IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司
stock code 股份代號: 585

Annual Report 年報 2014

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Shan Jiuliang *(Chairman)*
Ms. Zhang Peng

Non-executive Directors
Mr. Leung Pak To
Mr. Wen Di

Independent Non-executive Directors
Mr. Chan Yuk Sang
Mr. Cheng Yuk Wo
Dr. Lam Lee G.

BOARD COMMITTEES

Audit Committee
Mr. Cheng Yuk Wo *(Chairman)*
Mr. Chan Yuk Sang
Mr. Leung Pak To

Nomination Committee
Mr. Shan Jiuliang *(Chairman)*
Mr. Cheng Yuk Wo
Dr. Lam Lee G.

Remuneration Committee
Mr. Chan Yuk Sang *(Chairman)*
Mr. Cheng Yuk Wo
Dr. Lam Lee G.

ACTING COMPANY SECRETARY

Ms. Cheng Ka Yan

REGISTERED OFFICE

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2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1105, K. Wah Centre
191 Java Road, North Point
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

The Bank of East Asia, Limited

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00585

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Chairman's Statement

Dear Shareholders,

On behalf of the Board (the "Board") of Directors (the "Director(s)") of Imagi International Holdings Limited (the "Company"; together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 31 December 2014 (the "Year under Review") to the shareholders of the Company (the "Shareholder(s)").

REVIEW AND PROSPECTS

Throughout 2014, economic performance and macroeconomic policy of the major economies were significantly differentiated, growth in emerging and developing economies experienced a slowdown. Recovery of global economy is still arduous.

During the Year under Review, neither revenue nor cost of sales of the Group was generated from our computer graphic imaging ("CGI") business. Other income was mainly generated by our investment in corporate bonds and time deposits which supported the Group's daily operation expenses.

The Group always strives to seek a breakthrough or change in our business. The management team of the Group changed on 16 September 2014, which marked a new milestone in the Group's business development. We are carefully planning and developing a major commodities trading platform and related internet-based finance new business. The Group's management team has put a lot of time and effort in research and discussions with various constituents on the industry, market and financial feasibility analysis of the new business. After much concerted efforts, the business structure and plan of the new business have been finalised and preliminary preparatory work is undergoing, any further news regarding the new business will be announced in due course.

APPRECIATION

On behalf of the Board and our management team, I would like to extend my sincere gratitude to every loyal Shareholder and business partner for their continued support and encouragement given to the Group in the past years.

Shan Jiuliang
Chairman

Hong Kong, 25 March 2015

Management Discussion and Analysis

BUSINESS AND OPERATIONAL REVIEW

The Group is principally engaged in CGI, cultural and entertainment business and investment business.

In view of the general slowdown in consumption growth in mainland China and brand fatigue of certain animation characters owned by Infoport Management Limited ("Infoport", together with its subsidiaries, "TE Group"), the Group disposed of its entire interest in TE Group to an independent third party for a cash consideration of approximately HK$634.2 million in October 2013 (the "Disposal"). The sale proceeds arising from the Disposal significantly increased the Group's financial strength and flexibility in the pursuit of investment opportunities. The Group utilised approximately HK$108.3 million of its cash balance to acquire certain listed corporate bonds since the last quarter of 2013. The Group's bond portfolio generates an average yield to maturity of about 5%.

In October 2013, the Group entered into agreements to acquire properties consisting of the entire 9th floor of and three carparking spaces numbered 109, 110 and 111 in Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong at an aggregate consideration of HK$97.7 million. In July 2014, the Group completed the acquisition of the properties which are intended to be used, among other purposes, as a workshop.

FINANCIAL REVIEW

Review of Results

TE Group is engaged in licensing and management of cartoon character trademarks and copyrights, which was a principal business of the Group and an individual segment presented in the previous financial statements. For the Year under Review, the Group did not report any revenue, cost of sales and gross profit because TE Group was disposed of in October 2013 and the Group slowed down the development of its CGI business.

Other income during the Year under Review comprised of (i) HK$8.3 million interest income generated from time deposits; (ii) HK$6.0 million interest income generated from investment in corporate bonds; and (iii) HK$2.0 million of income generated from licensing and broadcasting rights of a CGI feature film owned by the Group. Other income decreased from HK$44.4 million for the last financial year to HK$16.3 million for the Year under Review, representing a 63.4% decrease. The significant drop was mainly due to a one-off service fee of HK$40.0 million received in 2013 from the former shareholders of Creative Power Entertaining Limited Liability Company ("CPE"), being a strategic partner of TE Group, for advising them on the disposal of their interests in CPE.

Administrative expenses decreased by HK$6.6 million or 38.2%, from HK$17.2 million for the last financial year to HK$10.6 million for the Year under Review, which was mainly due to the net effect of (i) a reduction in staff costs of HK$4.6 million which comprised of a net reversal of equity-settled share-based payments amounting to HK$2.5 million, resulting from the cancellation of the unvested share options granted to Mr. Yung Tse Kwong, Steven, a former executive Director and chief executive officer of the Company; Ms. Ma Wai Man, Catherine, a former executive Director; and a former key management personnel of the Company, upon their resignation; (ii) a decrease in legal and professional fees of HK$2.9 million; (iii) an increase in depreciation of property, plant and equipment of HK$1.1 million upon the Group acquired properties located in Wong Chuk Hang; and (iv) a decrease in other administrative expenses amounting to HK$0.2 million.

The Group's profit from continuing operations decreased by HK$24.3 million or 87.6%, from HK$27.8 million for the last financial year to HK$3.5 million for the Year under Review.

Profit of the Group for the Year under Review was HK$3.5 million, compared with a loss of HK$21.9 million in the last financial year after the inclusion of a loss of HK$49.7 million recorded by TE Group which was reclassified under the discontinued operation.

Liquidity and Financial Resources

The liquidity and financial position of the Group as at 31 December 2014 remained healthy and strong, with bank balances amounting to HK$719.4 million (2013: HK$769.3 million) and a current ratio of 238.2 (2013: 208.4).

As at 31 December 2014, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total capital) was zero (2013: zero).

Capital Structure

As at 31 December 2014, the total number of issued shares of the Company (the "Share(s)") was 9,968,812,720 Shares with a par value of HK$0.001 each. Based on the closing price of HK$0.177 per Share as at 31 December 2014, the Company's market value as at 31 December 2014 was approximately HK$1,764.5 million.

Details of the Shares repurchased during the Year under Review and the share options granted under the share option schemes of the Company are set out under the headings "Purchase, Sale or Redemption of Securities" and "Share Options" in the Directors' Report.

Exposure to Exchange Rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar and United States dollar. The Group's exposure to currency risk is minimal as Hong Kong dollar is pegged to United States dollar. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Management Discussion and Analysis

Contingent Liabilities

A writ was issued on 15 June 2013 by King Jun Chih Joseph ("Joseph King") (the "Writ") against Infoport and So Wing Lok Jonathan ("Jonathan So"). The claims set out in the Writ relate to the transaction in April 2011 whereby the Company completed the acquisition of Infoport (the "Acquisition") from its sole shareholder, PGBBW Limited, of which Jonathan So was an indirect shareholder. In the statement of claim contained in the Writ, Joseph King claims that in or around March/April 2009, Joseph King and Jonathan So entered into an oral agreement whereby Joseph King was engaged by Jonathan So and by Infoport as a consultant/agent to assist with fundraising and the terms of the alleged oral agreement provided that in the event Joseph King effected an introduction of investors to Infoport resulting in a sale of Infoport's shares, a success fee of 5% of consideration for the Acquisition would be payable by Jonathan So and the other indirect shareholders of Infoport to Joseph King. It is claimed that based on the consideration for the Acquisition being HK$1,046,500,000, Joseph King is entitled to receive payment of a success fee of HK$52,325,000 from Jonathan So and/or Infoport, and that Jonathan So and Infoport are jointly liable to pay this amount. On 12 November 2014, Infoport issued a summons applying to strike out the claim against it.

Pursuant to the sale and purchase agreement dated 16 September 2013 relating to the Disposal, the Company is required to indemnify in full any cost and damages payable by Infoport under a final and enforceable judgement from a court. After seeking legal advice, the Company believes Infoport has meritorious defences and will defend the case vigorously. The management does not believe that the outcome of such proceeding will have a material effect on the Group's financial position, results of operations or cash flows.

PARTIAL DISPOSAL OF SHARES BY THE SINGLE LARGEST SHAREHOLDER OF THE COMPANY

On 29 July 2014, the Company was informed that its then single largest Shareholder, Idea Talent Limited has entered into a sale and purchase agreement (the "Agreement") to dispose of part of its interest in the Shares. The Agreement was entered into between Idea Talent Limited (the "Seller"), Advance Beauty Holdings Limited (the "Purchaser"), Mr. Shan Jiuliang ("Mr. Shan"), Mr. Leung Pak To ("Mr. Leung") and Mr. Chung Cho Yee, Mico. Pursuant to the terms of the Agreement, the Seller has agreed to sell, and the Purchaser has agreed to purchase, a total of 2,088,440,000 Shares for a cash consideration of HK$0.26 per Share (equating to a total consideration of HK$542,994,400). The subject Shares represent approximately 20.95% of the Company's issued share capital.

The Seller is a company controlled by Mr. Leung, a former chairman and current non-executive Director of the Company. The Purchaser is a company that is legally and beneficially owned by Mr. Shan and Ms. Zhang Peng ("Ms. Zhang"), who were third parties independent of the Company and any of its directors as at the date of the Agreement.

The partial disposal of Shares by the single largest Shareholder was completed on 16 September 2014. On the same day, Mr. Leung was resigned from the position as the chairman of the Board (the "Chairman") and Mr. Shan was appointed as the Chairman and executive Director and Ms. Zhang was appointed as the executive Director. For further information regarding the partial disposal of Shares by the single largest Shareholder, please refer to the announcements of the Company dated 29 July 2014 and 16 September 2014.

FUTURE PLANS AND PROSPECTS

The Board is undertaking a strategic review as to how best to utilise its surplus cash to create additional value for the Shareholders. Given its strong financial position, the Group is well positioned to capture investment opportunity which may arise in the future. Given the experience of Mr. Shan and Ms. Zhang in trading, financing and investing in the PRC and Mr. Leung's experience in investment banking and private equity investing, the Group is developing a major commodities trading platform and related internet-based finance new business. The business structure and plan of the new business have been finalised and preliminary preparatory work is undergoing.

