hung has extensive experience in the entertainment industry. From March 2008 to September 2010, Mr. Hung was the China business development director for Golden Sun Films Distribution Ltd.. From October 2010 to June 2012, Mr. Hung was the chief operation officer for Top Action Culture Development Co. Ltd.. From July 2012 to October 2013, Mr. Hung was the business development director for Star Alliance Movies (Beijing) Co., Ltd..

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Siu Keung, Joe, aged 49, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Master of Arts in International Accounting from City University of Hong Kong and a Master of Corporate Governance from The Hong Kong Polytechnic University. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has extensive experience in taxation, accounting, financing, audit field and public listed companies for many years. Mr. Wong is also as the independent non-executive Director of China Water Industry Group Limited (Stock code: 1129), a company whose shares are listed on the Main Board of the Stock Exchange. He is the chairman of the audit committee, nomination committee and remuneration committee of the Company.

Mr. WONG Ching Yip, aged 41, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Bachelor of Arts in University of Winnipeg in Canada. He has extensive experience in the field of global sales and marketing covering areas including PRC, the United States of America and Europe. Mr. Wong had been an independent non-executive Director of SMI Publishing Group Limited (the "**SMI**") (Stock code: 8010, currently known as Sing Pao Media Enterprises Limited), for the period from September 2008 to May 2010 and had been re-designated as an executive director of SMI in May 2010 till August 2011, a company whose shares are listed on the GEM of the Stock Exchange. He is the member of the audit committee, nomination committee and remuneration committee of the Company.

Mr. LUK Chi Shing, aged 44, was appointed as the independent non-executive Director on 20 December 2011. Mr. Luk holds a Bachelor Degree of Arts in Accountancy from City University of Hong Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Luk has extensive experience in financial management, auditing and public listed companies for over 15 years. Mr. Luk is also as the independent non-executive Director of Gamma Logistics Corporation Limited (Stock code: 8310), a company whose shares are listed on the GEM of the Stock Exchange. He is the member of the audit committee, nomination committee and remuneration committee of the Company.

Directors' Report

The Directors present herewith their report together with the audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 28. The Directors do not recommend the payment of a dividend for the year.

FINANCIAL SUMMARY

The summary of the consolidated financial results and the consolidated assets and liabilities of the Group for the last five financial years are set out on page 92.

SUBSIDIARIES

Details of the acquisitions and disposals during the year and particulars of the subsidiaries are set out in notes 32, 33 and 37 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties through acquisition of 100% interest in Funa Assets. The Group revalued the investment properties at 31 December 2013. The net decrease in fair value of the investment properties, which has been debited directly to the consolidated statement of profit or loss, amounted to HK$1,603,000.

Details of movements in the investment properties of the Group are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in note 24(a) to the consolidated financial statements.

SHARE OPTIONS

Details of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 30 and note 25 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the company had reserves available for distribution as set out in note 25, calculated in accordance with the Company Law of the Cayman Islands.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 36 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Zhang Xiongfeng *(Chairman)*	(appointed on 9 December 2013)
Mr. Zhang Peiao *(Chief Executive Officer)*	(appointed on 30 January 2014)
Mr. Mak Kwong Yiu	
Mr. Hung Kenneth	(appointed on 18 February 2014)
Mr. Jiang Tan Shan	(resigned with effect from 20 December 2013)
Mr. Yang Yue Zhou	(resigned with effect from 31 December 2013)
Mr. Kwok Shun Tim	(appointed on 18 January 2013 and resigned with effect from 30 January 2014)

Independent non-executive Directors:

Mr. Wong Siu Keung, Joe
Mr. Wong Ching Yip
Mr. Luk Chi Shing

Pursuant to article 86(3) of the articles of association the Company (the "**Articles**"), Mr. Zhang Peiao and Mr. Hung Kenneth were appointed by the Board and will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with article 87(1) of the Articles, Mr. Wong Ching Yip and Mr. Luk Chi Shing will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

Mr. Zhang Xiongfeng has been appointed for a term of 13 months commencing from 9 December, 2013; Mr. Zhang Peiao has been appointed for a term of 12 months commencing on 30 January, 2014; Mr. Hung Kenneth has been appointed for a term of 11 months commencing 18 February, 2014. Mr. Mak Kwong Yiu, Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing did not enter into any appointment letter with the Company and are not appointed for specific terms but subject to retirement by rotation and re-election in according with the Articles.

CONFIRMATION OF INDEPENDENCE

Pursuant to the requirement of the GEM Listing Rules, the Company has received an annual written confirmation from each of the independent non-executive Directors of his independence. The Company considers that all of the independent non-executive Directors are independent in accordance with rule 5.09 of the GEM Listing Rules.

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 had a material interest subsisted at the end of the year or at any time during the year under review.

RELATED PARTY TRANSACTION(S) AND CONNECTED TRANSACTIONS

No related party transaction was entered into by the Group during the year ended 31 December 2013. No connected transaction of the Company under the GEM Listing Rules which was required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules was entered into by the Group during the year ended 31 December 2013.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2013, none of the Directors and the chief executive or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

As at 31 December 2013, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 52% of the total sales for the year and sales to the largest customer included therein amounted to approximately 31%. Purchases from the Group's five largest suppliers accounted for approximately 86% of the total purchases for the year and purchase from the largest supplier included therein amounted to approximately 68%.

As far as the Directors are aware, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest at any time during the year in any of the Group's five largest customers or suppliers.

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

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the date of this report, the Company has maintained sufficient public float under the GEM Listing Rules throughout the financial year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

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

AUDITOR

The consolidated financial statements have been audited by PKF who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Zhang Xiongfeng
Chairman

Hong Kong, 20 March 2014

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and upholding good corporate governance practices that promote greater transparency and quality of disclosure as well as more effective internal control.

The Board is responsible for performing corporate governance duties including (a) developing and reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements; (b) reviewing and monitoring the training and continuous professional development of Directors and (c) reviewing the Company's compliance with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**Code Provision**"). The Board had carried out the said corporate governance functions during the year under review.

Save for the deviation stated in relation to segregation of the roles of the chairman of the Board and chief executive officer of the Company and terms of appointment of independent non-executive Directors as described below, the Company has complied with the Code Provision throughout the year ended 31 December 2013. Details of the deviations are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions.

BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board comprises of seven members, four of which are executive Directors, namely Mr. Zhang Xiongfeng who is the Chairman, Mr. Zhang Peiao who is the Chief Executive Officer, Mr. Mak Kwong Yiu and Mr. Hung Kenneth. Three other members are independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and professional expertise. The biographical details of the Directors are set out in the section headed "Directors profile" on pages 12 to 13. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Articles as amended from time to time. The Company has arranged appropriate insurance cover for the Directors.

Roles and responsibilities of the Board and delegation to the management

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company include approving and monitoring of all policy matters, overall strategies, material transactions, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives who are responsible for implementing the decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to the entering into of any significant transactions. These senior executives provide full support to the Board for them in order to discharge their responsibilities.

Corporate Governance Report

Practices and conduct of board meetings

The company secretary (the "**Company Secretary**") of the Company, is responsible to the Board for providing with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and/or the chief executive on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

The Board meets regularly and held 4 Board meetings during the year ended 31 December 2013. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Articles. During regular Board meetings, the Directors discussed and formulated the overall strategies of the Group, reviewed and approved the annual, interim and quarterly results, as well as discussed and decided on other significant matters of the Group. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company.

In case where a conflict of interest may arise involving a substantial shareholder or a director, such matter will be discussed through an actual meeting and will not be dealt with by written resolutions. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings. If considered to be necessary and appropriate by the directors, they may retain independent professional advisors at the Group's expense.

Individual attendance records of each Director at the respective Board and committee meetings are set out in the table on page 22 of this report.

Directors' continuing professional development

All Directors have been updated from time to time on the latest developments and changes in the GEM Listing Rules and other applicable regulatory requirements to ensure the Company's compliance and enhance the Directors' awareness of good corporate governance practices. The Directors understand the importance of continuous professional development and are committed to participate in any suitable training or to study relevant materials in order to develop and refresh their knowledge and skills.

Mr. Zhang Xiongfeng, Mr. Mak Kwong Yiu, Mr. Kwok Shun Tim, Mr. Yang Yue Zhou, Mr. Jiang Tin Shan, Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing had confirmed that they have complied with Code Provision A.6.5 during the year ended 31 December 2013 by participating in continuous professional development. During the year, the Company has arranged an in-house seminar conducted by the professional firm with regard to the latest developments of the GEM Listing Rules for the Directors. All of them have been provided with the training materials for such seminar and each of them confirmed that he/she had read the training materials. Mr. Mak Kwong Yiu, Mr. Wong Siu Keung, Joe and Mr. Wong Ching Yip also attended such in-house seminars arranged.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2013, the Company does not have any offices with the title of "chief executive officer" as the duties of chief executive officer was discharged by the executive Directors collectively by undertaking the day-to-day management of the Company's business, whereas the chairman is responsible for management of the Board and strategic planning of the Group. The Board considers that the vesting of the roles of chief executive officer into the executive Directors will not impair the balance of power and authority within the Board as all major decisions are made in consultation with members of the Board during the financial year under review.

As the workload of the executive Directors have been increasing due to the recent business development of the Group, the Board considers that the appointment of a chief executive officer will lead to more effective implementation of the overall strategy and ensure smooth operation of the Group. As such, the Company appointed Mr. Zhang Peiao as an executive Director and Chief Executive Officer on 30 January 2014. Since 30 January 2014, the roles of chairman and chief executive officer have been segregated and have not been exercised by the same individual. The Chairman provides leadership, management for the Board whereas the Chief Executive Officer is responsible for the Group's business development and daily management generally.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with each and the various guidelines set out in rule 5.09 of the GEM Listing Rules.

The Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Given that all independent non-executive Directors are subject to the provisions of retirement by rotation at least once every three years at annual general meeting under the Articles, the Directors are of the view that such provision in the Articles has been able to safeguard corporate governance of the Company after taking into account the scope of works to be carried out by the independent non-executive Directors, and therefore there are no specified term of appointment for the independent non-executive Directors and they will continue to hold offices unless terminated by either party giving to the other not less than one month notice in writing.

BOARD COMMITTEES

The Board currently has established three committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, each with a specific terms of reference. Their terms of reference have been approved and reviewed by the Board and have been posted on the websites of the Stock Exchange and the Company. During the year, these committees adhered to their principles, procedures and arrangements set out in their respective terms of reference. The respective committee secretary took full minutes of the meetings of these committees and the work of these committees was reported to the Board regularly.

Audit Committee

An audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe, is the chairman of the Audit Committee. The primary duties of the audit committee are mainly to review the Company's financial information, reporting process, internal control procedures, risk management system, audit plan, relationship with external auditors and to review arrangements to enable employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year under review, the audit committee held five meetings to review and provide supervision over the financial reporting system and internal control procedures of the Group and to review the Company's annual report and accounts, half-year report and quarterly reports and to provide advice and comments to the Board as to whether such reports were prepared in accordance with the applicable accounting standards and requirements. The audit committee also met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters of the Group before recommending the annual financial reports to the Board for approval.

Remuneration Committee

A remuneration committee of the Company (the "**Remuneration Committee**") was established with written terms of reference in compliance with the Code Provision B.1.2. There are three members in the Remuneration Committee comprising three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Remuneration Committee. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors and senior employee management remuneration and to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year ended 31 December 2013, the Remuneration Committee held two meetings and adopted the approach under B.1.2(c)(ii) to make recommendation to the Board on the remuneration packages of the Directors and senior management of the Company. No Director was involved in deciding his own remuneration.

Nomination Committee

A nomination committee of the Company (the "**Nomination Committee**") was established with written terms of reference in compliance with the Code A.5.2. There are three members in the Nomination Committee comprises three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the year ended 31 December 2013, the Nomination Committee held two meetings to review the structure, size and composition of the Board and assess the independence of Independent non-executive Directors.

During the year ended 31 December 2013, the Board adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to ensure governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Policy will be reviewed by the Nomination Committee from time to time to ensure its continued effectiveness.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Details of the attendance of the Directors at the meetings of the Board and its respective committees during the year ended 31 December 2013 are as follows:

Name of Directors	Board Meeting Attended/ Eligible to attend	Audit Committee Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	Nomination Committee Meeting Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Number of meetings held during the financial year	4	5	4	2	2
Executive Directors					
Mr. Zhang Xiongfeng *(appointed on 9 December 2013)*	0/0	0/0	0/0	0/0	0/0
Mr. Zhang Peiao *(appointed on 30 January 2014)*	0/0	0/0	0/0	0/0	0/0
Mr. Mak Kwong Yiu	4/4	0/0	0/0	0/0	0/2
Mr. Hung Kenneth *(appointed on 18 February 2014)*	0/0	0/0	0/0	0/0	0/0
Mr. Jiang Tan Shan *(resigned with effect from 20 December 2013)*	2/4	0/0	0/0	0/0	0/2
Mr. Yang Yue Zhou (resigned with effect from 31 December 2013)	4/4	0/0	0/0	0/0	0/2
Mr. Kwok Shun Tim *(appointed on 18 January 2013 and resigned with effect from 30 January 2014)*	4/4	0/0	0/0	0/0	2/2
Independent non-executive Directors					
Mr. Wong Siu Keung, Joe *(Committee Chairman)*	4/4	5/5	2/2	2/2	2/2
Mr. Wong Ching Yip	4/4	5/5	2/2	2/2	2/2
Mr. Luk Chi Shing	4/4	5/5	2/2	2/2	2/2

AUDITOR'S REMUNERATION

For the year ended 31 December 2013, the fees paid/payable to the Group's external auditor, PKF, for the audit and non-audit services provided amounted to approximately HK$300,000 and HK$160,400 respectively. The amount of fee paid/payable to other audit firms for providing audit and non-audit services for the year ended 31 December 2013 amounted to approximately HK$75,000 and HK$563,000 respectively. The non-audit services mainly consist of taxation review and other reporting services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other disclosures required under the GEM Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

A statement by the Company's external auditor, PKF, about their reporting responsibilities is included in the Independent Auditor's Report in this report.

COMPANY SECRETARY

Ms. Lam Ching Yee ("**Ms. Lam**") was appointed as the company secretary of the Company with effect from 30 September 2013. She is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments. She has undertaken not less than 15 hours of relevant professional training as required by GEM Listing Rules.

INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature, however, such internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board, through the Audit Committee, has conducted a review on the effectiveness of the Group's system of financial reporting process and internal control of the Group during the year under review.

As might be expected in a Group of this size, a key control procedure is the day-to-day supervision of the business by the executive Directors, supported by managers responsible for operations and the key central and divisional support functions of finance, information systems and human resources. Key elements of the internal control system are described below. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the Board:

- clearly defined management structure, lines of responsibility and delegation of authority;
- high recruitment standards and formal career development and training to ensure the integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial performance and non-financial measures;
- procedures for the approval of capital expenditure, investments and acquisitions;
- detailed budgeting process where the top management are involved in the budget setting process, constantly monitoring key statistics and reviewing management accounts on a monthly basis, noting and investigating major variances;
- consideration of progress made against significant business risks at monthly management review meetings, with quarterly briefings to the Board.

The Board has considered the need for an internal audit function, and concluded that, given the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will review this on a regular basis.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual, interim and quarterly reports, announcements and circulars made through websites of the Company and of the Stock Exchange.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions in the general meetings.

To safeguard shareholder interest and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual Directors. All resolutions put forward at shareholder meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders of the Company and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 December 2013, there was no significant change in the Company's memorandum and the Articles.

SHAREHOLDERS' RIGHT

Procedures for shareholders of the Company to convene a general meeting

Pursuant to article 58 of the Articles, any one or more 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Such written requisition (i) must state the object of business to be transacted at the meeting, and (ii) must be signed by the requisitionists and (iii) deposited at the Company's principal place of business in Hong Kong in hard copy form for the attention to the Board or the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of requisitionist(s).

Putting forward proposals at general meetings

Save as the procedures for shareholders of the Company to convene a general meeting as set out above and for shareholders of the Company to nominate a person for election as a director of the Company pursuant to article 88 of the Articles, there are no other provisions allowing shareholders of the Company to put forward proposals at the general meeting under the Articles or under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. Shareholders of the Company may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders' enquiries

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong. Questions about the procedures for convening or putting forward proposals at an annual general meeting or extraordinary general meeting may also be put to the Company Secretary by the same means.

Independent Auditor's Report

大信梁學濂(香港)會計師事務所

PKF
Accountants &
business advisers

26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE SHAREHOLDERS OF COMPUTECH HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Computech Holdings Limited (the "Company") set out on pages 28 to 91, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY (CONT'D)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong, 20 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	4	**99,557**	106,604
Cost of inventories sold/services		**(54,472)**	(99,631)
Direct expenses arising from money lending business		**(315)**	(1,094)
Other revenue and income	4	**1,060**	29
Employee benefits expenses		**(30,147)**	(7,010)
Depreciation	11	**(8,705)**	(351)
Other operating expenses		**(21,228)**	(17,136)
Gain on disposals of subsidiaries	33	**1,999**	186
Gain on disposal of fish breeding business	15	**1,240**	–
Fair value change of investment properties	12	**(1,603)**	–
Impairment loss on a disposal group classified as held for sale	20	**(1,071)**	–
Gain on a bargain purchase of subsidiaries	32(b)	**8,368**	–
Share of result of an associate	14	**124**	–
Finance costs		**(4,048)**	(2,673)
Loss before income tax	5	**(9,241)**	(21,076)
Income tax expense	6	**(362)**	–
Loss and total comprehensive loss for the year	7	**(9,603)**	(21,076)
Attributable to:			
Shareholders of the Company		**(8,847)**	(21,076)
Non-controlling interests		**(756)**	–
		(9,603)	(21,076)
Basic loss per share (HK cents)	8	**(1.50)**	(12.78)

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**35,835**	5,899
Investment properties	12	**38,700**	–
Goodwill	13	**–**	97
Investment in an associate	14	**1,561**	–
Investment in fish breeding business	15	**–**	15,500
Loan receivables	16	**–**	4,816
Deferred tax assets	23	**1,211**	–
		77,307	26,312
CURRENT ASSETS			
Inventories	17	**2,277**	–
Debtors, deposits and prepayments	18	**41,483**	19,501
Financial assets at fair value through profit or loss	19	**–**	6,744
Loan receivables	16	**–**	30,363
Income tax recoverable		**44**	–
Cash and bank balances		**42,125**	77,156
		85,929	133,764
Assets of a disposal group classified as held for sale	20	**14,214**	–
		100,143	133,764
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	21	**13,318**	6,951
Income tax payable		**166**	–
		13,484	6,951
Liabilities of a disposal group classified as held for sale	20	**1,214**	–
		14,698	6,951
NET CURRENT ASSETS		**85,445**	126,813
TOTAL ASSETS LESS CURRENT LIABILITIES		**162,752**	153,125
NON-CURRENT LIABILITIES			
Convertible notes	22	**–**	39,587
Deferred tax liabilities	23	**10**	–
		10	39,587
NET ASSETS		**162,742**	113,538
CAPITAL AND RESERVES			
Share capital	24(a)	**93,086**	55,770
Share premium and reserves	25	**68,825**	57,768
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**161,911**	113,538
NON-CONTROLLING INTERESTS		**831**	–
TOTAL EQUITY		**162,742**	113,538

