



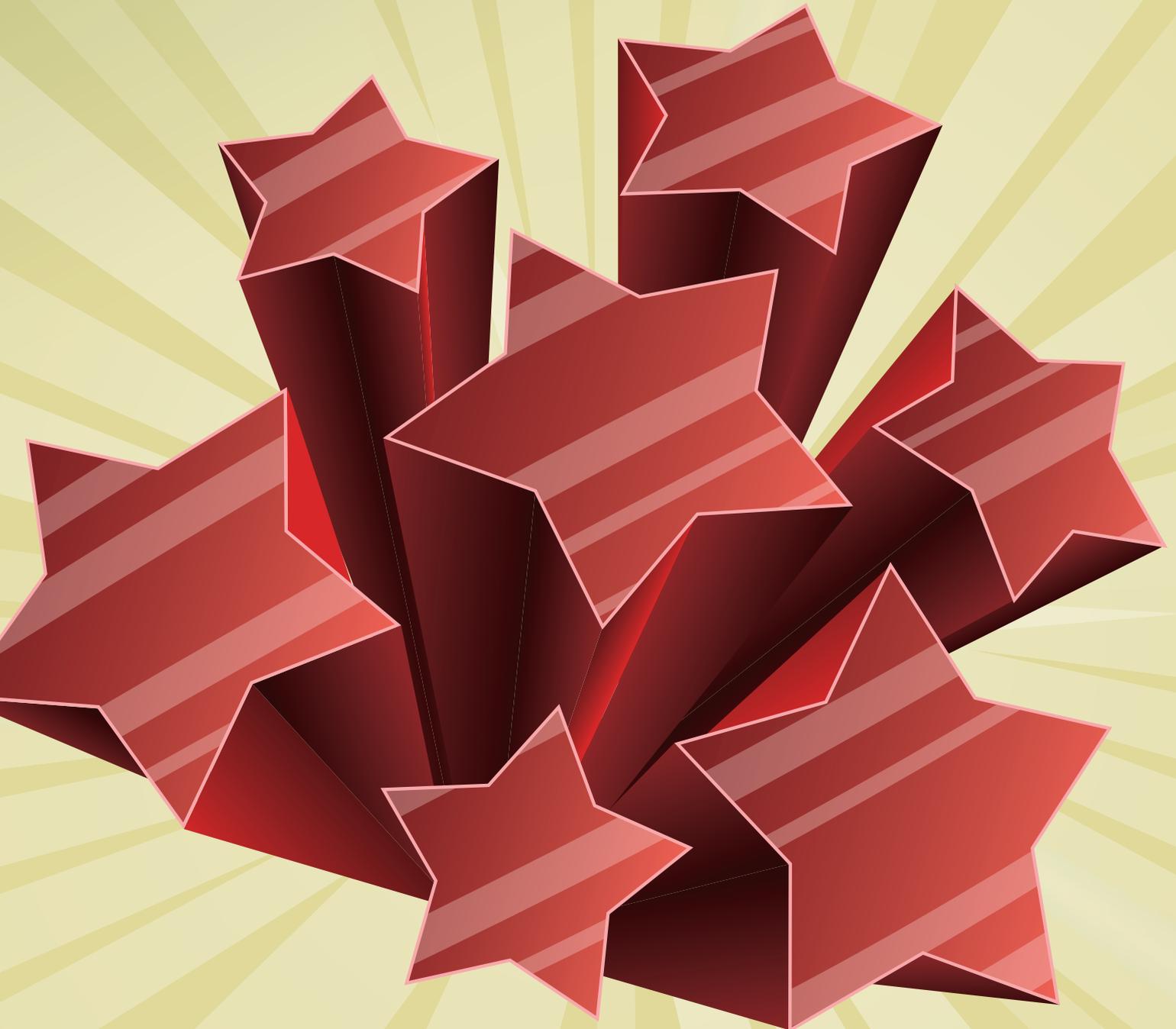
中国七星

CHINA SEVEN STAR HOLDINGS LIMITED

中國七星控股有限公司

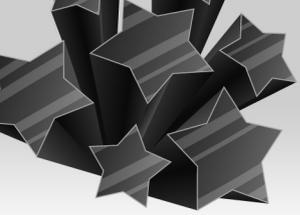
(Incorporate in Hong Kong with limited liability)
Stock Code : 245

2014 ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ni Xinguang (*Chairman*)

Tu Baogui (*Chief Executive Officer*)

(Resigned as Chief Executive Officer and re-designated as a Non-executive Director on 9 October 2014)

Chen Xiaoyan

(Appointed on 16 January 2014)

Non-executive Director

Tu Baogui

(Re-designated as a Non-executive Director on 9 October 2014)

Independent Non-executive Directors

Wong Chak Keung

Lu Wei

Ling Yu Zhang

AUDIT COMMITTEE

Wong Chak Keung (*Chairman*)

Lu Wei

Ling Yu Zhang

NOMINATION COMMITTEE

Lu Wei (*Chairman*)

Ling Yu Zhang

Wong Chak Keung

REMUNERATION COMMITTEE

Ling Yu Zhang (*Chairman*)

Wong Chak Keung

Lu Wei

COMPANY SECRETARY

Law Gerald Edwin

PRINCIPAL BANKERS

Bank of Shanghai Co., Ltd

China Construction Bank Corporation

Industrial and Commercial Bank of China (Asia) Limited

Postal Savings Bank of China Co., Ltd

The Bank of East Asia, Limited

SOLICITORS

Hong Kong Law

Michael Li & Co.

PRC Law

Yulan & Partners

INDEPENDENT AUDITOR

RSM Nelson Wheeler

Certified Public Accountants

REGISTERED OFFICE

Unit A02, 11/F

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SHANGHAI

No. 568 Hongxu Road

Minhang District

Shanghai

China

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

245 HK

WEBSITE

www.sevenstar.hk



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2014, China's economic growth slowed down with the GDP growth of 7.4% for the first three quarters, which is lower than the annual target of 7.5% stipulated by the State Council. The rapid economic growth in China over the past 30 years have ceased to exist while fixed asset investment, retail sales, industrial projects and other projects recorded a decline in the monthly growth rate. China's economy has entered its new stage with its rapid economic growth becoming moderate and a slowed growth in personal consumption recorded. Meanwhile, under the changing international environment, the European debt crisis, global economic deflation and certain other factors have inhibited the export demand in China, and hence affected China's export trade. China faced the intense competition in the global market of medium-to-low end products. The export growth of countries in Southeast Asia, Africa and even Latin America to developed countries provided an alternative to China's supply, resulting in decline in export demand in China. Under the challenges of economic transformation and the movements in both domestic and international markets, China's economy suffered from short-term fluctuation and was expected to decline in the long run.

BUSINESS REVIEW

In order to concentrate its resources for operating other core businesses, the Group has ceased a number of businesses, including its advertising agency business. Upon the expiry of the exclusive media management services agreement entered into by the Group and Guangdong TV Station on 31 December 2012, the Group no longer had any exclusive agency rights to advertising air time on Guangdong TV Station. There was keen competition of selling of advertising air time from the second half of 2013 and the Group was unable to compete with other suppliers after losing the exclusive agency rights. As such, the Group decided to stop such business in view of the losses suffered by the Group.