HUMAN RESOURCES

As at 31 December 2014, the Group employed 3 employees (2013: 6 employees) in Hong Kong. Emolument policy is reviewed regularly to ensure compliance of the latest labour laws and market norms where the Group has operations. In addition to basic salaries, incentives in the form of bonus and share options may also be offered to eligible employees on the basis of individual performance and the Group's business results.

Directors' Profile

CHAIRMAN

Mr. Shan Jiuliang, aged 50, joined the Company as the Chairman and executive Director in September 2014. Mr. Shan is the chairman of the board and president of Kunming Fanya Metal Exchange Holdings Company Limited* (昆明泛亞有色金屬交易所股份有限公司), the chairman of the board of Shengfu Fanya Group Company Limited* (盛富泛亞集團有限公司) and the chairman of the board of Tianjin Kaoer Supply Chain Services Company Limited* (天津考爾供應鏈管理服務有限公司). Mr. Shan completed his postgraduate studies at the Chinese Academy of Social Sciences and majored in Business Management. Mr. Shan is the husband of Ms. Zhang Peng, another executive Director.

EXECUTIVE DIRECTOR

Ms. Zhang Peng, aged 37, joined the Company as an executive Director in September 2014. Ms. Zhang is the director and vice president of Kunming Fanya Metal Exchange Holdings Company Limited* (昆明泛亞有色金屬交易所股份有限公司). Prior to joining Kunming Fanya Metal Exchange Holdings Company Limited* in 2012, Ms. Zhang was a journalist of CCTV news centers* (中央電視臺新聞中心) from 1999 to 2007. Ms. Zhang graduated from Renmin University of China with a Bachelor's degree and Master's degree majoring in Journalism. Ms. Zhang is the wife of Mr. Shan Jiuliang, the Chairman.

NON-EXECUTIVE DIRECTORS

Mr. Leung Pak To, aged 60, joined the Company as the Chairman and non-executive Director in May 2010 and stepped down as the Chairman with effect from 16 September 2014. Mr. Leung has over 30 years of experience in investment banking, in particular, in the field of corporate finance involving capital raising, mergers and acquisitions, corporate restructuring and reorganisation, investments and other general finance advisory activities in Hong Kong and the PRC. Mr. Leung is currently the chairman (Greater China) and a managing partner of CVC Asia Pacific Limited. Between June 2001 and July 2006, Mr. Leung was the chairman of Citigroup Global Markets in Asia. Prior to Citigroup, he was the chief executive and vice chairman of BNP Paribas Peregrine Ltd. Mr. Leung holds an MBA and an undergraduate degree from the University of Toronto in Canada.

Mr. Wen Di, aged 37, joined the Company as a non-executive Director in September 2014. Mr. Wen is the chief financial officer of Kunming Fanya Metal Exchange Holdings Company Limited* (昆明泛亞有色金屬交易所股份有限公司). Prior to joining Kunming Fanya Metal Exchange Holdings Company Limited* in 2013, he was the financial director of China Petrochemical International Co., Ltd. (中國石化國際事業有限公司). Mr. Wen graduated from Renmin University of China with a Bachelor's degree in the Accounting Department and holds an MBA from the Guanghua School of Management of Peking University.

* *for identification purposes only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yuk Sang, aged 69, joined the Company as an independent non-executive Director in May 2010. Mr. Chan has more than 30 years of experience in the banking and finance industry. He was the chairman of Century Legend (Holdings) Limited from September 1999 to July 2002 and a director of Hong Kong Building & Loan Agency Limited from 1993 to 1995, both are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was a senior general manager of a local bank and an executive director of a joint Chinese foreign bank in Shenzhen.

Mr. Cheng Yuk Wo, aged 54, joined the Company as an independent non-executive Director in July 2010. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Canada. He is the managing director of a certified public accounting practice limited and the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honours) degree in Accounting.

Dr. Lam Lee G., aged 55, joined the Company as an independent non-executive Director in May 2010. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in Law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in Law from the University of Wolverhampton in the U.K. and a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

Directors' Profile

Dr. Lam has over 30 years of multinational experience in general management, management consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. He is chairman – Indochina, Myanmar and Thailand (and formerly Chairman – Hong Kong), and senior Adviser – Asia, of Macquarie Capital. Having served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and as a member of the Legal Aid Services Council of Hong Kong, he is a member of the Jilin Province Committee (and formerly a specially-invited member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a vice chairman of Liaoning Chinese Overseas Friendship Association, a member of the New Business Committee of the Financial Services Development Council (FSDC), a member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a member of the Hong Kong Institute of Bankers, a member of the World Presidents' Organization (WPO), a member of the Chief Executives Organization (CEO), a fellow of the Hong Kong Institute of Directors, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), a member of the General Council of the Chamber of Hong Kong Listed Companies, a vice president of the Hong Kong Real Property Federation, a founding board member and the honorary treasurer of the Hong Kong–Vietnam Chamber of Commerce, a member of Hong Kong-Thailand Business Council, a founding member of the Hong Kong-Korea Business Council, a board member of the Australian Chamber of Commerce in Hong Kong and Macau, a chairman of Monte Jade Science and Technology Association of Hong Kong, a member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, and an adjunct professor at the Department of Management in the Chinese University of Hong Kong.

Dr. Lam was appointed as an independent non-executive director of Mingyuan Medicare Development Company Limited on 12 September 2014 and as an independent non-executive director of China LNG Group Limited on 23 October 2014, and resigned as an independent non-executive director of Far East Holdings International Limited and Hutchison Harbour Ring Limited on 21 October 2014 and 19 December 2014 respectively, all of which are companies listed on the Stock Exchange.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the year ended 31 December 2014, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from Code provision A.6.7 of the CG Code in relation to the Directors attending the general meeting of the Company. Details of the deviation are further described below in the relevant section.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

All the Directors are high caliber executives with diversified industry expertise and bring a wide range of skills and experience to the Group. As at the date of this annual report, the Board comprised two executive Directors, two non-executive Directors and three independent non-executive Directors, whose biographies are set out on pages 8 to 10 of this annual report. Save as disclosed under the section headed "Directors' Profile", there is no financial, business, family or other material or relevant relationships between Board members, and in particular, between the Chairman and the chief executive officer of the Company.

During the year ended 31 December 2014, the Board maintained a high level of independence, with more than one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgement. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of Directors are disclosed.

Corporate Governance Report

MEETINGS

The composition of the Board and their respective attendance in the general meeting, the Board meetings and other committee meetings during the year ended 31 December 2014 are as follows:

	Number of meetings attended/held during the respective tenure				
	General meeting	Board meetings	Audit Committee meetings	Nomination Committee meeting	Remuneration Committee meetings
Executive Directors					
Shan Jiuliang *(Chairman)* (appointed on 16 September 2014)	n/a	1/1	n/a	n/a	n/a
Zhang Peng (appointed on 16 September 2014)	n/a	1/1	n/a	n/a	n/a
Yung Tse Kwong, Steven (resigned on 1 April 2014)	n/a	1/1	n/a	n/a	n/a
Ma Wai Man, Catherine (resigned on 16 September 2014)	1/1	4/4	n/a	n/a	n/a
Non-executive Directors					
Leung Pak To (ceased to act as the Chairman on 16 September 2014)	1/1	5/5	1/1	1/1	n/a
Wen Di (appointed on 16 September 2014)	n/a	1/1	n/a	n/a	n/a
Lian Meng (resigned on 7 November 2014)	0/1	4/5	n/a	n/a	n/a
Independent Non-executive Directors					
Chan Yuk Sang	1/1	5/5	2/2	n/a	3/3
Cheng Yuk Wo	1/1	5/5	2/2	1/1	3/3
Lam Lee G.	0/1	3/5	n/a	1/1	2/3
Lim Chin Leong (retired on 26 May 2014)	1/1	2/2	n/a	n/a	n/a
Wei Wei (retired on 26 May 2014)	0/1	1/2	0/1	n/a	n/a

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend the general meeting of the Company. Due to their respective overseas engagements, Mr. Lian Meng, Dr. Lam Lee G. and Ms. Wei Wei were unable to attend the annual general meeting of the Company (the “AGM”) held on 26 May 2014. The company secretary, chief financial officer and other selected members from the Company also attended the AGM together with our external auditor, Deloitte Touche Tohmatsu to answer any question from the Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in AGM held annually.

Responsibilities and Delegation

The Board is vested with the key roles of formulating the Group's corporate strategic directions and policies, monitoring the financial performance and internal control system of the Group and overseeing the performance of management, who is delegated with the responsibilities of executing the Board's decision and in-charging day-to-day operation. In discharging its responsibilities, the Board meets regularly and acts in good faith, with due diligence and care.

Directors' Continuous Professional Development

To ensure their contributions to the Board remains informed and relevant, all the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skill. During the year, all the Directors were provided with regular updates and presentations on changes and developments of the Group's business and the latest developments in laws, rules and regulations relating to director's duties and responsibilities.

The Company organised two seminars conducted by an international law firm in August and November 2014. All the Directors and certain senior management of the Company attended both seminars separately.

Chairman and Chief Executive Officer

Under Code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman provides leadership for the Board and ensures that the Board works effectively and discharges its responsibility whilst the chief executive officer of the Company has overall chief executive responsibility for the Group's business development and day-to-day management generally.

The positions of Chairman and chief executive officer of the Company were segregated and performed by Mr. Leung and Mr. Yung Tse Kwong, Steven ("Mr. Yung") respectively, up to the resignation of Mr. Yung as chief executive officer of the Company on 1 April 2014 and following Mr. Leung stepped down and Mr. Shan was appointed as the Chairman on 16 September 2014. The position of chief executive officer of the Company remains vacant since 1 April 2014. The responsibilities of the chief executive officer of the Company were taken up by executive Directors during the remaining year.

Appointment and Re-election of Directors

Each of the non-executive Directors has entered into an appointment letter with the Company for a term of two years. Furthermore, in accordance with the bye-laws of the Company (the "Bye-laws"), one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

According to the Bye-laws, Directors appointed to fill casual vacancies shall hold office until the next following general meeting and can be eligible for re-appointment at that time.