Approved and authorised for issue by the Board of Directors on 20 March 2014 and signed on its behalf by:

Zhang Xiongfeng	**Zhang Peiao**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1.1.2012	12,142	58,180	855	–	(46,358)	24,819	–	24,819
Shares issued upon placing – Note 24(a)(i)	1,800	12,836	–	–	–	14,636	–	14,636
Shares issued upon open offer – Note 24(a)(iii)	41,828	38,988	–	–	–	80,816	–	80,816
Recognition of equity components of convertible notes issued – Note 22	–	–	–	13,809	–	13,809	–	13,809
Share-based payments – Note 31	–	–	534	–	–	534	–	534
Lapse of share options	–	–	(1,389)	–	1,389	–	–	–
Loss and total comprehensive loss for the year	–	–	–	–	(21,076)	(21,076)	–	(21,076)
At 31.12.2012 and 1.1.2013	**55,770**	**110,004**	**–**	**13,809**	**(66,045)**	**113,538**	**–**	**113,538**
Shares issued upon placing – Note 24(a)(iv)	**11,000**	**2,517**	**–**	**–**	**–**	**13,517**	**–**	**13,517**
Acquisition of subsidiaries – Note 32(b)	**–**	**–**	**–**	**–**	**–**	**–**	**1,584**	**1,584**
Capital contribution from a non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Conversion of convertible notes – Note 24(a)(v)	**26,316**	**31,196**	**–**	**(13,809)**	**–**	**43,703**	**–**	**43,703**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(8,847)**	**(8,847)**	**(756)**	**(9,603)**
At 31.12.2013	**93,086**	**143,717**	**–**	**–**	**(74,892)**	**161,911**	**831**	**162,742**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(9,241)**	(21,076)
Adjustments for:			
Depreciation		**8,705**	351
Fair value change of investment properties		**1,603**	–
Gain on a bargain purchase of subsidiaries		**(8,368)**	–
Gain on disposal of fish breeding business		**(1,240)**	–
Gain on disposals of subsidiaries		**(1,999)**	(186)
Impairment loss on a disposal group classified as held for sale		**1,071**	–
Impairment loss on goodwill		**–**	3,498
Impairment loss on trade debtors		**45**	29
Interest expenses		**4,293**	3,396
Interest income		**(332)**	(7)
Loss on disposal of property, plant and equipment		**26**	33
Realised/unrealised loss on financial assets at fair value through profit or loss		**239**	940
Share-based payments		**–**	534
Share of result of an associate		**(124)**	–
Operating loss before working capital changes		**(5,322)**	(12,488)
Decrease in inventories		**261**	68
Decrease/(increase) in debtors, deposits and prepayments		**18,738**	(17,217)
Decrease/(increase) in loan receivables		**29,080**	(24,785)
(Decrease)/increase in creditors, accruals and other payables		**(4,400)**	1,047
Cash generated from/(used in) operations		**38,357**	(53,375)
Income tax paid		**(193)**	–
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**38,164**	(53,375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow arising on acquisition of subsidiaries	32(b)&(c)	**(67,998)**	(3,498)
Net cash outflow arising on acquisition of net assets	32(a)	**(40,000)**	–
Payments to acquire property, plant and equipment		**(1,726)**	(2)
Proceed from disposal of fish breeding business	15	**16,740**	–
Proceed from/(purchases) of financial assets at fair value through profit or loss		**6,505**	(7,684)
Net cash inflow/(outflow) arising on disposals of subsidiaries	33	**1,999**	(33)
Interest received		**332**	7
Proceed on disposal of property, plant and equipment		**270**	–
Investment in fish breeding business	15	**–**	(15,500)
NET CASH USED IN INVESTING ACTIVITIES		**(83,878)**	(26,710)

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 *HK$'000*	2012 *HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings raised		**31,000**	–
Issue of shares through placing		**14,080**	15,120
Capital contribution from a non-controlling shareholder of a subsidiary		**3**	–
Repayment of borrowings		**(31,000)**	–
Share issuing expenses		**(563)**	(3,323)
Interest paid		**(177)**	–
Issue of shares through open offer		**–**	83,655
Issue of convertible notes		**–**	50,000
NET CASH GENERATED FROM FINANCING ACTIVITIES		**13,343**	145,452
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(32,371)**	65,367
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**77,156**	11,789
CASH AND CASH EQUIVALENTS AT END OF YEAR		**44,785**	77,156
Represented by:			
Cash and bank balances included in assets of a disposal group classified as held for sale	20	**2,660**	–
Cash and bank balances as stated on the consolidated statement of financial position		**42,125**	77,156
		44,785	77,156

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL INFORMATION

Computech Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office and principal place of business are disclosed in the "Corporate Information" section of the annual report.

The Company and its subsidiaries (collectively the "Group") are principally engaged in three business segments in Hong Kong, namely (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products; (ii) money lending business; and (iii) provision of medical diagnostic and health check services.

The Company is listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Initial application of Hong Kong Financial Reporting Standards

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

HKAS 19 (2011)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual improvements to HKFRSs (2009 – 2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32

2. BASIS OF PREPARATION (CONT'D)

(b) Initial application of Hong Kong Financial Reporting Standards (Cont'd)

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies except the following:

(i) HKFRS 10 "Consolidated Financial Statements" modifies the concept of "control" substantially. The Group's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities; and

(ii) HKFRS 13 "Fair Value Measurement" introduces a number of new concepts and principles regarding fair value measurement. The Group's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The initial application of these financial reporting standards does not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2013 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 2013:

HKFRS 9	Financial Instruments
HK(IFRIC)-Int 21	Levies
Amendments to HKAS 19	Defined Benefit Plans: Employee contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investment Entities

The Group is required to initially apply HK(IFRIC)-Int 21 and amendments to HKAS 32, HKAS 36, HKAS 39 and HKFRS 10 in its annual consolidated financial statements beginning on 1 January 2014 and initially apply amendments to HKAS 19 in its annual consolidated financial statements beginning on 1 January 2015. HKFRS 9 does not have a mandatory effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 include the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the financial instruments and investment properties which are carried at fair values.

Disposal group held for sale is stated at the lower of carrying amount and fair value less costs to sell (see note 3(t)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 30.

(b) Subsidiaries and non-controlling interests

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries and non-controlling interests (Cont'd)

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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Changes in the Group interest's 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 or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(i)), unless the investment is included in a disposal group that is classified as held for sale (see note 3(t)).

(c) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is included in a disposal group that is classified as held for sale (see note 3(t)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 3(d) and (i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Associates (Cont'd)

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

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

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

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

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the considered transferred, the amount of any non-controlling interest in the acquire and the fair value of the Group's previously held equity interest in the acquire; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 3(i)).

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets at fair value through profit or loss

Investments in securities held for trading are classified as financial assets at fair value through profit or loss under current assets. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see 3(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 3(r)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 3(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 3(h).

(g) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3(i)):

– buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 3(h)); and

– other items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other property, plant and equipment (Cont'd)

Depreciation is calculated to write off the costs of property, plant and equipment to their estimated residual values over their estimated useful lives on a straight-line basis as set out below:

Office equipment	–	3 to 5 years
Plant, machinery and equipment	–	5 years
Furniture and fixtures	–	4 to 5 years
Leasehold improvements	–	the shorter of remaining lease term and useful life
Motor vehicles	–	5 years
Leasehold land	–	over the remaining unexpired lease term
Building	–	29 years

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

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3(f)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leased assets (Cont'd)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 3(f)).

(i) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(i) Impairment of investments in equity securities and trade and other receivables (Cont'd)

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

– For investments in an associate accounted for under the equity method in the consolidated financial statements (see note 3(c)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 3(i)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid land lease expenses;
- goodwill; and
- interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

(k) 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 allowance for impairment of doubtful debts (see note 3(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds/notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised in which case the balance stated in convertible notes reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

(m) Trade and other payables

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Cash equivalents

Cash equivalents comprise cast at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred.

(p) Income tax

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

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3(f), 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.

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company 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 immaterial, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer. Revenue is after deduction of any trade discounts.

(ii) Service income

Income from rendering of services is recognised at the time when the services are provided.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency translation

(a) Functional and presentation currency

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 dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(t) A disposal group classified as held for sale

A disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the disposal group is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

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

Immediately before classification as held for sale, the measurement of all individual assets and liabilities in a disposal group is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the disposal group is recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investment in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is included in a disposal group that is classified as held for sale, the non-current assets is not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related parties

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 of a parent of the Group.

An entity is related to the Group if (i) the entity and the Group are members of the same group of companies, (ii) the entity is an associate or a joint venture of either the Group or a member of a group of which the Group is a member, (iii) the Group is an associate or a joint venture of either the entity or a member of a group of which the entity is a member, (iv) the entity and the Group are joint ventures of the same third party, (v) the entity is a joint venture of a third entity and the Group is an associate of that third entity, (vi) the Group is a joint venture of a third entity and the entity is an associate of that third entity, (vii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group, (viii) the entity is controlled or jointly controlled by a person related to the Group or a close member of that person's family, (ix) a person who has control or joint control over the Group has significant influence over the entity, or (x) a person who has control or joint control over the Group is a member of the key management personnel of the entity (or of a parent of the entity).

(v) Share-based payments

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options and warrants granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

(w) Segment reporting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Significant judgement

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) whether the discount rates used to calculate the recoverable amount of assets are appropriate for the purpose of impairment review; and

(iv) the expected manner of recovery of the carrying amount of assets.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group in Hong Kong are (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products; (ii) money lending business; and (iii) provision of medical diagnostic and health check services.