Besides, the Group has ceased its sales and distribution business during the year. In the second half of 2013, sales of such kitchenware products to telemarketing operators decreased, which in turn affected the profitability of such kitchenware products. The adverse market situation has deteriorated after the end of 2013 due to keen competition from low pricing internet sales platforms. The Group encountered difficulty in selling kitchenware products during the first half of 2014. As a result, the Group decided to cease such business to reduce operational costs and investment losses.

The cessation of the above two businesses will further reduce the operational costs of the Group, the remaining funds will be applied to other profitable businesses for long-term development purpose. The Board held positive view towards the demand of chemical materials in China. Therefore, the Group had added new trading of the chemical materials business during the first half year of 2014. The Group had gained profit in trading chemical materials and this business had replaced the television advertising agency business to become the Group's core income source.



MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, the Group actively explored opportunity to expand its investment portfolio during the year. It intended to develop itself to a comprehensive management service provider for both financial service as well real estate development and operation, so as to enhance the overall investment returns for the Company and the Shareholder. Therefore, Seven Star Shopping (China) Company Limited* (七星購物(中國)有限公司) ("Seven Star Shopping"), a wholly-owned subsidiary of the Group, Shanghai Qiangguan Enterprises Holdings Limited* (上海強冠企業集團有限公司) ("Shanghai Qiangguan") and Lin Wei established a JV Company, Shanghai Seven Star Qiangguan Investment Management Company Limited* (上海七星強冠投資管理有限公司), on 11 October 2014, which is principally engaged in the provision of investment management, investment consultation, business information consultation, financial consultation and corporate sales consultation services in China. The registered capital of the JV Company is RMB10,000,000. Seven Star Shopping holds 70% of equity interest of the JV Company.

Furthermore, Seven Star Shopping entered into a management agreement with Shaanxi Bailianan Economic Development Company* (陝西百聯安經濟發展有限公司) ("Shaanxi Bailianan"), Shanghai Qiangguan and Lin Wei, pursuant to which it would provide management advisory service to Shaanxi Bailianan. The Board was in a view that the management agreement was an opportunity for the Company to expand its management service to the Chinese market, which the Directors considered as one of the fast-growing market in the world. Therefore, it would improve the Group's income sources.

Besides, the Group has also entered the new energy industry. It entered into a non-legally binding memorandum of understanding with ReneSola Ltd. ("ReneSola"), pursuant to which the Company intended to acquire from ReneSola or its affiliates the solar power plants with a capacity of not less than 200MW including but not limited to, two solar power plants located in Bulgaria and two solar power plants located in Romania. The Company and ReneSola Singapore Pte. Ltd entered into a non-legally binding letter of intent in relation to the detailed terms of the trading of the entire issued share capital of MG Solar Systems EOOD and Nove Eco Energy EOOD, each of which owns one of the Solar Power Plants located in Bulgaria.

In addition, Shanghai Seven Star New Energy Investment Company Limited* (上海七星新能源投資有限公司) ("Shanghai Seven Star") and Shandong RealForce Group Company Limited* (山東潤峰集團有限公司) ("Shandong RealForce") also entered into a non-legally binding cooperation agreement in relation to the investment, development, operation and management of photovoltaic solar power plants located in China; Shanghai Seven Star and Shandong RealForce entered into a non-legally binding letter of intent in relation to the proposed acquisition of 100% equity interest in Jining Dingli Photovoltaic System Engineering Company Limited* (濟寧鼎立光伏系統工程有限公司) by Shanghai Seven Star from Shandong RealForce; and the Company and Shandong RealForce entered into another non-legally binding letter of intent in relation to proposed allotment and issue of 230,000,000 new shares of the Company by the Company to Shandong RealForce or its nominee(s). The Company will set up a trading platform for solar photovoltaic power station, and applying the international financial platform in the PRC, as well as Shandong RealForce's expertise and experience in establishing and managing new energy infrastructure and the Group's then power station resources, to introduce securitization trading model to the new energy industry.

* Management translation



MANAGEMENT DISCUSSION AND ANALYSIS

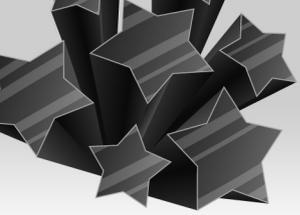
Sales results and performance review

For the year ended 31 December 2014, the Group's consolidated turnover was approximately HK\$68,086,000, representing a decrease of approximately 39% from 2013. The Group recorded a gross profit of approximately HK\$848,000 and a gross profit margin of 1.2% which is lower than 3.3% of last year mainly due to the low gross profit generated from the new business of trading chemical materials.

The Group recorded a consolidated loss attributable to owners of the Company of approximately HK\$30,144,000 for the year ended 31 December 2014 which increased substantially as compared with the consolidated loss attributable to owners of the Company of approximately HK\$1,757,000 for the year ended 31 December 2013. This is mainly due to the following reasons:

1. The Group has recorded decreases in both revenue and gross margin for the year ended 31 December 2014 as no revenue was generated from the Group's retail and distribution of consumer products and television advertising businesses due to (i) keen competition from low pricing internet sales platforms; and (ii) keen competition of selling of advertising air time from the second half of 2013, and the Group was unable to compete with other suppliers after losing the exclusive agency rights;
2. The Group has engaged in a new business of trading chemical materials which has a low gross profit;
3. There were write back of agency fees payable of approximately HK\$19,416,000, write back of other payables and accruals of approximately HK\$8,984,000 and write back of trade payables of approximately HK\$3,344,000 for the year ended 31 December 2013 but there was only write back of other payables and accruals of approximately HK\$1,551,000 for the year ended 31 December 2014; and
4. There was share-based payment expenses of HK\$12,583,000 recognised in relation to the share options granted by the Company on 4 November 2014.

On financial position and cash flows, as at and for the year ended 31 December 2014, the Group's total assets were approximately HK\$40,193,000 (2013: approximately HK\$61,477,000), a decrease of 35% when compared with 2013. Net cash (outflows)/inflows from operating activities, investing activities and financing activities were approximately HK\$(34,729,000), HK\$5,083,000 and HK\$18,198,000 respectively (2013: approximately HK\$(19,509,000), HK\$(3,859,000) and HK\$2,386,000). There was no capital expenditure for the year (2013: approximately HK\$360,000). Depreciation and amortization for tangible and intangible assets were approximately HK\$1,113,000 (2013: approximately HK\$2,035,000). The weakening of Renminbi currency also posed an adverse currency effect and contributed approximately HK\$(5,957,000) (2013: approximately HK\$6,155,000) to the reserves for the year. As at 31 December 2014, the Group's total cash (including pledged bank deposits) was approximately HK\$29,879,000 (2013: approximately HK\$45,652,000).



MANAGEMENT DISCUSSION AND ANALYSIS

Strategy and Outlook

During the plenary meeting convened by the State Council in mid-January 2015, the Chinese leadership has discussed about the in-depth adjustment of the global economy and the tough recovery. It stated that its economy still suffered from the downward pressure and it encountered certain difficulties and challenges. However, China will be determined to maintain a stable growth and devote to accomplishing the annual economic and social development and the various tasks in the Twelfth Five-Year Plan, thus promoting a medium-to-high economic growth rate and reaching a medium-to-high end level for its economy. Looking forward, the Group predicts that the export trade will further develop in a stable pace.