Corporate Governance Report

Insurance of the Directors and Officers

The Company has bought liability insurance for Directors and officers in respect of legal action against the Directors and officers which is in compliance with Code provision A.1.8 of the CG Code.

Board Diversity Policy

Under Code provision A.5.6 of the CG Code, the nomination committee (or the board) should have a policy concerning diversity of board member, and should disclose the policy in the Corporate Governance Report.

The Board adopted a board diversity policy (the "Board Diversity Policy") on 26 August 2013. The Company recognises and embraces the benefits of having a diverse Board and endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. In determining the optimum composition of the Board, diversity of Board members will be considered from a number of factors in order to maintain an appropriate range and balance of talents, skills, experience and knowledge on the Board. The Company will also take into account its own business model and specific needs from time to time.

BOARD COMMITTEES

Audit Committee

The main role and functions of the Audit Committee include, among others, reviewing the financial information of the Company, overseeing the Company's financial reporting system and internal control procedure, and maintaining relations with the auditor of the Company. The Audit Committee has also been delegated with the responsibilities to oversee the corporate governance functions, which include developing, reviewing and monitoring the Company's policies and practices on corporate governance, legal and regulatory requirements compliance; and reviewing the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

Currently, the Audit Committee comprises two independent non-executive Directors, Mr. Cheng Yuk Wo (committee chairman) and Mr. Chan Yuk Sang, and one non-executive Director, Mr. Leung who was appointed on 26 May 2014 to replace Ms. Wei Wei.

During the year ended 31 December 2014, the Audit Committee held two meetings. Matters reviewed and discussed in the meetings included, among others, the annual results of the Company for the year ended 31 December 2013, the interim results of the Company for the six months ended 30 June 2014, the internal control system review and compliance of corporate governance code and relevant disclosures.

Nomination Committee

The Nomination Committee was established with the primarily responsibilities of reviewing the structure, size and composition of the Board, identifying and recommending individuals nominated for directorships, assessing the independence of independent non-executive Directors, monitoring the implementation of and reviewing the Board Diversity Policy.

The Nomination Committee comprises one executive Director, Mr. Shan who was appointed on 16 September 2014 to replace Mr. Leung and serves as the chairman of the committee, and two independent non-executive Directors, Dr. Lam Lee G. and Mr. Cheng Yuk Wo who was appointed on 26 May 2014 to replace Ms. Wei Wei.

During the year ended 31 December 2014, the Nomination Committee held one meeting. The Nomination Committee considered the appointment of new Directors, reviewed the existing structure, size and composition of the Board and accessed the independence of independent non-executive Directors. The Nomination Committee also reviewed objectives set for implementing the Board Diversity Policy to ensure its effectiveness.

Remuneration Committee

The Remuneration Committee of the Company was set up with key responsibilities of, among others, recommending to the Board on the Group's policy and structure for the remuneration of all Directors and senior management and on the remuneration packages of individual executive Directors and senior management.

On 1 January 2014, the Remuneration Committee comprised four independent non-executive Directors, Mr. Chan Yuk Sang (committee chairman), Mr. Cheng Yuk Wo, Dr. Lam Lee G., Mr. Lim Chin Leong and one executive Director, Mr. Yung Tse Kwong, Steven. Mr. Yung Tse Kwong, Steven resigned as an executive Director and Mr. Lim Chin Leong retired as an independent non-executive Director and thus ceased as a member of the committee on 1 April 2014 and 26 May 2014 respectively. Currently, the Remuneration Committee composed of three independent non-executive Directors, Mr. Chan Yuk Sang (committee chairman), Mr. Cheng Yuk Wo and Dr. Lam Lee G.

During the year ended 31 December 2014, the Remuneration Committee held three meetings for discussing and considering, among others, the yearly performance bonus and salary adjustment of the senior management of the Group and the remuneration package of executive Directors and a non-executive Director appointed during the year.

INTERNAL CONTROLS

The Board acknowledges that an effective internal control system which is designed to monitor and response appropriately to significant risk, to safeguard assets, to provide reasonable assurance from fraud and errors and to ensure compliance of applicable law and regulations is essential for effective and efficient operations of the Company. Furthermore, the internal control system is designed to manage rather than eliminate the risk of failure and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well-defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

Corporate Governance Report

The Board has regularly engaged independent professional firms to conduct evaluation on the effectiveness of the internal control system of the Group on a cyclical basis and, for the year ended 31 December 2014, the controls on cash and treasury management of the Group have been reviewed. Report on the findings with recommendations for further improvement has been submitted to and considered by the Audit Committee and the management of the Company will monitor the improvement actions.

AUDITOR'S REMUNERATION

During the year ended 31 December 2014, remuneration in respect of audit and non-audit services provided by the auditor of the Company to the Group was approximately HK$1.1 million and HK$288,000 respectively.

DIRECTORS AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014. The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the financial statement during the year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as going concern. The statement made by the auditor of the Company regarding their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 25 to 26 of this annual report.

COMPANY SECRETARY

On 7 November 2014, Ms. Cheng Ka Yan was appointed as the acting company secretary of the Company (the "Company Secretary") to replace Ms. Lau Siu Mui after her resignation as the Company Secretary on the same day. Both of them are full time employees of the Company and have day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on corporate governance matters and facilitating communication between Board members, the Shareholders and management of the Company.

INVESTOR RELATIONS

Constitutional Documents

During the year, the Company did not make any changes to the memorandum of association of the Company and Bye-laws, and the current version of which are available on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders.

Way to Convene a Special General Meeting

Pursuant to Bye-law 58 of the Bye-laws, Shareholders 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 have the right to require a special general meeting to be called by the Board. The requisition shall be in writing stating the purposes of the meeting, signed by the requisitionists, addressed to the Board or the Company Secretary and deposited at the principal place of business in Hong Kong of the Company.

In accordance with the law of Bermuda, if the Board do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for Putting Enquiries to the Board

Shareholders may at any time put their enquires to the Board in writing by sending to the principal place of business in Hong Kong of the Company or to the email address investor@imagi.com.hk for the attention of the Board or the Company Secretary.

Procedures for Putting Forward Proposals at Shareholders' Meeting

In accordance with the law of Bermuda, Shareholders representing (a) not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting; or (b) not less than one hundred Shareholders shall have the right to put forward resolution to be dealt with at a meeting at their own expense.

The requisition shall be in writing stating (a) the proposed resolution to be dealt with; and (b) a statement of not more than one thousand words with respect to the matter referred to in the proposed resolution (if any), signed by the requisitionists, addressed to the Board or the Company Secretary and deposited at the principal place of business in Hong Kong of the Company.

The Board will give the Shareholders notice of the proposed resolution and circulate any statement relating to the proposed resolution.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 27.

The Directors do not recommend the payment of a dividend for the year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years/period is set out on page 84.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 23 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2014, the Company repurchased a total of 44,712,000 Shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$3,935,000. All the repurchased Shares were subsequently cancelled. The Directors consider that, the repurchases were made for the benefit of the Company and its Shareholders as a whole with a view to enhancing the earnings per Share. Details of which are set out in note 23 to the consolidated financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2014.

RESERVES

Details of 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 29 and note 31 to the consolidated financial statements respectively. As at 31 December 2014, the Company's reserves that were available for distribution to the Shareholders amounted to HK$909,789,000 (2013: HK$907,667,000).

DIRECTORS

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

Executive Directors

Mr. Shan Jiuliang *(Chairman)*	(appointed on 16 September 2014)
Ms. Zhang Peng	(appointed on 16 September 2014)
Mr. Yung Tse Kwong, Steven *(deputy Chairman and Chief Executive Officer)*	(resigned on 1 April 2014)
Ms. Ma Wai Man, Catherine	(resigned on 16 September 2014)

Non-executive Directors

Mr. Leung Pak To	(ceased to act as the Chairman on 16 September 2014)
Mr. Wen Di	(appointed on 16 September 2014)
Mr. Lian Meng	(resigned on 7 November 2014)

Independent Non-executive Directors

Mr. Chan Yuk Sang	
Mr. Cheng Yuk Wo	
Dr. Lam Lee G.	
Mr. Lim Chin Leong	(retired on 26 May 2014)
Ms. Wei Wei	(retired on 26 May 2014)

In accordance with Bye-law 87 of the Bye-laws, at each AGM, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement at an AGM at least once every three years. Accordingly, Mr. Leung and Mr. Chan Yuk Sang, will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming AGM. Mr. Shan, Ms. Zhang and Mr. Wen Di were appointed as additional Directors, will hold office as Directors until the forthcoming AGM, being eligible, will offer themselves for re-election at the forthcoming AGM in accordance with Bye-law 86(2) of the Bye-laws.

The non-executive Directors are subject to retirement by rotation in accordance with the Bye-laws.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive Directors to be independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set in the section headed "Share Options" below.

Details of the emoluments of the Directors and five individuals with highest remuneration are set out in note 13 and note 14 to the consolidated financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules are as follows:

Long Positions in the Shares

Name of Director	Capacity	Number of Shares	% of the Issued Share Capital (Note 1)
Shan Jiuliang	Interest of controlled corporation	2,367,008,000 (Note 2)	23.74%
Zhang Peng	Interest of controlled corporation	2,367,008,000 (Note 2)	23.74%
Leung Pak To	(1) Beneficial owner	168,440,000	1.69%
	(2) Interest of controlled corporation	611,560,000 (Note 3)	6.13%

Notes:

1. It was based on 9,968,812,720 Shares in issue as at 31 December 2014.

2. The Shares were held by Advance Beauty Holdings Limited, a company legally and beneficially owned as to 50% by Mr. Shan and 50% by Ms. Zhang.

3. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would be required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

Apart from the details as disclosed under in the heading "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debenture of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in the Shares

Name of Shareholder	**Capacity**	**Number of Shares**	**% of the Issued Share Capital** (Note 1)
Advance Beauty Holdings Limited	Beneficial owner	2,367,008,000	23.74%
Idea Talent Limited	Beneficial owner	611,560,000	6.13%
Grandwin Enterprises Limited	Interest in controlled corporation	611,560,000 (Note 2)	6.13%

Notes:

1. It was based on 9,968,812,720 Shares in issue as at 31 December 2014.

2. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung.