Turnover represents the net invoiced value of IT products sold, related IT services rendered, loans interest income and medical diagnostic and health check services income. An analysis of the Group's turnover and other major revenue is as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Revenue		
Income from IT business	**48,487**	101,846
Loans interest and related income	**4,936**	4,758
Income from provision of medical diagnostic and health check services	**46,134**	–
	99,557	106,604
Other revenue		
Interest income	**332**	7
	99,889	106,611

In 2013, there are two customers with whom transactions have exceeded 10% of the Group's revenue, amounted to approximately HK$40,953,000 arose in Hong Kong. In 2012, three customers with whom transactions had exceeded 10% of the Group's revenue, amounted to approximately HK$91,240,000 arose in Hong Kong.

4. REVENUE AND SEGMENT REPORTING (CONT'D)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– IT business – provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products;

– Money lending business; and

– Provision of medical diagnostic and health check services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors 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 of assets attributable to those segments.

Segment assets and liabilities excluded investment in an associate 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.

4. REVENUE AND SEGMENT REPORTING (CONT'D)

(b) Segment reporting (Cont'd)

(i) Segment results, assets and liabilities (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Reporting segments							
	IT business		Money lending business		Provision of medical diagnostic and health check services		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue								
Revenue from external customers	**48,487**	101,846	**4,936**	4,758	**46,134**	–	**99,557**	106,604
Reportable segments loss	**(684)**	(228)	**(17)**	(4,561)	**(3,178)**	–	**(3,879)**	(4,789)
Unallocated head office and corporate income and expenses							**(10,703)**	(13,807)
Interest income							**332**	7
Gain on disposals of subsidiaries							**1,999**	186
Gain on disposal of fish breeding business							**1,240**	–
Fair value change of investment properties							**(1,603)**	–
Impairment loss on a disposal group classified as held for sale							**(1,071)**	–
Gain on a bargain purchase of subsidiaries							**8,368**	–
Share of result of an associate							**124**	–
Finance costs							**(4,048)**	(2,673)
Loss before income tax							**(9,241)**	(21,076)
Income tax expense							**(362)**	–
Loss for the year							**(9,603)**	(21,076)
Reportable segment assets	**668**	26,318	**32,158**	43,385	**96,668**	–	**129,494**	69,703
Reportable segment liabilities	**196**	608	**1,693**	4,050	**10,374**	–	**12,263**	4,658
Other segment items								
Depreciation	**76**	79	**216**	272	**8,413**	–	**8,705**	351
Additions to non-current segment assets	**222**	2	**300**	–	**1,182**	–	**1,704**	2

4. REVENUE AND SEGMENT REPORTING (CONT'D)

(b) Segment reporting (Cont'd)

(ii) Reconciliation of reportable segment assets and liabilities

	2013 *HK$'000*	2012 *HK$'000*
Assets		
Reportable segment assets	**129,494**	69,703
Unallocated head office and corporate assets	**47,956**	90,373
Consolidated total assets	**177,450**	160,076
Liabilities		
Reportable segment liabilities	**12,263**	4,658
Unallocated head office and corporate liabilities	**2,445**	41,880
Consolidated total liabilities	**14,708**	46,538

(iii) Geographic information

The Group only operates in Hong Kong, no geographical segment information is presented.

5. LOSS BEFORE INCOME TAX

	2013 HK$'000	2012 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	54,286	98,330
Direct expenses arising from money lending business		
– interest expenses	245	723
– other costs	70	371
	315	1,094
Auditor's remuneration	375	304
Depreciation	8,705	351
Directors' remuneration – Note 10(a)	1,605	360
Other staff salaries and benefits	28,124	6,560
Retirement scheme contributions, excluding those of directors	418	90
Fair value change of investment properties	1,603	–
Impairment loss on trade debtors	45	29
Impairment loss on goodwill – Note 13	–	3,498
Impairment loss on a disposal group classified as held for sale	1,071	–
Interest on borrowings wholly repayable within five years	4,048	2,673
Loss on disposal of property, plant and equipment	26	33
Minimum lease payments paid under operating leases	3,754	817
Net exchange loss	33	–
Realised/unrealised loss on financial assets at fair value through profit or loss	239	940
Gain on disposals of subsidiaries	(1,999)	(186)
Gain on disposal of fish breeding business	(1,240)	–
Gain on a bargain purchase of subsidiaries – Note 32(b)	(8,368)	–
Interest income	(332)	(7)
Rental income from investment properties less direct outgoings of HK$57,000 (2012: Nil)	(548)	–

6. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Hong Kong profits tax – current year	362	–

Provision for Hong Kong profits tax has been made at 16.5% on the estimated assessable profits for the current year. For the year ended 31 December 2012, no provision for Hong Kong profits tax was made in the financial statements as the Group had no assessable profits in Hong Kong for the year.

6. INCOME TAX EXPENSE (CONT'D)

(a) The income tax expense for the year can be reconciled to the loss per statement of profit or loss and other comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Loss before income tax	**(9,241)**	(21,076)
Tax effect at Hong Kong profits tax rate of 16.5%	**(1,525)**	(3,477)
Tax effect of income that is not taxable	**(1,979)**	(3)
Tax effect of expenses that are not deductible	**2,321**	951
Tax effect of unrecognised accelerated depreciation allowances	**(314)**	(12)
Tax effect of tax loss not recognised	**3,520**	2,546
Tax effect of share of result of an associate	**(20)**	–
Utilisation of tax losses previously not recognised	**(1,621)**	–
Tax reduction	**(20)**	–
Tax effect of unrecognised temporary differences arising from provision for trade debtors	**–**	(5)
Income tax expense	**362**	–

(b) The components of unrecognised deductible/(taxable) temporary differences are as follows:

	2013 HK$'000	2012 HK$'000
Deductible temporary difference – Note 6(b)(i)		
Unutilised tax losses	**256,966**	56,057
Taxable temporary difference – Note 6(b)(ii)		
Accelerated depreciation allowances	**(207)**	(736)
Net deductible temporary differences	**256,759**	55,321

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary difference. The unutilised tax losses accumulated in the Group amounted to HK$256,966,000 (2012: HK$56,057,000) can be carried forward indefinitely.

(ii) Taxable temporary difference has not been recognised in these financial statements owing to immateriality.

7. LOSS FOR THE YEAR

The loss attributable to shareholders of the Company includes an amount of approximately HK$18,186,000 (2012: approximately HK$21,489,000) which has been dealt with in the financial statements of the Company.

8. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic loss per share is based on:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to shareholders of the Company	**(8,847)**	(21,076)

	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year	**588,061,660**	164,903,547

Diluted loss per share is not presented as there were no dilutive potential shares outstanding at the end of the reporting period. In 2012, diluted loss per share was not presented as the potential ordinary shares in respect of outstanding convertible notes are anti-dilutive.

9. RETIREMENT BENEFIT COSTS

The Group had participated in a defined contribution scheme which is registered under Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately in independently managed and administered funds. Contributions to the MPF Scheme are made by both the employer and employee at 5% on the employees' salaries.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of emoluments paid by the Group to the directors during the year are as follows:

	Notes	Fees *HK$'000*	Basic salaries, allowances and other benefits *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
2013					
Executive directors:					
Zhang Xiongfeng	iii	7	8	–	15
Zhang Peiao	iv	–	–	–	–
Mak Kwong Yiu		120	–	–	120
Hung Kenneth	v	–	–	–	–
Yang Yue Zhou	vi	–	150	–	150
Jiang Tan Shan	vii	–	–	–	–
Kwok Shum Tim	viii	173	900	7	1,080
		300	1,058	7	1,365
Independent non-executive directors:					
Wong Siu Keung, Joe		120	–	–	120
Wong Ching Yip		60	–	–	60
Luk Chi Shing		60	–	–	60
		240	–	–	240
		540	1,058	7	1,605

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONT'D)

(a) Directors' emoluments (Cont'd)

	Fees	Basic salaries, allowances and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2012				
Executive directors:				
Yang Yue Zhou	–	–	–	–
Mak Kwong Yiu	120	–	–	120
Jiang Tan Shan	–	–	–	–
Kwok Shum Tim	–	–	–	–
	120	–	–	120
Independent non-executive directors:				
Wong Siu Keung, Joe	120	–	–	120
Wong Ching Yip	60	–	–	60
Luk Chi Shing	60	–	–	60
	240	–	–	240
	360	–	–	360

(i) No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(ii) None of the directors waived any emoluments during the two years.

(iii) Appointed on 9 December 2013.

(iv) Appointed on 30 January 2014.

(v) Appointed on 18 February 2014.

(vi) Resigned on 31 December 2013.

(vii) Resigned on 20 December 2013.

(viii) Appointed on 18 January 2013 and resigned on 30 January 2014.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONT'D)

(b) Five highest paid individuals

Among the five highest paid individuals, one (2012: none) of them is a director of the Company.