China's chemical industry has exhibited a fast growth pace and it enjoyed enormous growth opportunities as a result of various factors including the stable urbanization and development plan on infrastructural projects, the sustainable development objectives promoted by the country, and the growing demand in consumables, automobile, information technology and electronic projects driven by the increasing middle class. This enabled the rapid development of chemical industry and the emergence of specific industries of synthetic materials and special chemicals. The Group believed that there were still plenty of room for the market development of bulk chemical materials production and trading.

Meanwhile, the Group will continue to exert greater efforts in exploring the existing new business and improve the operational mode in various aspects, so as to increase the revenue. The Group will also explore other investment sectors such as property operation and management service and photovoltaic solar power plants, and enable a more concrete movement for business reorganization through the establishment of joint venture companies across different sectors as well as mergers and acquisitions.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2014, the Group's financial assets (excluding receivables) amounted to approximately HK\$30,087,000 (2013: approximately HK\$45,865,000), of which approximately HK\$29,564,000 (2013: approximately HK\$40,226,000) were liquid cash deposits.

The Directors are of the opinion that there are sufficient cash resources for the Group to meet its financial obligation and business requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered that the Group has certain exposure to foreign currency risk as some of its business transactions and assets are denominated in currencies other than the functional currency of the respective Group entities such as Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.



MANAGEMENT DISCUSSION AND ANALYSIS

STAFF AND REMUNERATION POLICY

The Group had 36 employees (including Directors) as at 31 December 2014 (2013: 50). The Group recruits and promotes individuals based on their performance and development potential in the positions held. Remuneration package is determined with reference to an employee's performance and the prevailing salary levels in the market. In addition, the Group adopts a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

GEARING RATIO

As at 31 December 2014, the Group had total assets of approximately HK\$40,193,000 (2013: approximately HK\$61,477,000) and the gearing ratio (calculated on the basis of the Group's total bank and other borrowings, over the equity attributable to owners of the Company) was Nil as at 31 December 2014 (2013: Nil).

CAPITAL STRUCTURE

Save for the 110,000,000 shares issued for the top-up placement in August 2014 as set out in note 27(d) to the financial statements, there were no other change of the capital structure of the Company during the year ended 31 December 2014.

CHARGES ON GROUP'S ASSETS

Save for the details of pledged and frozen bank deposits as set out in note 25 to the financial statements, as at 31 December 2014, there were no charges on the group's assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2014.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2014.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any material acquisitions or disposals of subsidiaries or associates during the year ended 31 December 2014.



REPORT OF THE DIRECTORS

The Directors are pleased to present their report and audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group is principally engaged in trading of chemical materials, provision of consultancy services and provision of insurance agency services in the PRC.

The Group's turnover is derived from business activities in Mainland China. An analysis of the Group's income for the year is set out in note 7 to the financial statements.

Particulars of the Company's major subsidiaries as at 31 December 2014 are set out in note 20 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 31 of this report.

The state of the Group's and the Company's affairs at 31 December 2014 is set out in the consolidated statement of financial position and statement of financial position on pages 33 and 34 of this report.

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

ANNUAL GENERAL MEETING

The 2015 annual general meeting (the "2015 AGM") will be held on 5 June 2015. Shareholders should refer to details regarding the 2015 AGM in the circular of the Company of 23 April 2015 and the notice of meeting and form of proxy accompanying thereto.

FIXED ASSETS

Details of movements in fixed assets of the Group and of the Company during the year are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital are set out in note 27 to the financial statements.

RESERVES

Details of the movements in reserves during the year are set out in note 29 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2014 amounted to HK\$Nil (2013: HK\$Nil).

FIVE YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, are summarised on page 82 of this report.



REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Ni Xinguang (*Chairman*)

Mr. Tu Baogui (*Chief Executive Officer*) (Resigned as Chief Executive Officer and re-designated as a Non-executive Director on 9 October 2014)

Ms. Chen Xiaoyan (Appointed on 16 January 2014)

Non-executive Director

Mr. Tu Baogui (Re-designated as a Non-executive Director on 9 October 2014)

Independent Non-executive Directors

Mr. Lu Wei

Mr. Wong Chak Keung

Mr. Ling Yu Zhang

In accordance with article 116 of the articles of association of the Company (the "Articles"), Mr. Lu Wei and Mr. Wong Chak Keung will retire by rotation at the 2015 AGM and, being eligible, offer themselves for re-election.

In accordance with articles 99 and 117 of the Articles, Mr. Tu Baogui will retire at the 2015 AGM and, being eligible, offer himself for re-election.

DIRECTORS' PROFILES

Directors' profiles are set out on pages 26 to 28 of this report.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, namely Mr. Ling Yu Zhang, Mr. Wong Chak Keung and Mr. Lu Wei, an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

For the executive Directors, Mr. Ni Xinguang entered into a service contract with the Company for a period of two years commencing 1 April 2008 which has expired on 31 March 2010. Mr. Ni has not entered into any new written service contract with the Company. Ms. Chen Xiaoyan, as an executive Director, the non-executive Director and the other independent non-executive Directors have not entered into any written service contract with the Company and they are not appointed for specific term, but all Directors are subject to retirement by rotation in accordance with the Articles.

No Director proposed for re-election at the 2015 AGM has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.



REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN SHARES

As at 31 December 2014, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Director	Number of shares held		Total	Percentage of the issued share capital (Note (b))
	Personal interests	Corporate interests		
Ni Xinguang ("Mr. Ni")	46,068,000	566,004,000 (Note (a))	612,072,000	26.52%

Notes:

- 566,004,000 shares were owned by Group First Limited, a private company wholly owned by Mr. Ni, representing approximately 24.52% of the issued share capital of the Company. By virtue of the SFO, Mr. Ni is deemed to have interest of the shares held by Group First Limited.
- The percentage was calculated based on the total number of 2,308,331,250 ordinary shares of the Company in issue as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2014, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code.



REPORT OF THE DIRECTORS

SHARE OPTIONS

The Company adopted a new share option scheme on 9 December 2013 (the "2013 Share Option Scheme") to replace the share option scheme adopted on 28 May 2004 (the "2004 Share Option Scheme"). Since then, no further option can be granted under the 2004 Share Option Scheme, but all options granted previously will remain exercisable in accordance with the terms of the 2004 Share Option Scheme and the relevant letters of offers to the respective grantees.

Movements of the options, which were granted under the 2004 Share Option Scheme, during the year were listed below in accordance with Rule 17.07 of the Listing Rules:

Category	Date of grant	Number of option shares held as at 01/01/2014	Number of option shares granted during the year	Number of option shares exercised during the year	Number of option shares lapsed during the year	Number of option shares held as at 31/12/2014	Exercise price HK\$	Exercise period
Consultants	30/04/2007	48,960	-	-	-	48,960	6.03	30/04/2008-29/04/2015
	30/04/2009	1,428,000	-	-	-	1,428,000	0.49	05/05/2010-04/05/2017
		1,476,960	-	-	-	1,476,960		

Movements of the options, which were granted under the 2013 Share Option Scheme, during the year were listed below:

Category	Date of grant	Number of option shares held as at 01/01/2014	Number of option shares granted during the year	Number of option shares exercised during the year	Number of option shares lapsed during the year	Number of option shares held as at 31/12/2014	Exercise price HK\$	Exercise period
Consultants	04/11/2014	-	87,840,000	-	-	87,840,000	0.17	04/11/2014-03/11/2017
Employees	04/11/2014	-	131,760,000	-	-	131,760,000	0.17	04/11/2014-03/11/2017
		-	219,600,000	-	-	219,600,000		

Further details of share options were stipulated in note 28 to the financial statements.