Save as disclosed above, and as at 31 December 2014, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme on 16 August 2002 (the "2002 Scheme"). Pursuant to an ordinary resolution passed at the AGM held on 11 June 2012, the Company terminated the 2002 Scheme and adopted a new share option scheme (the "2012 Scheme"), the purpose of which is to reward eligible participants who have contributed or are expected to contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Particulars of the 2002 Scheme and the 2012 Scheme are set out in note 24 to the consolidated financial statements. No further option shall be granted under the 2002 Scheme but the options granted under the 2002 Scheme prior to its termination shall remain valid and exercisable in accordance with the terms of the respective grants.

No share option has been granted under the 2012 Scheme and the movements of the share options granted under the 2002 Scheme during the year ended 31 December 2014 were as follows:

					Number of share options					
	Date of grant	Vesting period	Exercise period	Exercise price per Share *HK$*	As at 1 January 2014	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	As at 31 December 2014
Former Directors										
Ma Wai Man, Catherine	13 April 2011	3 to 5 years	3 years	0.368	2,000,000	–	–	(1,000,000)	(1,000,000)	–
Yung Tse Kwong, Steven	2 April 2012	1 to 3 years	3 years	0.173	80,000,000	–	–	(50,000,000)	(30,000,000)	–
					82,000,000	–	–	(51,000,000)	(31,000,000)	–
Former employees	21 August 2009	1 to 3 years	5 years	0.755	417,160	–	–	–	–	417,160
	13 April 2011	3 to 5 years	3 years	0.368	1,000,000	–	–	(500,000)	(500,000)	–
					1,417,160	–	–	(500,000)	(500,000)	417,160
					83,417,160	–	–	(51,500,000)	(31,500,000)	417,160

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and being eligible, will offer themselves for re-appointment. A resolution for appointment of Deloitte Touche Tohmatsu will be proposed at the forthcoming AGM.

On behalf of the Board
Shan Jiuliang
Chairman

Hong Kong, 25 March 2015

Deloitte.
德勤

TO THE MEMBERS OF IMAGI INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Imagi International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 83, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY *(Continued)*

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Other income	8	16,266	44,412
Other gains and losses	9	(2,209)	527
Administrative expenses		(10,602)	(17,152)
Profit before tax	10	3,455	27,787
Income tax expense	11	–	–
Profit for the year from continuing operations		3,455	27,787
Discontinued operation			
Loss for the year from discontinued operation	12	–	(49,671)
Profit (loss) for the year		3,455	(21,884)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency from disposed operation		–	12,867
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating a foreign operation		306	231
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments		429	–
Net loss on revaluation of available-for-sale investments		(105)	(15)
Other comprehensive income for the year, net of income tax		630	13,083
Total comprehensive income (expense) for the year		4,085	(8,801)
Earnings (loss) per share			
From continuing and discontinued operations			
Basic and diluted (HK cents per share)	16	0.03	(0.22)
From continuing operations			
Basic and diluted (HK cents per share)	16	0.03	0.28

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	99,619	182
Non-current deposits	19	—	27,752
Available-for-sale investments	20	99,324	85,196
		198,943	113,130
Current assets			
Other receivables, deposits and prepayments		5,084	44,199
Bank balances and cash	21	719,369	769,311
		724,453	813,510
Current liabilities			
Other payables and liabilities		3,042	3,904
Net current assets		721,411	809,606
Total assets less current liabilities		920,354	922,736
Net assets		920,354	922,736
Capital and reserves			
Share capital	23	9,969	10,013
Reserves		910,385	912,723
Total equity attributable to owners of the Company		920,354	922,736

The consolidated financial statements on pages 27 to 83 were approved and authorised for issue by the board of directors on 25 March 2015 and are signed on its behalf by:

SHAN JIULIANG	**ZHANG PENG**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Contributed surplus	Merger reserve	Translation reserve	Share option reserve	Option shares reserve	Investments revaluation reserve	PRC statutory reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Note a)	(Note b)					(Note c)		
At 1 January 2013	10,020	1,037,593	909	32,219	3,083	6,060	–	2,429	(144,299)	948,014
Loss for the year	–	–	–	–	–	–	–	–	(21,884)	(21,884)
Exchange differences arising on translation to presentation currency from disposed operation	–	–	–	12,867	–	–	–	–	–	12,867
Exchange differences on translating a foreign operation	–	–	–	231	–	–	–	–	–	231
Net loss on revaluation of available-for-sale investments	–	–	–	–	–	–	(15)	–	–	(15)
Other comprehensive income (expense) for the year	–	–	–	13,098	–	–	(15)	–	–	13,083
Total comprehensive income (expense) for the year	–	–	–	13,098	–	–	(15)	–	(21,884)	(8,801)
Shares repurchased and cancelled (Note 23)	(7)	(585)	–	–	–	–	–	–	–	(592)
Transfer of option shares reserve upon expiry of option shares	–	6,060	–	–	–	(6,060)	–	–	–	–
Disposal of subsidiaries	–	–	–	(42,551)	–	–	–	(2,429)	27,687	(17,293)
Recognition of equity-settled share-based payments (Note 24(ii)(b))	–	–	–	–	1,408	–	–	–	–	1,408
At 31 December 2013	10,013	1,043,068	909	2,766	4,491	–	(15)	–	(138,496)	922,736
Profit for the year	–	–	–	–	–	–	–	–	3,455	3,455
Exchange differences on translating a foreign operation	–	–	–	306	–	–	–	–	–	306
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments	–	–	–	–	–	–	429	–	–	429
Net loss on revaluation of available-for-sale investments	–	–	–	–	–	–	(105)	–	–	(105)
Other comprehensive income for the year	–	–	–	306	–	–	324	–	–	630
Total comprehensive income for the year	–	–	–	306	–	–	324	–	3,455	4,085
Shares repurchased and cancelled (Note 23)	(44)	(3,928)	–	–	–	–	–	–	–	(3,972)
Share options forfeited	–	–	–	–	(1,852)	–	–	–	1,852	–
Net reversal of equity-settled share-based payments (Note 24(ii)(b))	–	–	–	–	(2,495)	–	–	–	–	(2,495)
At 31 December 2014	**9,969**	**1,039,140**	**909**	**3,072**	**144**	**–**	**309**	**–**	**(133,189)**	**920,354**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Notes:

(a) Pursuant to section 46(2) of the Companies Act 1981 of Bermuda and with effect after the passing of a special resolution at a special general meeting held on 29 August 2011, the Company's entire amount standing to the credit of the share premium account and the deemed contribution reserve account were cancelled (the "Share Premium Cancellation"). Upon the Share Premium Cancellation becoming effective, the directors of the Company authorised to transfer the credit arising therefrom to the contributed surplus account of the Company and to set off the accumulated losses of the Company in a manner permitted by the laws of Bermuda and the bye-laws of the Company.

(b) Merger reserve represents the difference between the nominal value of shares of subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous corporate reorganisation.

(c) According to the rules and regulations in the People's Republic of China (the "PRC"), a portion of the profit after tax of a Company's PRC subsidiary is required to be transferred to a statutory reserve before distribution of a dividend to its equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the subsidiary. The reserve can be applied either to set off accumulated losses or to increase capital.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
Profit (loss) for the year		3,455	(21,884)
Adjustments for:			
Depreciation of property, plant and equipment		1,165	1,096
Loss on sale of available-for-sale investments		429	–
Loss on disposal of property, plant and equipment		10	2,233
Impairment loss recognised in respect of intangible assets		–	204,778
Amortisation of intangible assets		–	74,568
Allowance for doubtful debts		–	1,705
(Reversal of) equity-settled share-based payment expense		(2,495)	1,408
Interest income		(14,251)	(3,738)
Income tax credit from discontinued operation		–	(67,728)
Gain on disposal of subsidiaries		–	(151,144)
Operating cash flows before movements in working capital		(11,687)	41,294
Decrease (increase) in other receivables, deposits and prepayments		38,516	(32,478)
Decrease in other payables and liabilities		(862)	(6,894)
Increase in inventories		–	(7)
Decrease in unearned revenue		–	(5,556)
Cash generated from (used in) operations		25,967	(3,641)
Tax paid		–	(12,511)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		25,967	(16,152)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Interest received		15,403	1,881
Proceeds from disposal of available-for-sale investments		8,268	—
Proceeds from disposal of property, plant and equipment		15	14
Disposal of subsidiaries	25	—	607,788
Repayment of advance to TE Group (as defined in Note 7)		—	36,640
Purchase of available-for-sale investments		(23,054)	(85,211)
Purchase of property, plant and equipment		(72,875)	(615)
Purchase of intangible assets		—	(160)
Deposit paid for acquisition of properties		—	(27,752)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(72,243)	532,585
CASH USED IN FINANCING ACTIVITY			
Payment on repurchase of shares	23	(3,972)	(592)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(50,248)	515,841
CASH AND CASH EQUIVALENTS AT 1 JANUARY		769,311	253,567
Effect of foreign exchange rate changes		306	(97)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		719,369	769,311

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 32.

The consolidated financial statements are presented in Hong Kong dollar. Following the completion of disposal of Segment A business (as defined in Note 7) on 21 October 2013 (Note 25), the directors re-assessed the functional currency of the Company as the Group's main operations subsequent to the disposal are expected to be primarily located in Hong Kong, which is the primary economic environment in which the major operating subsidiaries of the Company will operate. As a result of this assessment, the directors determined to change the functional currency from Renminbi ("RMB") to Hong Kong dollar ("HK$") with effect from 21 October 2013. The change of functional currency is applied prospectively from the date of change in accordance with HKAS 21 *The Effect of Changes in Foreign Exchange Rates.*

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) — Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities *(continued)*

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) — Int 21 Levies

The Group has applied HK(IFRIC) — Int 21 *Levies* for the first time in the current year. HK(IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

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

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

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 Financial Instruments (continued)

Key requirements of HKFRS 9 are described below:

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 Financial Instruments (continued)

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

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in corporate bonds that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss).

HKFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 15 Revenue from Contracts with Customers (continued)

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

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

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs in issue but not yet effective *(continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost,
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments*: *Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010–2012 Cycle

The *Annual Improvements to HKFRSs 2010–2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

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

New and revised HKFRSs in issue but not yet effective *(continued)*

Annual Improvements to HKFRSs 2010–2012 Cycle (continued)

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective ate, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The *Annual Improvements to HKFRSs 2011–2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs in issue but not yet effective *(continued)*

Annual Improvements to HKFRSs 2011–2013 Cycle (continued)

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The *Annual Improvements to HKFRSs 2012–2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

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

New and revised HKFRSs in issue but not yet effective *(continued)*

Annual Improvements to HKFRSs 2012–2014 Cycle (continued)

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

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

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

Revenue recognition

Revenue is measured at the fair values of considerations received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from broadcasting of the Group's computer graphic imaging ("CGI") animation pictures is recognised as follows:

(i) When a distribution arrangement has been made with a distributor whereby the distributor is responsible for broadcasting and distribution costs and such broadcasting and distribution costs are to be recovered by the distributor from box office receipts in accordance with the arrangement, revenue is recognised based on net box office receipts reported by the distributor when the Group is not required to reimburse the distributor any shortfall between the box office receipts and the broadcasting and distribution costs.

(ii) When the Group is required to reimburse the distributor any shortfall between the box office receipts and the recoupable broadcasting and distribution costs, revenue is recognised based on box office receipts reported by the distributor with the relevant recoupable broadcasting and distribution costs being recognised as prints and advertising expenses in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Production or other service income is recognised when the services are provided. Payments received prior to the provision of services are recorded as unearned revenue and are classified as current liabilities in the consolidated statement of financial position.

Royalty income from the licensing of trademarks and copyrights is generally recognised in periods when royalties are reported by licensees about the related product sales.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (classified as finance leases) held for administrative purpose, are stated in the consolidated financial statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Leasing

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions that are relevant to the entity, such effect is accounted for prospectively at the date of change, the entity translates all items into the new functional currency using the prevailing exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously recognised in comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Retirement benefit cost
Payments to the state-managed retirement benefit schemes/Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions
The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of option that will eventually vest, with a corresponding increase in equity (share option reserve).

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

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

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Consumer Products Agreement, TE Trademarks and Copyrights and JBM Agreement

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value on the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value on the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at costs less any subsequent accumulated impairment losses.

CGI animation pictures

CGI animation pictures, which represent CGI animation pictures in which the Group retains ownership, consist of film rights of completed CGI animation pictures and CGI animation pictures of which the productions are still in progress.

CGI animation pictures in progress are stated at costs incurred to date, including all the costs directly attributable to the CGI animation pictures in progress and borrowing costs capitalised, less accumulated impairment losses. Upon completion and release of the CGI animation pictures, the costs are amortised based on the proportion of actual income earned during the year to the estimated total income expected to be generated from the relevant CGI animation pictures.

Completed CGI animation pictures are stated at cost incurred to date, representing all the costs directly attributable to the completed CGI animation pictures and borrowing costs capitalised, less accumulated amortisation and accumulated impairment losses.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the relevant intangible assets, which is calculated as the difference between the net disposal proceeds and the carrying value of the net asset is recognised in profit or loss in the period when the asset is derecognised.

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Debt securities held by the Group that are classified as AFS financial assets and traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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

Impairment of financial assets

For AFS debt securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

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

Equity instrument

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Derecognition

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

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible and intangible assets

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

In addition, intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amounts which are the higher of the value in use or the fair value less costs to sell of the CGU to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows vary against what were expected or changes in facts and circumstances which result in revision of future estimated cash flows, a material further impairment loss or reversal of previously recognised impairment loss may arise.

5. CAPITAL RISK MANAGEMENT

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

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

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with share capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Available-for-sale investments	99,324	85,196
Loans and receivables (including cash and cash equivalents)	723,448	812,390
	822,772	897,586
Financial liabilities		
Amortised cost	2,019	1,978

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, other receivables, deposits, bank balances and cash and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

Several subsidiaries of the Group have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

	Assets		Liabilities	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
USD	116,611	104,239	–	1,363
RMB	2	40,038	–	–
EUR	5,367	4,649	–	18

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) *Currency risk (continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in USD, RMB and EUR against the functional currency of each group entities. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items. A positive number below indicates an increase in post-tax profit from continuing operations, where relevant foreign currencies weakened by 5% (2013: 5%) against the functional currency of each group entities. For a 5% (2013: 5%) strengthening of the relevant foreign currencies against the functional currency of each group entities, there would be an equal and opposite impact on post-tax profit or loss from continuing operations.

	USD HK$'000	RMB HK$'000	EUR HK$'000
2014			
Increase in profit after tax	**4,869**	**–**	**224**
2013			
Increase in profit after tax	4,295	1,672	193

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rates short-term bank deposits (see Note 21 for details of these short-term bank deposits) and available-for-sale fixed rate instruments (see Note 20 for details of these available-for-sale investments) for both years.

The management considers the fair value interest rate risks are insignificant and therefore no sensitivity analysis on such risks has been prepared.

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the financial assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The credit risk on the debt investments is limited because the counterparties are corporates with high credit ratings which are listed on the stock exchanges in different countries.

The credit risk on the long-term deposit is limited because the counterparty is a reputable national-based property development company which is listed on the Stock Exchange.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities which are based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2014 HK$'000
At 31 December 2014				
Non-derivative financial liabilities				
Other payables	–	**2,019**	**2,019**	**2,019**

	Weighted average effective interest rate %	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2013 HK$'000
At 31 December 2013				
Non-derivative financial liabilities				
Other payables	–	1,978	1,978	1,978

6. FINANCIAL INSTRUMENTS *(continued)*

6c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique
	2014	2013		
	HK$'000	HK$'000		
Available-for-sale investments in debt securities (Note 20)	**99,324**	85,196	Level 1	Quoted bid prices in an active market

Fair value of financial assets and financial liabilities that are not measured at fair value

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

7. REVENUE AND SEGMENT INFORMATION

For the purpose of performance assessment and resources allocation, the executive directors of the Company, being the chief operating decision maker ("CODM"), used to regularly review the revenue and results of the segment.

Segment A: Licensing and management of cartoon character trademarks and copyrights and all related activities managed by Infoport Management Limited ("Infoport"), and its subsidiaries (collectively referred to as "TE Group").

Investment segment: Investment in securities.

However, Segment A was discontinued during the year ended 31 December 2013, as described in Note 12. Consequently, the Group has been operating with one reportable and operating segment with no revenue generated in the current year. CODM reviews the consolidated revenue as the segment revenue and the consolidated profit before tax as the segment result. Accordingly, no further segment information has been presented in the current and prior years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

8. OTHER INCOME

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest income on bank deposits	8,305	3,086
Interest income on available-for-sale investments	5,946	444
Service income (Note)	—	39,990
Others	2,015	892
	16,266	44,412

Note: Amount represented the income derived from advisory service provided to the shareholders of Creative Power Entertaining Limited Liability Company ("CPE") during the year ended 31 December 2013 in relation to the disposal of their interests in CPE to other party.

9. OTHER GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000
Continuing operations		
Loss on disposal of property, plant and equipment	(10)	(9)
Cumulative loss on sale of available-for-sales investments	(429)	—
Net foreign exchange (losses) gains	(1,770)	536
	(2,209)	527

10. PROFIT BEFORE TAX

	2014 HK$'000	2013 HK$'000
Profit before tax from continuing operations has been arrived at after charging (crediting):		
Directors' emoluments (Note 13)	1,381	4,630
Contribution to retirement benefit scheme	56	59
Other staff costs (salaries and benefits)	2,031	3,332
(Reversal of) equity-settled share-based payment expense other than directors	(47)	47
Total staff costs	3,421	8,068
Depreciation of property, plant and equipment (Note 17)	1,165	65
Rental in respect of premises under operating leases (Note 27)	239	—
Auditor's remuneration	1,081	1,450

11. INCOME TAX EXPENSE RELATING TO CONTINUING OPERATIONS

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits for both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive as follows:

	2014 HK$'000	2013 HK$'000
Profit before tax from continuing operations	3,455	27,787
Tax at the domestic income tax rate of 16.5% (2013: 25%) (Note)	570	6,947
Tax effect of expenses not deductible for tax purpose	193	990
Tax effect of income not taxable for tax purpose	(1,709)	(796)
Tax effect of tax losses not recognised	1,373	1,058
Utilisation of tax losses previously not recognised	(395)	(5,769)
Effect of different tax rates of subsidiaries operating in other jurisdiction	—	(2,430)
Others	(32)	—
Income tax expense for the year relating to continuing operations	—	—

Note:

For the year ended 31 December 2013, the PRC Enterprise Income Tax rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

12. DISCONTINUED OPERATION

On 16 September 2013, the Group entered into a sale and purchase agreement to dispose of TE Group, which carried out all of the Group's licensing and management of cartoon character trademarks and copyrights and all related activities, to an independent third party at a consideration of HK$634,200,000. The proceeds from the disposal was intended to be used for the Group's business development through internal growth and possible future acquisitions as and when opportunities arise. The disposal was completed on 21 October 2013, on which date control of TE Group passed to the acquirer.

The loss for the year ended 31 December 2013 from the discontinued operation is set out below.