The emoluments and designated band of the four (2012: five) highest paid, non-director individuals during the year are as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Salaries and allowances	**4,521**	6,026
Retirement scheme contributions	**15**	59
	4,536	6,085

The emoluments of the four (2012: five) individuals with the highest emoluments are within the following bands:

	2013 ***Numbers of individuals***	2012 *Numbers of individuals*
HK$		
Nil – 1,000,000	**–**	3
1,000,001 – 1,500,000	**4**	–
1,500,001 – 2,000,000	**–**	1
2,000,001 – 2,500,000	**–**	–
2,500,001 – 3,000,000	**–**	–
3,000,001 – 3,500,000	**–**	1

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Building HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:								
At 1.1.2012	4,888	262	368	–	1,694	70	695	7,977
Additions	–	–	–	–	2	–	–	2
Disposals	–	–	(85)	–	(1,571)	(7)	–	(1,663)
At 31.12.2012	4,888	262	283	–	125	63	695	6,316
Accumulated depreciation:								
At 1.1.2012	20	2	105	–	1,534	13	22	1,696
Charge for the year	70	9	72	–	48	13	139	351
Written back on disposals	–	–	(85)	–	(1,538)	(7)	–	(1,630)
At 31.12.2012	90	11	92	–	44	19	161	417
Net book value:								
At 31.12.2012	4,798	251	191	–	81	44	534	5,899
Cost:								
At 1.1.2013	**4,888**	**262**	**283**	**–**	**125**	**63**	**695**	**6,316**
Additions arising from acquisition of subsidiaries – Note 32(b)	**–**	**–**	**9,183**	**27,747**	**4,846**	**457**	**263**	**42,496**
Additions	**–**	**–**	**131**	**1,053**	**233**	**9**	**300**	**1,726**
Classified as held for sale – Note 20	**(4,888)**	**(262)**	**(236)**	**–**	**(14)**	**(20)**	**(317)**	**(5,737)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(378)**	**(378)**
At 31.12.2013	**–**	**–**	**9,361**	**28,800**	**5,190**	**509**	**563**	**44,423**
Accumulated depreciation:								
At 1.1.2013	**90**	**11**	**92**	**–**	**44**	**19**	**161**	**417**
Charge for the year	**70**	**9**	**2,455**	**5,233**	**734**	**85**	**119**	**8,705**
Classified as held for sale – Note 20	**(160)**	**(20)**	**(114)**	**–**	**(6)**	**(9)**	**(143)**	**(452)**
Written back on disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(82)**	**(82)**
At 31.12.2013	**–**	**–**	**2,433**	**5,233**	**772**	**95**	**55**	**8,588**
Net book value:								
At 31.12.2013	**–**	**–**	**6,928**	**23,567**	**4,418**	**414**	**508**	**35,835**

The leasehold land is situated in Hong Kong under long lease.

12. INVESTMENT PROPERTIES

	Investment properties in Hong Kong on medium term lease
	HK$'000
Level 3 fair value measurement:	
Addition arising from acquisition of net assets – Note 32(a)	40,303
Less: Loss arising on change in fair value	(1,603)
At 31.12.2013	**38,700**

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 Shops Nos. 12A, 12B, and 12C, Ground Floor, Hip Wo House, Nos. 167A, 167B and 167C Hip Wo Street, Kwun Tong, Kowloon, Hong Kong.

The Group's investment properties were revalued at 31 December 2013. The valuation was carried out by an independent firm of surveyors, Ascent Partner Valuation Services 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.

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.

12. INVESTMENT PROPERTIES (CONT'D)

Information about Level 3 fair value measurement:

	Valuation techniques	Unobservable input	Range	Weighted average
Commercial property units in Hong Kong	Market comparison approach	Time value	-0.3% to 0%	–0.15%
		Pedestrian flow	-10% to 2.5%	–3.75%
		Frontage	-5% to -10%	–7.5%

The fair value of investment properties located in Hong Kong was determined using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted by time value factor, pedestrian flow and frontage specific to the Group's investment properties compared to the recent sales. The fair value measurement is positively correlated to pedestrian flow and frontage, and negatively correlated to time value factor.

Fair value adjustment of investment properties is recognised in the line item "Fair value change of investment properties" on the face of the consolidated statement of profit or loss.

All the loss recognised in profit or loss for the year arising from the investment properties held at the end of the reporting period.

As at 31 December 2013, the Group has pledged the investment properties with carrying amount of HK$38,700,000 (2012: Nil) to secure general banking facilities granted to the Group.

13. GOODWILL

	2013	2012
	HK$'000	*HK$'000*
Cost:		
At 1 January	**3,595**	97
Disposal of a subsidiary – Note 33(a)	**(3,498)**	–
Classified as held for sale – Note 20	**(97)**	–
Acquisition of a subsidiary – Note 32(c)	**–**	3,498
At 31 December	**–**	3,595
Impairment loss:		
At 1 January	**3,498**	–
Impairment loss	**–**	3,498
Disposal of a subsidiary – Note 33(a)	**(3,498)**	–
At 31 December	**–**	3,498
Net book value:		
At 31 December	**–**	97

The impairment loss of HK$3,498,000 was recognised for the year ended 31 December 2012 as the directors are in the opinion that future cash inflow contributed by the newly acquired business was uncertain.

As at 31 December 2013, the Group had no goodwill arising from business combinations.

14. INVESTMENT IN AN ASSOCIATE

	2013 *HK$'000*	2012 *HK$'000*
Cost of unlisted investment in an associate	**1,437**	–
Share of post-acquisition profits and reserves, net of dividends received	**124**	–
	1,561	–

The following list contains only the particulars of the associate, an unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation/ and business	Proportion of ownership interest held by a subsidiary	Group's effective interest	Principal activity
First Oriental Nuclear Medicine Limited	Incorporated	Hong Kong	26%	25.61%	Provision of PET scanning services

First Oriental Nuclear Medicine Limited is a strategic partner of the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

14. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information in respect of First Oriental Nuclear Medicine Limited is set out below:

	As at 31 December 2013 *HK$'000*
Current assets	9,945
Non-current assets	21
Total liabilities	(3,961)
Net assets	6,005
Group's share of net assets of an associate	1,561

	Period from 1 October 2013 to 31 December 2013 *HK$'000*
Revenue	7,183
Profit for the period	476
Other comprehensive income for the period	–
Total comprehensive income for the period	476
Group's share of result of an associate for the period	124

15. INVESTMENT IN FISH BREEDING BUSINESS

On 25 April 2012, the Group entered into an agreement with Enrich Marine Sdn. Bhd. ("EMS"), pursuant to which the Group agreed to invest up to HK$15,500,000 in relation to the fish farm business of EMS for a term of 20 calendar months from the date of the agreement.

EMS has guaranteed to the Group that the net profit derived from the sale of the fishes upon the end of the period shall be not less than HK$1,550,000. In the event that the guaranteed amount is not met, EMS has undertaken to pay to the Group the difference between the guaranteed amount and actual net profit.

As at 31 December 2012, the Group has invested HK$15,500,000 in the fish breeding business, the investment amount has been applied to purchase of fish fry and fish feed for the sole purpose of fish breeding at the fish farm.

On 18 July 2013, the Group entered into a deed of novation with Keen Profit Development Limited ("Keen Profit"), a new investor, and EMS, pursuant to which the Group agreed to novate, from the date of the deed of novation, its rights and obligations in and under the investment agreement to Keen Profit at a consideration of HK$16,740,000. The Group recorded a gain of HK$1,240,000 as a result of the novation which represented the difference between the consideration and the investment amount. The novation represented a good opportunity for the Group to realise the investment under the investment agreement with a fair and reasonable return.

16. LOAN RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Loan receivables	–	35,179
Less: Current portion included under current assets	–	(30,363)
Non-current portion included under non-current assets	–	4,816

17. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Inventories of clinical supplies, at cost	**2,277**	–

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013 HK$'000	2012 HK$'000
Trade debtors	**22,591**	17,690
Less: Provision for impairment loss – Note 18(b)	**(45)**	–
	22,546	17,690
Other debtors, deposits and prepayments	**18,937**	879
Loans interest receivable	**–**	932
	41,483	19,501

Notes:

(a) 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 associate with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 30 days to 90 days. The following is an aging analysis of trade debtors:

	2013 HK$'000	2012 HK$'000
Within 1 month	**7,791**	15,597
1 to 2 months	**6,729**	2,093
2 to 3 months	**3,323**	–
Over 3 months	**4,703**	–
	22,546	17,690

(b) Impairment loss in respect of trade debtors from third parties is recorded using an allowance account unless the company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors.

The movement in the allowance for doubtful debts during the year is as follows:

	2013 HK$'000	2012 HK$'000
At 1 January	**–**	30
Impairment loss on trade debtors	**45**	29
Impairment loss written off	**–**	(59)
At 31 December	**45**	–

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**17,843**	17,690
Less than 1 month past due	**1,827**	–
1 to 3 months past due	**2,876**	–
	4,703	–
	22,546	17,690

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 *HK$'000*	2012 *HK$'000*
Equity securities listed in Hong Kong, at fair value	–	6,744

20. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 29 January 2014, the Company and Billion Legend Trading Limited ("Billion Legend") entered into an agreement, pursuant to which Billion Legend has agreed to acquire and the Company has agreed to sell the entire equity interest of Computech Online Limited and its subsidiaries (the "Disposal Group") at a total consideration of HK$13,000,000. Upon completion of the disposal, the Disposal Group will cease to be subsidiaries of the Company. The disposal has been completed on 11 February 2014. Details of the disposal are set out in the Company's announcement dated 29 January 2014.

The major classes of assets and liabilities comprising the Disposal Group classified as held for sale as at 31 December 2013 are as follows:

	2013 ***HK$'000***
Goodwill – Note 13	**97**
Property, plant and equipment – Note 11	**5,285**
Loan receivables	**6,099**
Debtors, deposits and prepayments	**1,144**
Cash and bank balances	**2,660**
	15,285
Less: Loss on remeasurement to fair value less costs to sell in respect of disposal group held for sale – Note	**(1,071)**
Assets of a disposal group classified as held for sale	**14,214**
Creditors and accruals	**1,214**
Liabilities of a disposal group classified as held for sale	**1,214**

Note: The amount of HK$1,071,000 represented the loss on remeasurement to fair value less costs to sell, which was calculated based on the difference between the carrying amount of the net assets of the Disposal Group as at 31 December 2013 and the consideration in respect of the disposal of HK$13,000,000. The fair value of the Disposal Group is categorised as level 2 of fair value hierarchy as defined in HKFRS 13.