Apart from the aforesaid, 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 of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the particulars disclosed in note 32 under the heading "Related Party Transactions" to the financial statements there were no other contracts of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party nor there were any other contracts of significance in relation to the Company's business between the Company or any of the Company's subsidiaries subsisting at the end of the year or at any time during the year in which a Director had, whether directly or indirectly, a material interest.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in note 32 to the financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the highest paid individuals of the Group are set out in note 14 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2014, so far as was known to the Directors of the Company, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (c))
Group First Limited	Beneficial owner (Note (a))	566,004,000	24.52%
Ye Zhu Ying ("Ms. Ye")	Interests of a controlled corporation (Note (b))	231,497,650	10.03%
Best Idea International Limited (Note (b))	Beneficial owner	231,497,650	10.03%



REPORT OF THE DIRECTORS

Notes:

- (a) Group First Limited is a private company wholly owned by Mr. Ni, who is an executive director of the Company. Accordingly, under the SFO, the 566,004,000 shares owned by Group First Limited is also deemed to be the corporate interests of Mr. Ni.
- (b) Best Idea International Limited is a private company wholly owned by Ms. Ye. Accordingly, under the SFO, the 231,497,650 shares owned by Best Idea International Limited is also deemed to be the corporate interests of Ms. Ye.
- (c) The percentage has been calculated based on the total number of 2,308,331,250 ordinary shares of the Company in issue as at 31 December 2014.
- (d) All the interests disclosed under this section represent long position in the shares of the Company.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 31 December 2014, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections "Share Options" and "Directors' Interest in Shares" above, at no time during the year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

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



REPORT OF THE DIRECTORS

RETIREMENT BENEFITS

The Group did not operate any retirement scheme up to 30 November 2000. With effect from 1 December 2000, MPF Scheme has been set up for employees, including executive Directors of the Company, in Hong Kong, in accordance with the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"). Under the MPF Scheme, the Group's contributions are at 5% of employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,250 (January to May 2014) or HK\$1,500 (June to December 2014) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme from 31 December 2000. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's contributions to the MPF Scheme and PRC pension scheme for PRC staff charged to the consolidated statement of profit or loss during the year amounted to approximately HK\$70,000 (2013: HK\$70,000) and HK\$675,000 (2013: HK\$1,031,000) respectively.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year and up to the date of this report.

EMOLUMENT POLICY

The emolument policy of the employees and senior management of the Group is set up by the remuneration committee of the Company on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to market competitiveness, individual performance and achievement.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 28 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

	2014	2013
The largest customer	69.0%	36.1%
Five largest customers in aggregate	96.0%	66.4%
The largest supplier	56.9%	15.4%
Five largest suppliers in aggregate	92.1%	63.5%

At no time during the year, none of the Directors, their associates or shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has any interest in the customers or suppliers disclosed above.



REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors throughout the year ended 31 December 2014, there was a sufficiency of public float the Company's securities as required under the Listing Rules.

AUDIT COMMITTEE

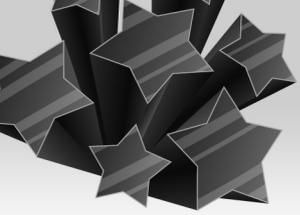
The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises Mr. Wong Chak Keung (Chairman), Mr. Ling Yu Zhang and Mr. Lu Wei. The Audit Committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 31 December 2014.

AUDITOR

A resolution to re-appoint the retiring auditor, RSM Nelson Wheeler, will be proposed at the forthcoming annual general meeting.

By order of the Board
China Seven Star Holdings Limited
Ni Xinguang
Chairman

Hong Kong, 31 March 2015



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year ended 31 December 2014, the Company has complied with most of the Code Provisions of the CG Code, save for the deviation of the Code Provisions A.4.1, E.1.2 and A.6.7 which are explained below.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing non-executive Director (the "NED") and independent non-executive Directors (the "INEDs") is appointed for a specific term. Although the NED and INEDs are not appointed for a specific term, the Company believes that as all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years pursuant to the Articles, such practice meets the same objective and is no less exacting than those prescribed under Code Provision A.4.1.

Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the year ended 31 December 2014, the annual general meeting held on 5 June 2014, the whole Board of Directors and auditor of the Company have attended the meeting to answer questions of the Shareholders except that Mr. Ni Xinguang (chairman of the Board), Mr. Tu Baogui, Ms. Chen Xiaoyan and Mr. Lu Wei (chairman of nomination committee) could not attend the annual general meeting due to other business engagement but they have appointed the other attended Directors as their representative at the meeting to answer questions of the shareholders of the Company.

BOARD OF DIRECTORS

Functions and role

The Board has overall responsibility in formulating the strategic development of the Group, monitoring and controlling the Company's operation and financial performance. All the appointed Directors are subject to rotation for re-appointment at the annual general meeting, and each of the Directors is subject to retirement by rotation at least once every three years. Appropriate and sufficient information was provided to each of the Directors to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.

The INEDs are expressly identified in all corporate communications such as circular, announcement or relevant corporate communications in which the names of Directors are disclosed. Each of the INEDs has filed an annual confirmation to the Company confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all INEDs meet the independent guideline set out in Rule 3.13 of the Listing Rules and are independent.

To the best knowledge of the Company, there is no financial, business, family relationship among the members of the Board as at 31 December 2014 except Ms. Chen Xiaoyan is a sister-in-law of Mr. Ni Xinguang. All of them are free to exercise their individual judgment.



CORPORATE GOVERNANCE REPORT

Composition

As at 31 December 2014, the Board comprises six Directors, of which two are executive Directors, one is NED and three are INEDs. One of the three INEDs possesses appropriate professional accounting qualifications and financial management expertise, which complies with the requirement of the Listing Rules. The Directors' respective biographical information is set out in this annual report under the heading "Directors' Profiles" and the names of current Directors on Board and their positions are as follows:

Name of Directors	Position
<i>Executive Directors</i>	
Mr. Ni Xinguang	Chairman
Ms. Chen Xiaoyan (appointed on 16 January 2014)	
<i>Non-executive Director</i>	
Mr. Tu Baogui (re-designated as a Non-executive Director on 9 October 2014)	
<i>Independent Non-executive Directors</i>	
Mr. Wong Chak Keung	
Mr. Lu Wei	
Mr. Ling Yu Zhang	

The Board held thirteen Board meetings (including four regular Board meetings) during the financial year ended 31 December 2014. Appropriate and sufficient information was provided to the Board in a timely manner for their review before the meetings. Attendance of individual Directors at Board meetings is set out in the section of "Attendance of Board Meetings, Audit Committee Meetings, Nomination Committee Meetings, Remuneration Committee Meetings and Annual General Meeting in 2014".