	Period ended 21 October 2013 HK$'000
Loss of the discontinued operation for the period	(200,815)
Gain on disposal of TE Group (Note 25)	151,144
	(49,671)

The results of the discontinued operation for the period from 1 January 2013 to 21 October 2013, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 21 October 2013 HK$'000
Revenue	92,806
Cost of sales	(26,127)
Amortisation of intangible assets	(74,568)
Other income	4,577
Other gains and losses	(2,955)
Selling expenses	(9,907)
Administrative expenses	(47,591)
Impairment loss on intangible assets	(204,778)
Loss before tax	(268,543)
Income tax credit	67,728
Loss for the period	(200,815)

12. DISCONTINUED OPERATION *(continued)*

Loss for the period from discontinued operation included the following:

	Period ended 21 October 2013 HK$'000
Auditor's remuneration	—
Depreciation of property, plant and equipment	(1,031)
Amortisation of intangible assets (Note 18)	(74,568)
	(75,599)
Directors' emoluments	(3,658)
Contribution to retirement benefit scheme	(4,743)
Other staff costs (salaries and benefits)	(32,821)
Reversal of equity-settled share-based payments other than directors	478
Total staff costs	(40,744)
Loss on disposal of property, plant and equipment	(2,224)
Interest income	208
Net foreign exchange losses	(731)
Rental in respect of premises under operating leases	(4,494)
Allowance for doubtful debts	(1,705)

During the period, the cash flows contribution of the discontinued operation to the Group's net operating activities, investing activities and financing activities were analysed as follows:

	Period ended 21 October 2013 HK$'000
Net cash used in operating activities	(800)
Net cash used in investing activities	(662)
Net cash used in financing activities	(3,374)

The carrying amounts of the assets and liabilities of TE Group at the date of disposal are disclosed in Note 25.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 11 (31 December 2013: 10) directors and the chief executive were as follows:

31 December 2014

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000 (Note g)	Total HK$'000
Mr. Shan Jiuliang (Note a)	58	–	–	–	58
Ms. Zhang Peng (Note a)	58	–	–	–	58
Mr. Leung Pak To	200	–	–	–	200
Mr. Wen Di (Note b)	58	–	–	–	58
Mr. Yung Tse Kwong, Steven (Note c)	–	1,004	4	(2,351)	(1,343)
Ms. Ma Wai Man, Catherine (Note d)	–	1,500	14	(97)	1,417
Mr. Lian Meng (Note e)	171	–	–	–	171
Mr. Chan Yuk Sang	200	–	–	–	200
Mr. Cheng Yuk Wo	200	–	–	–	200
Dr. Lam Lee G.	200	–	–	–	200
Mr. Lim Chin Leong (Note f)	81	–	–	–	81
Ms. Wei Wei (Note f)	81	–	–	–	81
	1,307	2,504	18	(2,448)	1,381

Notes:

(a) Mr. Shan Jiuliang and Ms. Zhang Peng were appointed as executive directors on 16 September 2014.

(b) Mr. Wen Di was appointed as a non-executive director on 16 September 2014.

(c) Mr. Yung Tse Kwong, Steven resigned as an executive director on 1 April 2014.

(d) Ms. Ma Wai Man, Catherine resigned as an executive director on 16 September 2014.

(e) Mr. Lian Meng resigned as a non-executive director on 7 November 2014.

(f) Mr. Lim Chin Leong and Ms. Wei Wei retired as independent non-executive directors on 26 May 2014.

(g) The negative amount represents the effect of share options cancelled during the year, prior to the vesting of relevant share options as a result of the resignation of directors.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

31 December 2013

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000	Total HK$'000
Mr. Leung Pak To	200	—	—	—	200
Mr. Yung Tse Kwong, Steven	—	4,516	1,743	15	6,274
Ms. Ma Wai Man, Catherine (Note a)	161	353	96	4	614
Mr. Lian Meng (Note b)	67	—	—	—	67
Mr. Chan Yuk Sang	200	—	—	—	200
Mr. Cheng Yuk Wo	200	—	—	—	200
Dr. Lam Lee G.	200	—	—	—	200
Mr. Lim Chin Leong	200	—	—	—	200
Ms. Wei Wei	200	—	—	—	200
Mr. Yang Fei (Note c)	133	—	—	—	133
	1,561	4,869	1,839	19	8,288

Notes:

(a) Ms. Ma Wai Man, Catherine was re-designated as an executive director on 21 October 2013.

(b) Mr. Lian Meng was appointed as a non-executive director on 1 September 2013.

(c) Mr. Yang Fei resigned as a non-executive director on 1 September 2013.

Mr. Yung Tse Kwong, Steven was the chief executive of the Company from 1 April 2012 to 1 April 2014 and his emolument disclosed above included the service rendered by him as the chief executive. The Company does not have chief executive after the resignation of Mr. Yung Tse Kwong.

Neither the chief executive nor any of the directors waived any emoluments for both reporting years. No emoluments were paid by the Group to the chief executive or the directors as an inducement to join or upon joining the Group, nor compensate for loss of office during the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments, excluding the impact of share options cancelled prior to the vesting of relevant share options, two (2013: one) were directors of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining three (2013: four) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	1,606	5,138
Contributions to retirement benefit scheme	39	159
Reversal of equity-settled share-based payments	(47)	(145)
	1,598	5,152

Their emoluments were within the following bands:

	Number of employee	Number of employee
HK$Nil to HK$1,000,000	2	3
HK$1,000,000 to HK$1,500,000	1	—
HK$2,500,001 to HK$3,000,000	—	1

15. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: HK$Nil).

16. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2014 HK$'000	2013 HK$'000
Earnings (loss)		
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	**3,455**	(21,884)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**9,974,221,596**	10,019,761,301

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than average market price for shares for both years.

From continuing operations

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

	2014 HK$'000	2013 HK$'000
Profit (loss) for the year attributable to the owners of the Company	**3,455**	(21,884)
Less: Loss for the year from discontinued operation	**–**	49,671
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**3,455**	27,787

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

From discontinued operation

For the year ended 31 December 2013, the basic and diluted loss per share for discontinued operation is HK0.50 cent per share, based on the loss for the year from discontinued operation of HK$49,671,000 and the denominators detailed above for basic and diluted earnings (loss) per share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2013	—	3,196	3,705	275	7,176
Additions	—	207	408	—	615
Disposals	—	(2,420)	(1,111)	—	(3,531)
Disposal of subsidiaries (Note 25)	—	(1,002)	(2,266)	(275)	(3,543)
Exchange realignment	—	19	25	—	44
At 31 December 2013	—	—	761	—	761
Additions	100,627	—	—	—	100,627
Disposals	—	—	(42)	—	(42)
At 31 December 2014	**100,627**	**—**	**719**	**—**	**101,346**
DEPRECIATION					
At 1 January 2013	—	793	1,506	98	2,397
Charge for the year	—	551	498	47	1,096
Eliminated on disposals	—	(847)	(437)	—	(1,284)
Disposal of subsidiaries (Note 25)	—	(506)	(1,001)	(145)	(1,652)
Exchange realignment	—	9	13	—	22
At 31 December 2013	—	—	579	—	579
Charge for the year	1,088	—	77	—	1,165
Eliminated on disposals	—	—	(17)	—	(17)
At 31 December 2014	**1,088**	**—**	**639**	**—**	**1,727**
CARRYING VALUE					
At 31 December 2014	**99,539**	**—**	**80**	**—**	**99,619**
At 31 December 2013	—	—	182	—	182

The leasehold land and buildings comprises properties located on land in Hong Kong under medium-term lease.

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease, or 50 years
Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Furniture, fixtures and equipment	20%
Motor vehicles	20%

18. INTANGIBLE ASSETS

	Consumer Products Agreement HK$'000 (Note a)	TE Trademarks and Copyrights HK$'000 (Note b)	JBM Agreement HK$'000 (Note b)	CGI animation pictures HK$'000 (Note c)	Total HK$'000
COST					
At 1 January 2013	130,844	229,929	657,762	330,645	1,349,180
Additions	—	160	—	—	160
Exchange realignment	2,709	4,836	13,617	—	21,162
Eliminated on dissolution of subsidiaries	—	—	—	(43,240)	(43,240)
Disposal of subsidiaries (Note 25)	(133,553)	(234,925)	(671,379)	—	(1,039,857)
At 31 December 2013 and 2014	—	—	—	287,405	287,405
AMORTISATION AND IMPAIRMENT					
At 1 January 2013	23,485	40,482	113,076	330,645	507,688
Charge for the year	11,307	19,385	43,876	—	74,568
Exchange realignment	595	1,025	4,720	—	6,340
Impairment loss recognised in the year (Note d)	—	—	204,778	—	204,778
Eliminated on dissolution of subsidiaries	—	—	—	(43,240)	(43,240)
Disposal of subsidiaries (Note 25)	(35,387)	(60,892)	(366,450)	—	(462,729)
At 31 December 2013 and 2014	—	—	—	287,405	287,405
CARRYING VALUE					
At 31 December 2013 and 2014	—	—	—	—	—

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For the year ended 31 December 2014

18. INTANGIBLE ASSETS *(continued)*

Notes:

(a) The amount arose from a consumer products and related use agreement with Disney Enterprises, Inc. ("Disney") to promote and market TE Group's intellectual properties ("Consumer Products Agreement"). It has a term of 10 years and would expire on 31 December 2020 but was renewable subject to negotiation by the parties concerned. Accordingly, it was being amortised over the contractual life of the Consumer Products Agreement.

(b) The amount represented intellectual properties in the form of trademarks and copyrights of various animation brands and related characters under the ownership of TE Group ("TE Trademarks and Copyrights"). They generally had finite legal lives of 10 years but were renewable at minimal cost.

The amount also represented intellectual properties in the form of trademarks and copyrights arising from a joint brand management agreement with CPE, a PRC company ("JBM Agreement"). It could only be terminated by a party when the other party committed a default which was not remedied within a specified period.

Pursuant to the JBM Agreement, TE Group participated in the co-ordination of the commercial exploitation of the animation for television episodes and movies and related characters owned by CPE and TE Group. The Group's results included the revenue derived from the JBM Agreement and the amortisation thereof and other related expenses.

The JBM Agreement's income stream was derived from the underlying trademarks and copyrights, the use of which was contemplated by the JBM Agreement (the "JBM Trademarks and Copyrights"). While the directors considered amortisation for TE Trademarks and Copyrights and the JBM Trademarks and Copyrights, they had taken into account the finite economic lives of these intangible assets with reference to studies of product life cycle, market and competitiveness trends. Accordingly, the TE Trademarks and Copyrights and the JBM Trademarks and Copyrights were being amortised over a period of 6 to 12 years which reflected the directors' best estimates of these assets' economic lives.

(c) CGI animation pictures were internally generated and stated at production costs incurred to date, including borrowing costs capitalised, less accumulated impairment losses, if any.

(d) Due to delay in certain projects, the management has carried out a review of the recoverable amount of its intangible assets during the year ended 31 December 2013. For the purpose of impairment testing, the Consumer Products Agreement, TE Trademarks and Copyrights and JBM Agreement were allocated to two separate CGUs, namely, the Consumer Products Agreement and TE Trademarks and Copyrights (Unit A) and JBM Agreement (Unit B), and their recoverable amounts have taken into consideration of the value in use calculation and fair value less costs to sell.