21. CREDITORS, ACCRUALS AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade creditors	3,106	90
Accruals and other payables	9,113	6,861
Deposits received	1,099	–
	13,318	6,951

The following is an aging analysis of trade creditors of the Group:

	2013 HK$'000	2012 HK$'000
Within 3 months	3,106	90

22. CONVERTIBLE NOTES

The movement of the liability component of the convertible notes during the year is set out below:

	2013 HK$'000	2012 HK$'000
At 1 January	39,587	–
Proceeds from issue of notes	–	50,000
Equity component	–	(13,809)
Liability component on initial recognition	–	36,191
Converted during the year	(43,703)	–
Interest expenses	4,116	3,396
At 31 December	–	39,587

On 6 March 2012, the Company issued Zero convertible notes at a par value of HK$50,000,000 and maturity date of 5 March 2015 (the "Zero Notes"). The Zero Notes are denominated in Hong Kong dollars. The noteholders have the right to convert their notes into the Company's new ordinary shares from 1 year after the date of issue until on the date falling 7 days prior to the maturity date at an adjusted conversion price of HK$0.19 each into 263,157,892 ordinary shares of the Company. If the Zero Notes have not been converted on the maturity date, the Company shall repay to the noteholders of the Zero Notes for the principal amount of the outstanding convertible notes held by the noteholders.

22. CONVERTIBLE NOTES (CONT'D)

The effective interest rate of the liability component of the Zero Notes is 11.38% per annum.

The Zero Notes contain two components, liability and equity elements. The equity element is included in "convertible notes reserve".

23. DEFERRED TAXATION

The followings are the major deferred tax balances recognised and movements thereon during the year:

	Unutilised tax losses *HK$'000*
Deferred tax assets	
At 1 January 2013	–
Addition arising from acquisition of subsidiaries – Note 32(b)	1,211
At 31 December 2013	**1,211**

	Accelerated tax depreciation *HK$'000*
Deferred tax liabilities	
At 1 January 2013	–
Addition arising from acquisition of subsidiaries – Note 32(b)	(10)
At 31 December 2013	**(10)**

24. SHARE CAPITAL AND RESERVE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

	Notes	*Number of shares*	*HK$'000*
Authorised:			
Ordinary shares of HK$0.1 each at 1.1.2013 and 31.12.2013		**1,000,000,000**	**100,000**
Issued and fully paid:			
Ordinary shares of HK$0.01 each at 1.1.2012		1,214,249,326	12,142
Issue of shares through placing	(i)	180,000,000	1,800
Shares consolidation	(ii)	(1,254,824,394)	–
Issue of shares through open offer	(iii)	418,274,796	41,828
Ordinary shares of HK$0.1 each at 31.12.2012 and 1.1.2013		557,699,728	55,770
Issue of shares through placing	(iv)	110,000,000	11,000
Conversion of convertible notes	(v)	263,157,892	26,316
Ordinary shares of HK$0.1 each at 31.12.2013		**930,857,620**	**93,086**

Notes:

(i) On 15 May 2012, a total of 180,000,000 new shares of the Company were issued at a placing price of HK$0.084 each to not less than six placees.

(ii) Pursuant to the ordinary resolution of the Company passed on 31 October 2012, each 10 of the issued and unissued shares of HK$0.01 each in the share capital of the Company was consolidated into 1 consolidated share of HK$0.1 each, resulting in the issued and unissued share capital of the Company being consolidated into 139,424,932 and 860,575,068 shares of HK$0.1 each respectively.

(iii) On 4 December 2012, a total of 418,274,796 new shares at par value of HK$0.1 each were issued at HK$0.2 each as a result of open offer to the shareholders of the Company, on the basis of three offer shares for every one share held by the shareholders.

(iv) On 28 November 2013, a total of 110,000,000 new shares of the Company were issued at a placing price of HK$0.128 each to not less than six placees. The related transaction costs amounting to HK$563,000 have been netted off with the proceeds and debited to the share premium account of the Company.

24. SHARE CAPITAL AND RESERVE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONT'D)

(a) Share capital (Cont'd)

(v) The holder of the Zero Notes converted at the adjusted conversion price of HK$0.19 each during the year:

- On 26 November 2013, a total of 52,631,578 ordinary shares at par value of HK$0.1 each in the principal amount of HK$10,000,000 were issued as a result of conversion.
- On 3 December 2013, a total of 78,947,368 ordinary shares at par value of HK$0.1 in the principal amount of HK$15,000,000 each were issued as a result of conversion.
- On 6 December 2013, a total of 78,947,368 ordinary shares at par value of HK$0.1 in the principal amount of HK$15,000,000 each were issued as a result of conversion.
- On 11 December 2013, a total of 52,631,578 ordinary shares at par value of HK$0.1 each in the principal amount of HK$10,000,000 were issued as a result of conversion.

(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, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debt and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital and reserves). The debt-to-equity capital ratios at 31 December 2013 and at 31 December 2012 were as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Total debt	**14,708**	46,538
Less: Cash and cash equivalents	**(44,785)**	(77,156)
Net debt/equity	**–**	–
Total equity	**162,742**	113,538
Net debt-to-equity capital ratio	**N/A**	N/A

25. SHARE PREMIUM AND RESERVES

The Group	Share premium *HK$'000*	Share options reserve *HK$'000*	Convertible notes reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.1.2012	58,180	855	–	(46,358)	12,677
Shares issued upon placing – Note 24(a)(i)	12,836	–	–	–	12,836
Open offer – Note 24(a)(iii)	38,988	–	–	–	38,988
Issue of convertible notes - equity components	–	–	13,809	–	13,809
Share-based payments	–	534	–	–	534
Lapse of share options	–	(1,389)	–	1,389	–
Loss for the year	–	–	–	(21,076)	(21,076)
At 31.12.2012 and 1.1.2013	**110,004**	**–**	**13,809**	**(66,045)**	**57,768**
Shares issued upon placing – Note 24(a)(iv)	**2,517**	**–**	**–**	**–**	**2,517**
Conversion of convertible notes – Note 24(a)(v)	**31,196**	**–**	**(13,809)**	**–**	**17,387**
Loss for the year	**–**	**–**	**–**	**(8,847)**	**(8,847)**
At 31.12.2013	**143,717**	**–**	**–**	**(74,892)**	**68,825**

The Company	Share premium *HK$'000*	Share options reserve *HK$'000*	Convertible notes reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.1.2012	58,180	855	–	(45,958)	13,077
Shares issued upon placing – Note 24(a)(i)	12,836	–	–	–	12,836
Open offer – Note 24(a)(iii)	38,988	–	–	–	38,988
Issue of convertible notes - equity components	–	–	13,809	–	13,809
Share-based payments	–	534	–	–	534
Lapse of share options	–	(1,389)	–	1,389	–
Loss for the year	–	–	–	(21,489)	(21,489)
At 31.12.2012 and 1.1.2013	**110,004**	**–**	**13,809**	**(66,058)**	**57,755**
Shares issued upon placing – Note 24(a)(iv)	**2,517**	**–**	**–**	**–**	**2,517**
Conversion of convertible notes – Note 24(a)(v)	**31,196**	**–**	**(13,809)**	**–**	**17,387**
Loss for the year	**–**	**–**	**–**	**(18,186)**	**(18,186)**
At 31.12.2013	**143,717**	**–**	**–**	**(84,244)**	**59,473**

25. SHARE PREMIUM AND RESERVES (CONT'D)

(a) Share options reserve

The share options reserve arises on the grant of share options to eligible participants under the scheme. Further information about share-based payments is set out in note 31.

(b) Convertible notes reserve

The convertible notes reserve arises on the issuance of convertible notes to the subscriber. Further information about the convertible notes is set out in note 22.

(c) Distributable reserves

At 31 December 2013, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$59,473,000 (2012: HK$43,946,000).

26. OPERATING LEASES COMMITMENTS

(a) The Group as lessee

As at 31 December 2013, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Within one year	**11,950**	614
In the second to fifth year inclusive	**5,927**	–
	17,877	614

Operating lease payments represent rentals payable by the Group for its office premises. Leases were negotiated for an average term of three years with fixed monthly rentals.

(b) The Group as lessor

As at 31 December 2013, the Group had contracted with the tenant for the following future minimum lease payments:

	2013 ***HK$'000***	2012 *HK$'000*
Within one year	**1,451**	–
In the second to fifth year inclusive	**846**	–
	2,297	–

27. CAPITAL COMMITMENT

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of office equipment	**294**	–

28. RELATED PARTY TRANSACTIONS AND CONNECTED PARTIES TRANSACTIONS

(a) During the year, the Group had no related party transactions.

(b) Key management personnel remuneration

The remuneration paid to key management personnel of the Group including the Company's directors as disclosed in note 10 to the consolidated financial statements.

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) 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. The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts.

Carrying amounts of financial assets and financial liabilities of the Group as at 31 December 2013 exposed to currency risk were as follows:

	2013	2012
	HK$'000	*HK$'000*
Financial assets denominated in foreign currencies:		
Cash and bank balances	**49**	7,042

The Group's financial assets exposed to currency risk were primarily denominated in United States dollars.

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

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(b) 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's credit risk is primarily attributable to trade debtors and bank balances. With respect to trade debtors, the Group has also adopted credit policies, which include the analysis of the financial position of its clients and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's bank balances were held by major financial institutions located in Hong Kong, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets of the Group as at 31 December 2013, which represented the amounts of maximum exposure to credit risk, were as follows:

	2013	2012
	HK$'000	*HK$'000*
Debtors and deposits	**40,773**	18,757
Investment in fish breeding business	**–**	15,500
Loan receivables	**6,099**	35,179
Amounts due from subsidiaries	**–**	–
Cash and bank balances	**44,785**	77,156
	91,657	146,592

Except for trade debtors with carrying amount of HK$4,748,000 (2012: Nil), which were either past due or impaired, the directors are satisfied with the credit quality of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities and capital management. 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 and the Company to meet its financial obligations, measured by the debt-to-equity capital ratio.