Chairman and Chief Executive Officer

The positions and roles of Chairman of the Board and Chief Executive Officer of the Company are held and performed separately by two individuals to ensure their respective independence, accountability and responsibility. Mr. Ni Xinguang, the Chairman of the Company, is responsible for the leadership of the Board, and oversees the business development of the Company and its subsidiaries including strategic and corporate development. During the year ended 31 December 2014, Mr. Tu Baogui stepped down from his role as the Chief Executive Officer of the Company and Mr. Chen Fenfai, a director of a subsidiary of the Company, has been appointed to replaced Mr. Tu as the Chief Executive Officer of the Company on 9 October 2014. Mr. Chen Fenfai, the Chief Executive Officer of the Company, is responsible for the management of day-to-day operation of the Group.



CORPORATE GOVERNANCE REPORT

Board Practices

The Board, led by the Chairman, is responsible for overall management of the Company's business, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the support of executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. Thirteen Board meetings (including four regular Board meetings) were held during the year for facilitating the function of the Board. The Board believes that the Board meetings held during the financial year were adequate to cover all major issues during the year. In any event all Directors were available for consultation by management from time to time during the year.

The Board also reserves for its decisions on all major matters of the Company, including: the approval and monitoring of major policy matters, overall strategies and annual budgets and business plans, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information and other significant financial and operational matters.

Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Chief Executive Officer, working with the management team, is responsible for managing the businesses of the Group including implementation of strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group. All Directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group. Apart from the regular Board meetings, the Chairman may hold meetings with the INEDs without the presence of executive Directors.

In order to ensure that the Board is able to fulfill its responsibilities, the Board has established and delegated specific responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. The details of the committees are stipulated on pages 20 to 22 of this report.

Sufficient formal notice of every regular Board meeting is given to all Directors to give them the opportunity to attend. Board papers are circulated not less than three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The Company Secretary shall attend all regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to seek independent professional advice whenever deemed necessary. The Company Secretary shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings. Draft and final versions of Board minutes have sent to all Directors for their comment and records respectively within a reasonable time after the board meeting.



CORPORATE GOVERNANCE REPORT

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

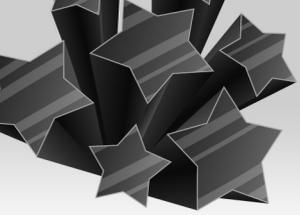
The Company Secretary, Mr. Law Gerald Edwin, was appointed on 17 March 2011. He is responsible to the Board for ensuring that Board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and has regarded to them when making decisions. The Company Secretary is also responsible for advising the Board on the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations. During the year ended 31 December 2014, Mr. Law undertook not less than 15 hours of professional training to update his skills and knowledge.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors, including NED and INEDs, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. Each newly appointed Director would receive a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and update all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 31 December 2014, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group in the following manner:

Name of Directors	Attended Seminars or Briefing/Read Materials
<i>Executive Directors</i>	
Ni Xinguang	✓
Chen Xiaoyan (appointed on 16 January 2014)	✓
<i>Non-executive Director</i>	
Tu Baogui (re-designated as a Non-executive Director on 9 October 2014)	✓
<i>Independent Non-executive Directors</i>	
Lu Wei	✓
Wong Chak Keung	✓
Ling Yu Zhang	✓



CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. With the assistance of the Company Secretary of the Company, the Directors also ensure the publication of the financial statements of the Group in a timely manner.

The report of the external auditor of the Company, RSM Nelson Wheeler, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 29 and 30 of this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they 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 a going concern.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors of the Board have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2014.

AUDIT COMMITTEE

Composition

The Company established an Audit Committee in 1999. It has written terms of reference in compliance with the CG Code. The Audit Committee consists of three INEDs, namely Mr. Wong Chak Keung (Chairman), Mr. Ling Yu Zhang and Mr. Lui Wei. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The Audit Committee meets twice a year on a half year basis, or more frequently if required.

Functions and Role

The primary functions of the Audit Committee are, inter alia, to assist the Board in fulfilling its overseeing responsibilities with respect to maintaining appropriate relationship with external auditors, and, to review the annual and interim report and other financial information provided by the Company to its shareholders, the public and other matters within the scope of the terms of reference. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.



CORPORATE GOVERNANCE REPORT

In discharging its responsibilities, the Audit Committee performed the following work during the year of 2014:

- (i) reviewed the effectiveness of audit process in accordance with applicable standards;
- (ii) reviewed the financial statements and reports and the change in accounting principles and policies and assessment of potential impacts on the Group's financial statements;
- (iii) reviewed the Group's internal control system and discussed the relevant issues including financial, operational and compliance controls and risk management functions; and
- (iv) reviewed the external auditor's management letter and ensure the Board will provide a timely response to the issues raised therein.

During the year ended 31 December 2014, two Audit Committee meetings were held and the record of attendance of individual member is listed out on page 24 of this annual report.

NOMINATION COMMITTEE

Composition

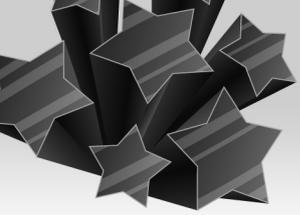
The Nomination Committee has been established with a defined terms of reference in consistent with the CG Code on 30 March 2012. The Nomination Committee consists of three INEDs, namely Mr. Lu Wei (Chairman), Mr. Ling Yu Zhang and Mr. Wong Chak Keung. The Nomination Committee meets at least once a year.

Functions and Role

The primary duties of the Nomination Committee are, inter alia, reviewing the structure, size and composition of the Board, making recommendations to the Board on Board succession, identifying individuals suitably qualified to become Board members and assessing the independence of INEDs. On 24 September 2013, the Board adopted a set of the revised terms of reference of the Nomination Committee in line with the newly Listing Rules requirement in relation to board diversity effective from 1 September 2013. The revised terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

The Nomination Committee is responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, past experience, qualifications, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an INED, the Board Diversity Policy, the Company's needs and other relevant statutory requirements and regulations. During the year ended 31 December 2014, Ms. Chen Xiaoyan has been newly appointed as an executive Director of the Company, Mr. Chen Fenfai has been newly appointed as a Chief Executive Officer of the Company and Mr. Tu Baogui has been re-designated from an executive Director to a non-executive Director and ceased to act as the Chief Executive Officer of the Company. They are all appointed by going through the selection process stated as above.



CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2014, three Nomination Committee meeting was held for, inter alia, considering the retirement and re-election of the Directors at the annual general meeting, the appointment of Ms. Chen Xiaoyan as an executive Director, the re-designation of Mr. Tu Baogui from an executive Director to a Non-executive Director and the appointment of Mr. Chen Fenfai as a Chief Executive Officer of the Company. The record of attendance of individual member is listed out on page 24 of this annual report.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee had been established with written terms of reference in compliance with the CG Code. The Remuneration Committee members consists of three INEDs, namely Mr. Ling Yu Zhang (Chairman), Mr. Wong Chak Keung and Mr. Lu Wei. The Remuneration Committee meets at least once a year.