18. INTANGIBLE ASSETS *(continued)*

Notes: *(continued)*

(d) Recoverable amounts of Units A and B were calculated using cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 18% for Unit A and a discount rate of 17% for Unit B. The sets of cash flows beyond the five-year period are extrapolated using an average growth rate which approximated to the relevant industry growth forecasts. Other key assumptions for the recoverable amount calculations relate to the estimation of cash inflows/outflows which include budgeted revenue, and such estimation was based on management's expectations for the market development. Since the estimated recoverable amount was less than the carrying amount, an impairment loss of approximately HK$204,778,000 in respect of the intangible assets was recognised for the year ended 31 December 2013.

19. NON-CURRENT DEPOSITS

In October 2013, the Group entered into agreements to purchase properties located in Hong Kong in the aggregate consideration of HK$97,746,000, and paid a deposit amounting approximately HK$27,752,000. The transactions were completed in July 2014.

20. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2014 **HK$'000**	2013 HK$'000
Listed investments:		
Corporate bonds listed in Hong Kong with fixed interest rates ranging from 3.3% to 4.8% (2013: from 3.3% to 9.8%) and maturity dates ranging from 18 October 2016 to 21 November 2018 (2013: from 18 October 2016 to 21 November 2018)	**51,453**	59,619
Corporate bonds listed in Singapore with fixed interest rates ranging from 8.5% to 11.1% (2013: from 9.8% to 11.1%) and maturity dates ranging from 20 March 2017 to 10 January 2019 (2013: from 20 March 2017 to 23 February 2018)	**23,195**	17,407
Corporate bond listed in the European market with fixed interest rates ranging from 5.1% to 6.8% (2013: with fixed interest rate of 6.8%) and maturity dates ranging from 21 January 2018 to 23 January 2019 (2013: with maturity date on 21 January 2018)	**24,676**	8,170
	99,324	85,196
Analysed for reporting purposes as non-current assets	**99,324**	85,196

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21. BANK BALANCES AND CASH

Bank balances carried interest at market rates which range from 0.001% to 0.88% (2013: 0.001% to 1.5%) per annum.

At the end of the reporting period, included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant group entities.

	2014 HK$'000	2013 HK$'000
USD	**15,479**	17,675
EUR	**121**	4,496
RMB	**2**	2
Other currencies	**—**	3

22. DEFERRED TAXATION

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current year and prior year:

	Fair value adjustments on the Acquisition (as defined in Note 25) HK$'000	**PRC dividend withholding tax** HK$'000	**Others** HK$'000 (Note)	**Total** HK$'000
At 1 January 2013	209,478	3,055	(2,208)	210,325
(Credit) charge to profit or loss	(69,736)	337	1,063	(68,336)
Exchange realignment	3,671	—	(35)	3,636
Disposal of subsidiaries (Note 25)	(143,413)	(3,392)	1,180	(145,625)
At 31 December 2013 and 2014	—	—	—	—

At the end of the reporting period, the Group has unused tax losses of HK$338,904,000 (2013: HK$332,978,000) from continuing operations available for offset against future profits. No deferred tax assets has been recognised due to the unpredictability of future profit streams. The losses from continuing operations may be carried forward indefinitely.

23. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014, at HK$0.001 each	1,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2013, at HK$0.001 each	10,020,180	10,020
Share repurchased and cancelled during the year (Note)	(6,656)	(7)
At 31 December 2013 and 1 January 2014, at HK$0.001 each	10,013,524	10,013
Share repurchased and cancelled during the year (Note)	(44,712)	(44)
At 31 December 2014, at HK$0.001 each	9,968,812	9,969

Note:

During the year ended 31 December 2014 and 2013, the Company repurchased and cancelled its own shares through its subsidiary on the Stock Exchange as follows:

Month of repurchase	**Number of ordinary shares** '000	**Price paid per share** HK$	**Aggregate consideration paid (before expenses)** HK$'000
November 2013	6,656	0.088	586
January 2014	24,712	0.088	2,175
February 2014	20,000	0.088	1,760

The above shares were repurchased with related expenses amounted to HK$37,000 (2013: HK$6,000) and these shares were cancelled after repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

24. SHARE-BASED PAYMENT TRANSACTIONS/OTHER OPTION

As at 31 December 2014, the Company has outstanding several share option arrangements as follows:

(i) IDG Option

On 18 February 2011, the Company and various subscribers entered into a subscription agreement to subscribe for 1,282,816,000 shares at a subscription price of HK$0.28 per share for a total amount of approximately HK$359,189,000 ("2011 Share Subscription").

As part of the 2011 Share Subscription, the Company granted an institutional investor an option to subscribe for 50,000,000 shares (the "IDG Option") as remuneration for introducing potential subscribers to the Company. The IDG Option might be exercised by the holder thereof in whole or in part from the date on which they were granted until 31 December 2013 on which date any unexercised IDG Option would automatically lapse.

None of the IDG Option was exercised and accordingly, the IDG Option was expired as at 31 December 2013. The fair value of the IDG Option of approximately HK$6,060,000 previously charged to the option share reverse account of the Company, the amount was credited against contributed surplus on the date of expiry.

(ii) Share Option Schemes

(a) General terms and conditions of the share option scheme

On 16 August 2002, the Company adopted a share option scheme for the primary purpose of providing incentives to employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers or any supplier or provider of goods and services of the Company or any of its subsidiaries (the "Participants") for their contribution to the Group (the "2002 Scheme").

The 2002 Scheme was terminated on 11 June 2012 and a new share option scheme (the "2012 Scheme") was adopted by the shareholder of the Company on the same date. All share option granted under 2002 Scheme remain effective until the end of the exercise period. The general terms and conditions of the two share option schemes are the same and listed as follow:

The directors may grant options to the Participants to subscribe for shares in the Company for a consideration of HK$10 for each lot of share options granted. Options granted must be taken up within 28 days of date of grant. The exercise price is determined by the directors and shall not be less than the highest of:

(i) the official closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of the grant which must be a business day;

24. SHARE-BASED PAYMENT TRANSACTIONS/OTHER OPTION *(continued)*

(ii) Share Option Schemes *(continued)*

(a) General terms and conditions of the share option scheme *(continued)*

(ii) the average of the official closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the offer date; and

(iii) the nominal value of a share.

The maximum number of shares in the Company in respect of which options may be granted under the 2002 Scheme and 2012 Scheme when aggregated with any other share option scheme of the Company is not permitted to exceed 10% of the issued share capital of the Company as at 16 August 2002 and 11 June 2012 respectively. Subject to the approval of the shareholders of the Company in general meeting and such other requirements prescribed under the Listing Rules from time to time, the directors may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meetings. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and 2012 Scheme and any other share option scheme of the Company at any time shall not exceed 30% of the shares in issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of the shareholders in general meetings, such Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any particular options. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

Notes to the Consolidated Financial Statements

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24. SHARE-BASED PAYMENT TRANSACTIONS/OTHER OPTION *(continued)*

(ii) Share Option Schemes *(continued)*

(b) Movement of share options

The following table discloses movements of the share options held by directors and employees:

For the year ended 31 December 2014

2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK$	Outstanding at 1 January 2014	Cancelled during the year (Note a)	Forfeited during the year (Note b)	Outstanding at 31 December 2014
Former directors	13 April 2011	13/4/2011 to 12/4/2014	0.164	1,000,000	–	(1,000,000)	–
		13/4/2011 to 12/4/2015	0.178	500,000	(500,000)	–	–
		13/4/2011 to 12/4/2016	0.191	500,000	(500,000)	–	–
	2 April 2012	2/4/2012 to 31/3/2014	0.0536	30,000,000	–	(30,000,000)	–
		2/4/2012 to 31/3/2014	0.0596	30,000,000	(30,000,000)	–	–
		2/4/2012 to 31/3/2015	0.0673	20,000,000	(20,000,000)	–	–
Former employees	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	–	–	417,160
	13 April 2011	13/4/2011 to 12/4/2014	0.160	500,000	–	(500,000)	–
		13/4/2011 to 12/4/2015	0.175	250,000	(250,000)	–	–
		13/4/2011 to 12/4/2016	0.187	250,000	(250,000)	–	–
				83,417,160	(51,500,000)	(31,500,000)	417,160

For the year ended 31 December 2013

2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK$	Outstanding at 1 January 2013	Cancelled during the year (Note a)	Forfeited during the year (Note b)	Outstanding at 31 December 2013
Former directors	13 April 2011	13/4/2011 to 12/4/2014	0.164	1,000,000	–	–	1,000,000
		13/4/2011 to 12/4/2015	0.178	500,000	–	–	500,000
		13/4/2011 to 12/4/2016	0.191	500,000	–	–	500,000
	2 April 2012	2/4/2012 to 31/3/2013	0.0536	30,000,000	–	–	30,000,000
		2/4/2012 to 31/3/2014	0.0596	30,000,000	–	–	30,000,000
		2/4/2012 to 31/3/2015	0.0673	20,000,000	–	–	20,000,000
Former employees	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	–	–	417,160
	13 April 2011	13/4/2011 to 12/4/2014	0.160	3,460,000	(2,960,000)	–	500,000
		13/4/2011 to 12/4/2015	0.175	1,730,000	(1,480,000)	–	250,000
		13/4/2011 to 12/4/2016	0.187	1,730,000	(1,480,000)	–	250,000
				89,337,160	(5,920,000)	–	83,417,160

24. SHARE-BASED PAYMENT TRANSACTIONS/OTHER OPTION *(continued)*

(ii) Share Option Schemes *(continued)*

(b) Movement of share options *(continued)*

Exercise price for the share options are as follows:

Grant date	**Exercise price** HK$
21 August 2009	0.755 per share
13 April 2011	0.368 per share
02 April 2012	0.173 per share

Notes:

(a) During the year ended 31 December 2014, 51,000,000 and 500,000 share options were cancelled prior to the vesting of relevant share options as a result of the resignation of directors and an employee (2013: 1,016,000 and 4,904,000 share options were cancelled prior to the vesting of relevant share options as a result of the resignation of employees and grantees ceased to be Participants upon completion of disposal of TE Group). The impact of the revision of the estimates during the vesting period was recognised in the profit or loss, with a corresponding adjustment to the share option reserve.