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(c) Liquidity risk (Cont'd)

Maturities of the non-derivative financial liabilities of the Group and the Company as at 31 December 2013 were as follows:

	2013 HK$'000	2012 HK$'000
Total amounts of contractual undiscounted obligations:		
Creditors, accruals and other payables	**14,532**	6,951
Amounts due to subsidiaries	**–**	–
Convertible notes	**–**	50,000
	14,532	56,951
Due for payment:		
Within one year or on demand	**14,532**	6,951
In the second to fifth year	**–**	50,000
	14,532	56,951

(d) 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 manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

The Group's interest-bearing financial instruments, including loan receivables and convertible notes, are exposed to interest rate risk. Since they are measured at amortised costs, their carrying amounts would not be affected by changes in market interest rates.

(e) 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.

As at 31 December 2013, the Group did not have any financial instruments exposed to market price risk.

The sensitivity analysis below has been determined based on the exposure to equity price risk as at 31 December 2012.

If equity price had been 10% higher/lower, post-tax loss for the year ended 31 December 2012 would be decreased/increased by HK$674,000; and hence the equity as at 31 December 2012 would be increased/decreased by HK$674,000 as a result of the change in fair value of equity investments.

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(f) Fair value estimation

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.

As at 31 December 2013, no financial instrument of the Group was carried at fair value (2012: The financial instruments of the Group carried at fair value were financial assets at fair value through profit or loss of HK$6,744,000 listed on the Stock Exchange. These instruments fall into Level 1 of the fair value hierarchy described above).

During the year ended 31 December 2013, there were no significant transfers between financial level instruments in 1 and level 2.

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 2013 and 2012.

30. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the financial statements are disclosed below:

(i) Impairment of property, plant and equipment, goodwill and other non-current assets

Determining whether property, plant and equipment, goodwill and other non-current assets are impaired requires an estimation of the value in use of the cash-generating units to which the property, plant and equipment, goodwill and other non-current assets have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

30. KEY SOURCES OF ESTIMATION UNCERTAINTY

(ii) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

(iii) Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired.

(iv) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade debtors, including the current credit worthiness and the past collection history of each debtor. Impairments arise where events of changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade debtor and impairment loss on trade debtors in the year in which such estimate has been charged.

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at each end of the reporting period.

(vi) Income tax

The Group is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

31. SHARE-BASED PAYMENTS

Under the terms of a share option scheme (the "Scheme") adopted by the Company on 12 November 2010, the Board of Directors (the "Board") is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The purpose of the Scheme is to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Company.

The maximum entitlement of each participant under the Scheme would not exceed 1% of the aggregate number of shares for the time being issued and issuable in any 12-month period under the Scheme.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The option price will be determined by the Directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of the grant of the option or the average of the closing price of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the option or the nominal value of the shares.

The Scheme shall remain in force for the period of 10 years commencing on the adoption date of the Scheme which is 12 November 2010.

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

As at the date of adoption of the Scheme, the total number of shares that may be granted under the Scheme was 91,353,699 shares of HK$0.01 each of the Company. The number of shares of the Company that may be granted under the Scheme have been adjusted to approximately 9,135,369 shares of HK$0.10 each of the Company, as a result of the completion of the share consolidation, of every 10 then issued and unissued shares of HK$0.01 of the Company into 1 consolidated share of HK$0.10 of the Company on 1 November 2012, which represents approximately 0.82% of the issued share capital of the Company as at the date of this annual report.

There is no performance target which must be achieved before any of the options can be exercised.

No share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2013. All share options granted on 17 May 2011 were lapsed during the year ended 31 December 2012.

32. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Funa Assets Limited ("Funa Assets")

On 26 March 2013, the Group acquired the entire equity interest of Funa Assets at a cash consideration of HK$40,000,000. The principal assets of Funa Assets are investment properties situated in Hong Kong.

The directors are of the opinion that the acquisition of Funa Assets is a purchase of net assets which does not constitute a business combination for accounting purposes, since Funa Assets has not provided any property management services to the tenants and not considered to running a business.

The net assets acquired in the transaction were as follows:

	HK$'000
Investment properties – Note 12	40,303
Debtors, deposits and prepayments	12
Income tax payable	(63)
Deposits received and other payables	(252)
Net assets of Funa Assets	40,000
Consideration satisfied by cash	40,000

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	(40,000)
Less: Cash and cash equivalents acquired	–
	(40,000)

32. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Acquisition of Luck Key Investment Limited ("Luck Key")

On 30 September 2013, the Group acquired the entire equity interest of Luck Key and its subsidiaries ("Luck Key Group") and the shareholder's loan of HK$67,021,000 at a cash consideration of HK$85,000,000.

The fair value of the identifiable assets and liabilities attributable to the shareholders of Luck Key Group as at its date of acquisition is as follows:

	HK$'000
Property, plant and equipment – Note 11	42,496
Investment in an associate	1,437
Deferred tax assets – Note 23	1,211
Inventories	2,538
Debtors, deposits and prepayments	41,897
Income tax recoverable	110
Cash and bank balances	17,002
Creditors, accruals and other payables	(11,729)
Deferred tax liabilities – Note 23	(10)
Shareholder's loan	(67,021)
	27,931
Non-controlling interests	(1,584)
	26,347

32. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Acquisition of Luck Key Investment Limited ("Luck Key") (Cont'd)

Gain on a bargain purchase arising on acquisition

	HK$'000
Consideration transferred	85,000
Less: Shareholder's loan	(67,021)
Consideration for acquisition	17,979
Less: Fair value of identifiable net assets acquired	(26,347)
	(8,368)

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	(85,000)
Less: Cash and cash equivalents acquired	17,002
	(67,998)

Acquisition-related costs amounting to HK$1,637,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other operating expenses" line item in the consideration statement of profit or loss and other comprehensive income.

As a result of the acquisition, the Group diversified the existing business into a new line of business with growth potential. After re-assessment by the management of the Group, the Group recognised a gain on a bargain purchase of HK$8,368,000 because the fair value of net identifiable assets acquired exceeded the purchase consideration.

The fair value of trade debtors included in debtors, deposits and prepayments is HK$21,985,000. The gross contractual amount for trade debtors is HK$23,061,000, of which HK$1,076,000 is expected to be uncollectible.

Included in the loss for the year ended 31 December 2013 is approximately HK$3,178,000 and revenue for the year ended 31 December 2013 is approximately HK$46,134,000 attributable to the additional business generated by Luck Key Group.

Had the business combination been effected on 1 January 2013, the revenue of the Group would have been approximately HK$227,384,000, and the loss for the year would have been approximately HK$33,195,000. The proforma financial information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been completed on 1 January 2013 nor is it intended to be a projection of future profits.

32. ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) Acquisition of Feng Tai Shun Cultural Travel Limited ("Feng Tai Shun")

On 20 August 2012, the Group acquired 100% equity interest in Feng Tai Shun and its wholly-owned subsidiary, Meizhou City Hang Fung Tai Cultural Travel Development Company Limited (梅州市恒豐泰旅游文化開發有限公司), ("Feng Tai Shun Group") for a cash consideration of HK$3,500,000.

The fair value of the identifiable assets and liabilities of Feng Tai Shun Group as at its date of acquisition is as follows:

	HK$'000
Net assets acquired	
Bank and cash balances	2
Purchase consideration satisfied by cash	3,500
Goodwill arising on acquisition – Note 13	3,498

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	3,500
Less: Cash and cash equivalents acquired	(2)
	3,498

The newly acquired business did not contribute any revenue and profit or loss to the Group for the period from the date of acquisition to 31 December 2012.

33. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of equity interest of Enrich Fortune Development Limited ("Enrich Fortune")

On 13 November 2013, the Group disposed its entire equity interest of Enrich Fortune and its subsidiaries (the "Enrich Fortune Group") at a consideration of HK$2,000,000.

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

	HK$'000
Cash and bank balances	2
Net assets disposed of	2

Gain on disposals of subsidiaries

	HK$'000
Consideration received	2,000
Less: Net assets disposed of	(2)
Gain on disposals of subsidiaries	1,998

Net cash inflow arising on disposals of subsidiaries

	HK$'000
Cash consideration received	2,000
Less: Cash and bank balances disposed of	(2)
	1,998

33. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONT'D)

(b) Disposal of equity interest of Olivia Heart Limited ("Olivia Heart")

On 20 November 2013, the Group disposed of its entire equity interest of Olivia Heart and its subsidiaries (the "Olivia Heart Group") at a consideration of HK$1,000.

The net assets of the Olivia Heart Group as at date of disposal was zero. Therefore, the Group recorded a gain on disposal of a subsidiary of HK$1,000.

(c) Disposal of equity interest of CL Smart Sourcing Limited

The Group disposed of its subsidiary, CL Smart Sourcing Limited on 8 March 2012.

Net liabilities of the subsidiary at the date of disposal were as follows:

	HK$'000
Debtors and prepayments	128
Cash and bank balances	43
Accruals and other payables	(347)
Net liabilities disposed of	(176)
Gain on disposal of a subsidiary	186
Consideration satisfied by cash	10

Net cash outflow arising on disposal of a subsidiary

	HK$'000
Cash consideration received	10
Less : Cash and bank balances disposed of	(43)
	(33)

34. BANKING FACILITY

As at 31 December 2013, the Group's banking facility to the extent of HK$16,000,000 (2012: Nil) was secured by the investment properties of the Group (note 12).