Functions and Role

The primary objectives of the Remuneration Committee include determining the remuneration policy, structure and remuneration packages of the Directors and senior management and make recommendations to the Board, and other related matters. The Remuneration Committee is responsible for establishing transparent procedures to develop such remuneration policy and structure which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee are responsible for reviewing the market conditions, time commitment, responsibilities, performance of individuals and any other relevant information and propose to the Board for consideration and approval. None of the executive Directors can determine his own remuneration.

During the year ended 31 December 2014, three Remuneration Committee meeting was held to review the existing remuneration policy and structure of Company, to review and recommend the remuneration of executive Directors and senior management for Board approval and to recommend the remuneration of Ms. Chen Xiaoyan, the newly appointed executive Director, Mr. Tu Baogui, the re-designated non-executive Director, and Mr. Chen Fenfai, the newly appointed Chief Executive Officer of the Company, for Board approval. The record of attendance of individual member is listed out on page 24 of this annual report.

Emolument Policy

The emolument policy of the employees and senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement, for the Board approval.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.



CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

On 9 July 2013, the Company has adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2014, the Nomination Committee has reviewed the Policy to ensure its continued effectiveness.

CORPORATE GOVERNANCE FUNCTION

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 30 March 2012 and is in compliance with paragraph D3.1 of the CG Code. During the year ended 31 December 2014, the Board has reviewed the policy of the corporate governance of the Company and the corporate governance report.



CORPORATE GOVERNANCE REPORT

ATTENDANCE OF BOARD MEETINGS, AUDIT COMMITTEE MEETINGS, NOMINATION COMMITTEE MEETINGS, REMUNERATION COMMITTEE MEETINGS AND ANNUAL GENERAL MEETING IN 2014

	Attendance/Number of Meetings Held				Annual General Meeting held on 5 June 2014
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Directors					
<i>Executive Directors:</i>					
Ni Xinguang	13/13	N/A	N/A	N/A	0/1
Chen Xiaoyan (Note 1)	12/12	N/A	N/A	N/A	0/1
<i>Non-executive Director:</i>					
Tu Baogui (Note 2)	12/13	N/A	N/A	N/A	0/1
<i>Independent Non-executive Directors:</i>					
Lu Wei	10/13	1/2	2/3	2/3	0/1
Wong Chak Keung	13/13	2/2	3/3	3/3	1/1
Ling Yu Zhang	12/13	2/2	3/3	3/3	1/1

Notes:

1. Ms. Chen Xiaoyan has appointed as the Company's executive Director on 16 January 2014.
2. Mr. Tu Baogui was re-designated from an executive Director to a non-executive Director on 9 October 2014.

AUDITOR'S REMUNERATION

During the year ended 31 December 2014, the fees paid or payable to external auditor of the Company, RSM Nelson Wheeler were HK\$1,500,000 for statutory audit services rendered and for non-audit services rendered were HK\$550,000 to the Group respectively.

INTERNAL CONTROLS AND RISKS MANAGEMENT

The Board has overall responsibilities for introducing and continuously maintaining sound and effective internal control systems of the Group and review its adequacy and effectiveness. It is committed to review and implement effective and sound internal control systems to safeguard shareholders' interests. The Board has delegated to the management with defined structure and limits of authority, to conduct reviews on and maintenance of all material controls including proper financial and accounting records, operational and compliance and risk management functions as well as the implementation of the internal control system to ensure compliance with relevant legislations and regulations.



CORPORATE GOVERNANCE REPORT

The Board has conducted a review of the effectiveness of the internal control system of the Group. The internal control systems will be reviewed on an ongoing basis by the Board in order to make it practical and effective.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavors to maintain good investor relationship with shareholders and potential investors by way of annual general meeting, publication of interim and annual reports on the websites of the Company and the Stock Exchange, and timely press releases on the Company's website. A Shareholder's Communication Policy was adopted by the Board on 30 March 2012 aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company.

Shareholders are encouraged to attend the annual general meetings for which a notice would be served properly. The Chairman and/or Directors are available to answer questions on the Group's business at the meetings. At general meetings, separate resolutions are proposed on each substantial and separate issue such as the election of individual Directors and re-appointment of auditor.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's registered office at Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Hong Kong Companies Ordinance and the Articles, an extraordinary general meeting can be convened by a written request signed by Shareholders holding not less than one-twentieth of the paid-up share capital of the Company, stating the objects of the meeting, and deposited at the Company's registered office at Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Procedures for putting forward Proposals at a General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the Company's registered office at Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's registered office at Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong or send email to ir@sevenstar.hk.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's constitutional documents.



DIRECTORS' PROFILES

Mr. Ni Xinguang, aged 46, was appointed as chairman and executive Director on 12 March 2004 and a director of a subsidiary of the Company. Mr. Ni has extensive experience in the retail, distribution and printing business in the PRC. Further to a Diploma in Education, Mr. Ni also has a Degree of Master of Business Administration from the Nanyang Technological University in the Republic of Singapore. Mr. Ni is a brother-in-law of Ms. Chen Xiaoyan, an executive Director.

Mr. Ni entered into a service contract with the Company for a period of two years commencing 1 April 2008 which has expired on 31 March 2010. Mr. Ni has not entered into any new written service contract with the Company but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with articles of association of the Company (the "Articles"). Mr. Ni is entitled to an annual remuneration of HK\$840,000 and RMB84,000 with discretionary bonus payment as determined by the Board based on Mr. Ni's and the Company's performance. The remuneration package of Mr. Ni is determined by reference to his duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

As at the report date, pursuant to Part XV of the Securities and Futures Ordinance ("SFO"), Mr. Ni has personal interest of 46,068,000 Shares in the Company and has 100% beneficial interest in Group First Limited, in which owned 566,004,000 Shares in the Company.

Save as disclosed above, Mr. Ni is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Ni did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. Save as disclosed above, Mr. Ni was not interested or deemed to be interested in any other shares or underlying shares of the Company pursuant to Part XV of the SFO as at the report date.

Ms. Chen Xiaoyan, aged 39, was appointed as an executive Director on 16 January 2014. Ms. Chen obtained a Master Degree in Business Administration from Guizhou University in the PRC. Ms. Chen is a sister-in-law of Mr. Ni Xinguang, an executive Director and substantial Shareholder of the Company. Ms. Chen currently works as an enterprise supervisor for the accounting master program and auditing master program of Antai College of Economics and Management of Shanghai Jiao Tong University. Besides, Ms. Chen also holds a professional certificate (jade category) for heritage auction enterprises issued by State Administration of Cultural Heritage of the PRC. Ms. Chen worked in various PRC enterprises and PRC subsidiaries of the Company. She has over 15 years of experience in procurement, operation and finance management.

Ms. Chen has not entered into any written service contract with the Company and is not appointed for a special term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles. Ms. Chen is entitled to an annual remuneration of HK\$180,000 with discretionary bonus payment as determined by the Board based on Ms. Chen's and the Company's performance. The remuneration of Ms. Chen is not covered by any service contract. The remuneration package of Ms. Chen is determined by reference to her duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

Save as disclosed above, Ms. Chen is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Ms. Chen did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. As at the report date, Ms. Chen was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the SFO.