(b) During the year ended 31 December 2014, 31,000,000 and 500,000 share options were forfeited after the vesting period due to the resignation of directors and an employee (2013: Nil). When the share option are forfeited after the vesting date, the amount previously charged to profit or loss is credited to accumulated losses, with a corresponding adjustment to the share option reserve.

(c) Recognition of share-based payment expense

During the year ended 31 December 2014, the Group recognised a net reversal of equity-settled share-based payments of HK$2,495,000 (2013: a net equity-settled share-based payment expense of HK$1,408,000), analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Directors' emoluments	**(2,448)**	1,839
Other staff cost	**(47)**	(431)
Amount (credit) charged to profit or loss	**(2,495)**	1,408

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25. DISPOSAL OF SUBSIDIARIES

As referred to in Note 12, on 21 October 2013, the Group discontinued its operation related to licensing and management of cartoon character trademarks and copyrights and all related activities at the time of disposal of TE Group. The net assets of TE Group at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash received	634,200
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment (Note 17)	1,891
Intangible assets (Note 18)	577,128
Deferred tax assets (Note 22)	1,180
Inventories	7
Trade and other receivables, deposits and prepayments	86,849
Tax recoverable	522
Bank balances and cash	18,003
Trade, other payables and liabilities	(44,716)
Unearned revenue	(3,053)
Deferred tax liabilities (Note 22)	(146,805)
Net assets disposed of	491,006
Gain on disposal of subsidiaries:	
Consideration received	634,200
Net assets disposed of	(491,006)
Legal fees	(9,343)
Cumulative translation reserve in respect of the net assets of TE Group reclassified from equity to profit or loss on loss of control of the subsidiaries	17,293
Gain on disposal (Note 12)	151,144
Net cash inflow arising on disposal:	
Cash consideration	634,200
Less: bank balances and cash disposed of	(18,003)
Less: legal and professional fees paid	(8,409)
	607,788

25. DISPOSAL OF SUBSIDIARIES *(continued)*

Pursuant to the relevant tax laws in the PRC, the directors evaluated the probability of whether or not that a capital gain has arisen from the disposal of TE Group. Taking into account the advice obtained from tax advisor, the directors are of the opinion that its overall investment loss position is justifiable and accordingly, no capital gain tax needs to be recognised in respect of the disposal of TE Group.

The impact of TE Group on the Group's results and cash flows in the current and prior years is disclosed in Note 12.

A writ was issued on 15 June 2013 by King Jun Chih Joseph ("Joseph King") (the "Writ") against Infoport and So Wing Lok Jonathan ("Jonathan So"). The claims set out in the Writ relate to the transaction in April 2011 whereby the Company completed the acquisition of Infoport (the "Acquisition") from its sole shareholder, PGBBW Limited, of which Jonathan So was an indirect shareholder. In the Statement of Claim contained in the Writ, Joseph King claims that in or around March/April 2009, Joseph King and Jonathan So entered into an oral agreement whereby Joseph King was engaged by Jonathan So and by Infoport as a consultant/agent to assist with fundraising and the terms of the alleged oral agreement provided that in the event Joseph King effected an introduction of investors to Infoport resulting in a sale of Infoport's shares, a success fee of 5% of consideration for the Acquisition would be payable by Jonathan So and the other indirect shareholders of Infoport to Joseph King. It is claimed that based on the consideration for the Acquisition being HK$1,046,500,000, Joseph King is entitled to receive payment of a success fee of HK$52,325,000 from Jonathan So and/or Infoport, and that Jonathan So and Infoport are jointly liable to pay this amount. On 12 November 2014, Infoport issued a summons applying to strike out the claim against it.

Pursuant to the sale and purchase agreement dated 16 September 2013 relating to the disposal of TE Group, the Company is required to indemnify in full any cost and damages payable by Infoport under a final and enforceable judgement from a court. After seeking legal advice, the Company believes Infoport has meritorious defences and will defend the case vigorously. The management does not believe that the outcome of such proceeding will have a material effect on the Group's financial position, results of operations or cash flows.

26. DISSOLUTION OF SUBSIDIARIES

During the current year, the Group dissolved four (2013: six) subsidiaries, all of which had HK$Nil net asset value at the date of dissolution.

Notes to the Consolidated Financial Statements

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27. OPERATING LEASE COMMITMENTS

The Group as lessee

Minimum lease payments paid under operating leases in respect of rented premises were approximately HK$239,000 (2013: HK$Nil).

Operating lease payments for the years ended 31 December 2014 and 2013 represent rentals payable by the Group for office premises and warehouses. The operating leases were cancellable of which the Group had no operating lease commitments.

28. CAPITAL COMMITMENTS

	2014 **HK$'000**	2013 HK$'000
Capital expenditure in respect of the acquisition of properties located in Hong Kong contracted for but not provided in the consolidated financial statements	**–**	78,197

29. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their basic payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

30. RELATED PARTY TRANSACTIONS

On 16 September 2013, the Company entered into an agreement with Luminary Capital Limited, a company controlled by Mr. Leung Pak To, a director of the Company, for the provision of financial advisory services in relation to the disposal of subsidiaries set out in Note 25 for a fee of HK$5,000,000. Such amount was paid on the completion of the relevant transaction. The amount was recognised as an expense for the year ended 31 December 2013.

The remuneration of directors and other members of key management during the year was as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**4,820**	12,799
Contributions to pension schemes	**32**	208
(Reversal of) equity-settled share-based payment expense	**(2,495)**	1,612
	2,357	14,619

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
Investment in subsidiaries		**–**	–
Amounts due from subsidiaries	(a)	**227,642**	184,505
Other assets		**694,035**	740,067
Total assets		**921,677**	924,572
Total liabilities		**(1,775)**	(2,401)
		919,902	922,171
Capital and reserves			
Share capital		**9,969**	10,013
Reserves	(b)	**909,933**	912,158
		919,902	922,171

Notes:

(a) The amounts due from subsidiaries are unsecured, non-trade related, interest free and repayable on demand, except for the amount of HK$215,449,000 (2013: HK$130,756,000) is interest-bearing at HK$ prime rate minus 1%.

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31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes: *(continued)*

(b) Reserves of the Company

	Contributed surplus HK$'000	Share option reserve HK$'000	Option shares reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	1,037,593	3,083	6,060	(35,531)	1,011,205
Loss for the year	—	—	—	(99,870)	(99,870)
Shares repurchased and cancelled	(585)	—	—	—	(585)
Transfer of option shares reserve upon expiry of option shares	6,060	—	(6,060)	—	—
Recognition of equity-settled share-based payments	—	1,408	—	—	1,408
At 31 December 2013	1,043,068	4,491	—	(135,401)	912,158
Profit for the year	—	—	—	4,198	4,198
Shares repurchased and cancelled	(3,928)	—	—	—	(3,928)
Share options forfeited	—	(1,852)	—	1,852	—
Recognition of equity-settled share-based payments	—	407	—	—	407
Reversal of equity-settled share-based payments	—	(2,902)	—	—	(2,902)
At 31 December 2014	**1,039,140**	**144**	**—**	**(129,351)**	**909,933**

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The particulars of principal subsidiaries of the Company for the years ended 31 December 2014 and 2013 are listed as follow:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued share capital	Proportion of ownership interest and voting power held by the Company		Proportion of ownership interest and voting power held by the Company		Principal activities
			Directly	Indirectly	Directly	Indirectly	
			31 December 2014		31 December 2013		
			%	%	%	%	
Diamond Century International Limited (Note)	BVI/Hong Kong	US$4	–	–	–	100	Investment holding
Great Trend International Limited (Note)	BVI/Hong Kong	US$4	–	–	100	–	Investment holding
Imagi Animation Studios Limited (Note)	Hong Kong	HK$2	–	–	–	100	Inactive
Imagi Character Licensing B.V.	Netherlands	EUR18,100	–	100	–	100	Sub-licensing of intellectual property rights in respect of CGI animation pictures
Imagi Crystal Limited	Hong Kong	HK$1	–	100	–	100	Holding and licensing of intellectual property rights in respect of CGI animation pictures
Imagi Diamond Limited (Note)	Hong Kong	HK$1	–	–	–	100	Inactive
Imagi Jue Ming Limited	BVI/Hong Kong	US$1	100	–	–	–	Investment holding
Imagi Management Limited	Hong Kong	HK$1	–	100	–	–	Provision of administrative services
Imagi Platinum Limited	Hong Kong	HK$1	–	100	–	100	Holding and licensing of intellectual property rights in respect of CGI animation pictures
Imagi Services Limited	Hong Kong	HK$2	–	100	–	100	Provision of administrative services
Imagi Wealth Limited	Hong Kong	HK$1	–	100	–	100	Investment in securities
Po Hau Holdings Limited	Hong Kong	HK$1	–	100	–	–	Inactive
Sky Field Holdings Limited	BVI/Hong Kong	US$1	100	–	100	–	Investment holding
Step Goal Limited	BVI/Hong Kong	US$1	100	–	–	–	Investment holding

Note:

During the year ended 31 December 2014, these subsidiaries were wound up voluntarily.

None of the subsidiaries had issued any debt securities at the end of the year.

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

Financial Summary

RESULTS

	Year ended 31 March 2011 HK$'000	Period from 1 April 2011 to 31 December 2011 HK$'000	Year ended 31 December 2012 HK$'000	2013 HK$'000	2014 HK$'000
Revenue	8,616	117,233	155,213	92,806	**–**
Profit (loss) before tax	(625,881)	(74,997)	(105,996)	(89,612)	**3,455**
Income tax credit	2,257	7,642	14,429	67,728	**–**
Profit (loss) for the year/period	(623,624)	(67,355)	(91,567)	(21,884)	**3,455**
Attributable to owners of the Company	(623,624)	(67,355)	(91,567)	(21,884)	**3,455**

ASSETS AND LIABILITIES

	At 31 March 2011 HK$'000	At 31 December 2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000
Total assets	184,873	1,334,906	1,193,014	926,640	**923,396**
Total liabilities	(16,315)	(308,085)	(245,000)	(3,904)	**(3,042)**
	168,558	1,026,821	948,014	922,736	**920,354**
Equity attributable to owners of the Company	168,558	1,026,821	948,014	922,736	**920,354**

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