The Group has not utilised the banking facility as at 31 December 2013.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Equipment		**22**	–
Interests in subsidiaries	35(a)	**134,734**	53,123
		134,756	53,123
CURRENT ASSETS			
Amount due from a subsidiary	35(b)	**17,751**	28,977
Debtors, deposits and prepayments		**483**	694
Financial assets at fair value through profit or loss		**–**	6,744
Cash and bank balances		**2,013**	67,405
		20,247	103,820
DEDUCT :			
CURRENT LIABILITIES			
Creditors, accruals and other payables		**2,110**	2,281
Amounts due to subsidiaries	35(c)	**334**	1,550
		2,444	3,831
NET CURRENT ASSETS		**17,803**	99,989
TOTAL ASSETS LESS CURRENT LIABILITIES		**152,559**	153,112
NON-CURRENT LIABILITY			
Convertible notes		**–**	39,587
NET ASSETS		**152,559**	113,525
REPRESENTING			
SHARE CAPITAL	24(a)	**93,086**	55,770
SHARE PREMIUM AND RESERVES	25	**59,473**	57,755
SHAREHOLDERS' FUNDS		**152,559**	113,525

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

Notes:

(a) Interests in subsidiaries

	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**108**	100
Less: Provision for impairment loss	**(100)**	(100)
	8	–
Amounts due from subsidiaries – Note	**159,538**	67,995
Less: Provision for impairment loss	**(24,812)**	(14,872)
	134,726	53,123
	134,734	53,123

Note: The amounts due from subsidiaries are interest-free, unsecured and repayable after one year.

(b) Amount due from a subsidiary

	2013	2012
	HK$'000	*HK$'000*
Amount due from a subsidiary	**17,751**	36,300
Less: Provision for impairment loss	**–**	(7,323)
	17,751	28,977

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

(c) The amounts due to subsidiaries are interest-free, unsecured and repayable on demand.

36. EVENTS AFTER THE REPORTING PERIOD

(a) Completion of placing of 190,000,000 shares under the specific mandate (the "SM Placing")

On 27 January 2014, an aggregate of 190,000,000 shares, representing approximately 16.95% of the issued share capital of the Company immediately after the SM Placing, have been successfully placed to not less than six placees at the price of HK$0.128 per share.

The net proceeds from the SM Placing are approximately HK$23,100,000.

(b) Acquisition of 5% issued share capital of Mighty Eight Investments Limited, a company incorporated in Samoa with limited liability and a wholly-owned subsidiary of Century Grand Holdings Limited

On 29 January 2014, Best Faith Limited ("Best Faith"), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company, the Company as Best Faith's guarantor, Century Grand Holdings Limited ("Century Grand") and Century Grand's guarantors entered into an agreement pursuant to which Century Grand has conditionally agreed to sell, and the Best Faith has conditionally agreed to purchase 5% of issued share capital of Mighty Eight Investments Limited.

The consideration for the acquisition is HK$43,600,000 which shall be satisfied by Best Faith in cash.

(c) Proposed capital reduction and share subdivision

On 4 February 2014, the Group proposed to implement the capital reorganisations that (i) the par value of each of the issued existing shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 per issued existing share (the "Capital Reduction") and (ii) immediately following the Capital Reduction becoming effective, each authorised but unissued existing share with a par value of HK$0.10 will be subdivided into 10 unissued new shares with par value of HK$0.01 each ("Share Subdivision") and (iii) the credits arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company. The said Capital Reduction, Share Subdivision were approved by a special resolution passed at the extraordinary general meeting of the Company on 10 March 2014 and is conditional upon the approval by the Grand Court of the Cayman Islands and fulfillment of certain registration requirements. Details of these were set out in the Company's circular dated 14 February 2014 and the Company's announcements dated 4 February 2014 and 10 March 2014.

(d) Acquisition of shares in Universe International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange

On 4 March 2014, Ever Robust Holdings Limited ("Ever Robust") a wholly-owned subsidiary of the Company and Globalcrest Enterprises Limited ("Globalcrest") entered into an agreement pursuant to which Ever Robust agreed to purchase and Globalcrest agreed to sell 170,000,000 shares, representing approximately 9.91% of the issued share capital of Universe International Holdings Limited (stock code: 1046) as at 4 March 2014, at the consideration of HK$42,160,000. The said transaction was completed on 14 March 2014.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries are as follows:

Name	Place of incorporation/ business	Particulars of issued and fully paid share capital	Attributable equity interest held by the Company		Group's effective interest	Principal activities
			Directly	Indirectly		
Absolutely Talent Technology Limited*	The British Virgin Islands ("BVI")	50,000 ordinary shares of US$1 each	100%	–	100%	Investment holding
Mass Glory International Trading Limited	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Sales of hardware products
Mass Glory Technologies Limited	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Provision of IT service
Well In Technology Development Limited	Hong Kong	1 ordinary share of US$1	–	100%	100%	Provision of IT services
Funa Assets	BVI/ Hong Kong	2 ordinary shares of US$1 each	–	100%	100%	Property investment
China Rich Finance Limited	Hong Kong	1,000 ordinary shares of HK$1 each	–	100%	100%	Money lending
Checkmate Finance Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	100%	Money lending
Luck Key*	BVI	10,650 ordinary shares of US$1 each	–	100%	100%	Investment holding
Hong Kong Health Check and Medical Diagnostic Group Limited*	BVI	1,000 ordinary shares of US$1 each	–	100%	100%	Investment holding
Polyray Technology Limited*	Hong Kong	17,000 ordinary shares of HK$1 each	–	100%	100%	Provision of health check and health care related services
Polylight Technology Limited*	Hong Kong	3,200,000 ordinary shares of HK$1 each	–	100%	100%	Provision of health check and health care related services
Hong Kong Health Check Centre Limited*	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Provision of health check and health care related services

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

Name	Place of incorporation/ business	Particulars of issued and fully paid share capital	Attributable equity interest held by the Company		Group's effective interest	Principal activities
			Directly	Indirectly		
Hong Kong Health Check and Medical Diagnostic Centre Limited*	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Provision of health check and health care related services
Prosperity Management Limited*	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Provision of administrative services
Well Goal Management Limited*	Hong Kong	1 ordinary share of HK$1	–	100%	100%	Holding of trademark
HK Health Check Limited* ("HKHCL")	Hong Kong	100 ordinary shares of HK$1 each	–	89%	89%	Provision of health check and health care related services
Yuen Foong Medical and Imaging Diagnostic Centre Limited* ("Yuen Foong")	Hong Kong	37,887 ordinary shares of HK$1 each	–	72.14%	72.14%	Provision of health check and health care related services
Group Benefit Development Limited* ("Group Benefit")	Hong Kong	3,403,333 ordinary shares of HK$1 each	–	98.53%	98.53%	Provision of diagnostic scanning services
Good Fortune Technologies Limited* ("Good Fortune")	Hong Kong	2,550,000 ordinary shares of HK$1 each	–	52.94%	52.16%	Provision of diagnostic scanning services
Hong Kong Genesis Laboratory Centre Limited*	Hong Kong	100 ordinary shares of HK$1 each	–	100%	100%	Provision of molecular testing services

* Subsidiaries with no statutory financial statements or statutory financial statements are not audited by PKF.

Note: All subsidiaries of the Group are incorporated/established with limited liability.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

The following table lists out the information relating to HKHCL, Yuen Foong, Group Benefit and Good Fortune, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

The financial information of JunBridge Company Limited is insignificant to the Group.

	HKHCL	Yuen Foong	Group Benefit	Good Fortune
Non-controlling interests				
Percentage	11%	27.86%	1.47%	47.84%
	As at 31 December 2013			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**9,071**	**4,766**	**45,553**	**3,907**
Non-current assets	**6,918**	**1,076**	**2,656**	**195**
Current liabilities	**(29,617)**	**(7,042)**	**(1,750)**	**(62)**
Non-current liabilities	**–**	**–**	**(10)**	**–**
Net (liabilities)/assets	**(13,628)**	**(1,200)**	**46,449**	**4,040**
Carrying amount of Non-controlling interests	**(1,499)**	**(334)**	**683**	**1,933**
	Period from 1 October 2013 to 31 December 2013			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**3,069**	**267**	**3,643**	**1,781**
(Loss)/profit for the period	**(2,826)**	**(1,533)**	**(3,134)**	**57**
(Loss)/profit allocated to Non-controlling interests	**(311)**	**(427)**	**(46)**	**27**
Cash flows (used in)/from operating activities	**(36)**	**(42)**	**974**	**(505)**
Cash flows used in investing activities	**(7)**	**(18)**	**–**	**–**

Financial Summary

RESULTS

	Years ended 31 December				
	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	32,732	25,914	21,592	106,604	**99,557**
Loss for the year	(4,974)	(14,353)	(26,097)	(21,076)	**(9,603)**
Attributable to:					
Shareholders of the Company	(4,974)	(14,353)	(26,097)	(21,076)	**(8,847)**
Non-controlling interests	–	–	–	–	**(756)**
	(4,974)	(14,353)	(26,097)	(21,076)	**(9,603)**

ASSETS AND LIABILITIES

	At 31 December				
	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	192	92	6,727	26,312	**77,307**
Current assets	16,160	26,595	24,343	133,764	**100,143**
Deduct:					
Current liabilities	4,936	7,278	6,251	6,951	**14,698**
Net current assets	11,224	19,317	18,092	126,813	**85,445**
Total assets less current liabilities	11,416	19,409	24,819	153,125	**162,752**
Non-current liabilities	–	–	–	39,587	**10**
Net assets	11,416	19,409	24,819	113,538	**162,742**