DIRECTORS' PROFILES

Mr. Tu Baogui, aged 61, was appointed as an executive Director and Chief Executive Officer of the Company on 9 July 2013. Mr. Tu stepped down from his role as Chief Executive Officer of the Company and was re-designated as a non-executive Director on 9 October 2014. Mr. Tu graduated from the Department of Finance and Accounting of Open University of Fujian, the Graduate School of Professional and Continuing Education graduate courses in Department of Finance of Xiamen University and holds a Senior Accountant qualification. Mr. Tu has more than 20 years of experience in the banking and finance industry. Mr. Tu also has been appointed as the President of Shanghai Branch and the Supervisor of Supervisory Committee of Industrial Bank Co., Ltd..

Mr. Tu has not entered into any written service contract with the Company and is not appointed for a special term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles. Mr. Tu is entitled to an annual remuneration of HK\$180,000 with discretionary bonus payment as determined by the Board based on Mr. Tu's and the Company's performance. The remuneration of Mr. Tu is not covered by any service contract. The remuneration package of Mr. Tu is determined by the Board with reference to his duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

Save as disclosed above, Mr. Tu is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Tu did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. Save as disclosed above, Mr. Tu was not interested or deemed to be interested in any other shares or underlying shares of the Company pursuant to Part XV of the SFO as at the report date.

Mr. Wong Chak Keung, aged 48, was appointed as an independent non-executive Director on 31 January 2011. Mr. Wong is also the chairman and member of audit committee and members of remuneration committee and nomination committee of the Company. Mr. Wong holds a bachelor degree in business from The University of Southern Queensland in Australia. Mr. Wong is also a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively. Mr. Wong has been in the accounting profession for over 15 years. Other than having working experience in an international accounting firm, Mr. Wong has also worked for listed and other companies engaged in investment, accounting, educational business, manufacturing, corporate finance and mergers and acquisitions. Mr. Wong is currently an independent non-executive director of Bingo Group Holdings Limited (stock code: 8220) which is listed on the Growth Enterprise Market of the Stock Exchange (the "GEM"). Mr. Wong was an executive director of China Innovation Investment Limited (stock code: 1217) during the period from November 2007 to June 2011 and an executive director of China Investment Development Limited (stock code: 204) during the period from April 2011 to April 2014 and these two companies are listed on the main board of the Stock Exchange. Mr. Wong was an executive director of China Trends Holdings Limited (stock code: 8171) during the period from February 2008 to June 2011 and the company is listed on the GEM.

Mr. Wong has not entered into any written service contract with the Company and is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles. Mr. Wong is entitled to an annual remuneration of HK\$180,000 without any bonus payment. The remuneration of Mr. Wong is not covered by any service contract. The remuneration package of Mr. Wong is determined by the Board with reference to his duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

Save as disclosed above, Mr. Wong is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Wong did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. As at the report date, Mr. Wong was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the SFO.



DIRECTORS' PROFILES

Mr. Ling Yu Zhang, aged 71, was appointed as an independent non-executive Director on 1 September 2011. Mr. Ling is also chairman and member of the remuneration committee and members of the audit committee and nomination committee of the Company. He graduated from the Department of Mechanical Engineering of Beijing Institute of Technology and is a Senior Economist. Mr. Ling has more than 40 years of experience in the automobile and mechanical industry. Mr. Ling has been appointed as Vice-director of Provincial Machinery and Industry Department in Fujian, Chairman of Fujian Motor Industry Group Company and member of the 9th committee of the Chinese People's Political Consultative Conference in Fujian. Mr. Ling is also a non-independent Director of Fujian Newchoice Pipe Technology Co., Ltd. which is a company listed on the Shenzhen Stock Exchange.

Mr. Ling has not entered into any written service contract with the Company and is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles. Mr. Ling is entitled to an annual remuneration of HK\$180,000 without any bonus payment. The remuneration of Mr. Ling is not covered by any service contract. The remuneration package of Mr. Ling is determined by the Board with reference to his duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

Save as disclosed above, Mr. Ling is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Ling did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. As at the report date, Mr. Ling was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the SFO.

Mr. Lu Wei, aged 51, was appointed as an independent non-executive Director on 15 June 2005. Mr. Lu is also the chairman and member of nomination committee and members of audit committee and remuneration committee of the Company. Mr. Lu is currently a professor of the Antai College of Economics & Management of Shanghai Jiao Tong University in the PRC. He graduated from the School of Management in Shanghai Fu Dan University with a Ph.D. degree. Mr. Lu is also an non-independent director of Shanghai Guangdian Electric Group Co., Ltd. and an independent non-executive director of Shanghai Shibe Hi-Tech Co., Ltd. and China Yongda Automobiles Services Holdings Limited (stock code: 3669), all are companies listed on the Shanghai/Hong Kong Stock Exchange.

Mr. Lu has not entered into any written service contract with the Company and is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles. Mr. Lu is entitled to an annual remuneration of HK\$180,000 without any bonus payment. The remuneration of Mr. Lu is not covered by any service contract. The remuneration package of Mr. Lu is determined by the Board with reference to his duties, responsibilities as well as the Company's remuneration policy and the market benchmark.

Save as disclosed above, Mr. Lu is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Lu did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange during the three years preceding the date of this report. As at the report date, Mr. Lu was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the SFO.



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA SEVEN STAR HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Seven Star Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 81, which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

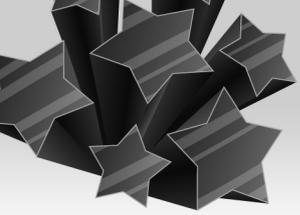
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's results 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 Hong Kong Companies Ordinance.

RSM Nelson Wheeler

Certified Public Accountants

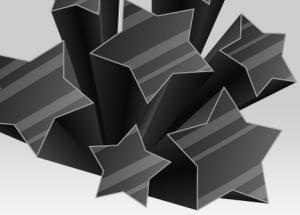
Hong Kong, 31 March 2015



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	7	68,086	112,220
Cost of sales and services		(67,238)	(108,461)
Gross profit		848	3,759
Other income	8	3,325	37,208
Distribution costs		–	(16,662)
Administrative expenses		(36,354)	(23,286)
Other operating expenses		(11,117)	(22,098)
Loss from operations		(43,298)	(21,079)
Finance costs	10	–	(157)
Loss before tax		(43,298)	(21,236)
Income tax credit/(expense)	11	2,175	(25)
Loss for the year	12	(41,123)	(21,261)
Attributable to:			
Owners of the Company	15	(30,144)	(1,757)
Non-controlling interests		(10,979)	(19,504)
		(41,123)	(21,261)
Loss per share	17		
— Basic		HK (1.34) cents	HK (0.08) cent
— Diluted		N/A	N/A



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Loss for the year	(41,123)	(21,261)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	13	(429)
Other comprehensive income for the year, net of tax	13	(429)
Total comprehensive income for the year	(41,110)	(21,690)
Attributable to:		
Owners of the Company	(36,101)	4,398
Non-controlling interests	(5,009)	(26,088)
	(41,110)	(21,690)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Fixed assets	18	933	2,505
Intangible assets	19	–	71
Available-for-sale financial assets	21	208	213
		1,141	2,789
Current assets			
Inventories	22	–	8,982
Trade receivables	23	–	1,594
Other receivables, prepayments and deposits	24	9,173	2,460
Pledged bank deposits	25	312	4,796
Bank and cash balances	25	29,567	40,856
		39,052	58,688
Current liabilities			
Trade and bills payables	26	20,603	26,708
Other payables and accruals		15,637	18,236
Current tax liabilities		125	2,376
		36,365	47,320
Net current assets			
		2,687	11,368
NET ASSETS			
		3,828	14,157
Capital and reserves			
Share capital	27	574,117	21,983
Other reserves	29	797,895	1,325,205
Accumulated losses		(1,119,361)	(1,089,217)
Equity attributable to owners of the Company		252,651	257,971
Non-controlling interests		(248,823)	(243,814)
TOTAL EQUITY			
		3,828	14,157

Approved by the Board of Directors on 31 March 2015.

Ni Xinguang
Director

Chen Xiaoyan
Director



STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Fixed assets	18	10	72
Interests in subsidiaries	20	10,773	1,012
		10,783	1,084
Current assets			
Prepayments and deposits	24	214	142
Bank and cash balances		18,831	29,811
		19,045	29,953
Current liabilities			
Other payables and accruals		1,954	2,330
Net current assets		17,091	27,623
NET ASSETS		27,874	28,707
Capital and reserves			
Share capital	27	574,117	21,983
Other reserves	29	739,952	1,261,305
Accumulated losses		(1,286,195)	(1,254,581)
TOTAL EQUITY		27,874	28,707

Approved by the Board of Directors on 31 March 2015.

Ni Xinguang
Director

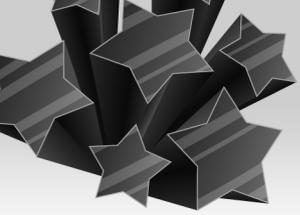
Chen Xiaoyan
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2013	21,983	1,327,081	(1,095,491)	253,573	(217,726)	35,847
Total comprehensive income for the year	–	6,155	(1,757)	4,398	(26,088)	(21,690)
Transfer	–	(8,031)	8,031	–	–	–
Changes in equity for the year	–	(1,876)	6,274	4,398	(26,088)	(21,690)
At 31 December 2013	21,983	1,325,205	(1,089,217)	257,971	(243,814)	14,157
At 1 January 2014	21,983	1,325,205	(1,089,217)	257,971	(243,814)	14,157
Total comprehensive income for the year	–	(5,957)	(30,144)	(36,101)	(5,009)	(41,110)
Transition to no-par value regime on 3 March 2014 (Notes 27(c) and 29)	533,936	(533,936)	–	–	–	–
Issue of shares on placement and subscription (Note 27(d))	18,198	–	–	18,198	–	18,198
Recognition of share-based payments (Note 28)	–	12,583	–	12,583	–	12,583
Changes in equity for the year	552,134	(527,310)	(30,144)	(5,320)	(5,009)	(10,329)
At 31 December 2014	574,117	797,895	(1,119,361)	252,651	(248,823)	3,828



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities		
Loss before tax	(43,298)	(21,236)
Adjustments for:		
Finance costs	–	157
Interest income	(607)	(665)
Depreciation	1,043	1,930
Allowance for inventories	–	10,573
Allowance for other receivables	457	12,278
Allowance for trade receivables	1,173	3,985
Amortisation of intangible assets	70	105
Barter transactions for inventories and fixed assets	–	(305)
Equity-settled share-based payments	12,583	–
Fixed assets written off	18	1,643
Gain on disposals of fixed assets	–	(99)
Impairment loss on fixed assets	461	–
Impairment loss on prepayments and deposits	367	1,096
Inventories written off	7,185	6,200
Reversal of allowance for other receivables	–	(14)
Reversal of allowance for trade receivables	–	(680)
Write back of agency fee payables	–	(19,416)
Write back of other payables and accruals	(1,551)	(8,984)
Write back of trade payables	–	(3,344)
Operating loss before working capital changes	(22,099)	(16,776)
Increase in inventories	–	(10,137)
(Increase)/decrease in trade receivables, and other receivables, prepayments and deposits	(7,116)	44,387
Decrease in agency fee payables	–	(1,189)
Decrease in trade and bills payables, and other payables and accruals	(5,483)	(35,617)
Cash used in operations	(34,698)	(19,332)
Tax paid	(31)	(20)
Interest paid	–	(157)
Net cash used in operating activities	(34,729)	(19,509)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Cash flows from investing activities		
Decrease/(increase) in pledged bank deposits	4,476	(4,476)
Payment for purchase of fixed assets	–	(55)
Proceeds from disposals of fixed assets	–	7
Interest received	607	665
Net cash generated from/(used in) investing activities	5,083	(3,859)
Cash flows from financing activities		
Decrease in pledged bank deposit	–	12,330
Repayment of bank loans	–	(9,944)
Proceeds from issue of shares	18,198	–
Net cash generated from financing activities	18,198	2,386
Net decrease in cash and cash equivalents	(11,448)	(20,982)
Effect of foreign exchange rate changes	159	(200)
Cash and cash equivalents at 1 January	40,856	62,038
Cash and cash equivalents at 31 December	29,567	40,856
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	29,567	40,856



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong with limited liability. The address of its registered and business office is Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 20 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) New and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010–2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010–2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(a) New and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative 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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations 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.

The directors anticipate that these new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(b) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

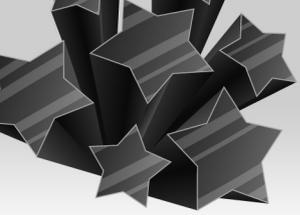
Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Foreign currency translation

(i) **Functional and presentation currency**

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

(ii) **Transactions and balances in each entity's financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) **Translation on consolidation**

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed assets

Fixed assets are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease term and certain leasehold improvements revised to 2 years since 1 January 2010
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Operating leases

(i) *The Group as lessee*

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

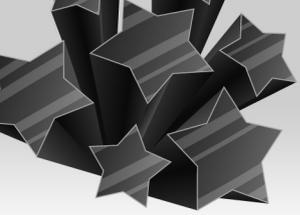
(ii) *The Group as lessor*

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(e) Intangible assets

Insurance agency licence

The insurance agency licence is stated at acquisition cost less accumulated amortisation and impairment losses. It is amortised on a straight line basis over its estimated useful life of 5 years.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis and comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income 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 is recognised in profit or loss.

(h) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments (Continued)

Available-for-sale financial assets (Continued)

Investments in equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

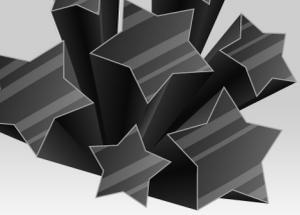
Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue from consultancy services and insurance agency services are recognised when the services are rendered.

Rental income is recognised on a straight-line basis over the lease term.

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

(o) Employee benefits

(i) **Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) **Pension obligations**

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) **Termination benefits**

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as expense.

(q) Government subsidies

A government subsidy is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the subsidy will be received.

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

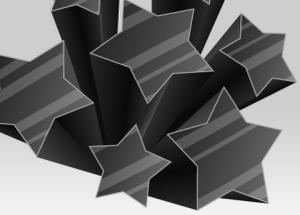
(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Taxation *(Continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Related parties

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Related parties *(Continued)*

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

(t) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except investments, inventories and receivables of which the impairment policies are set out in Notes 3(h), 3(f) and 3(i) respectively, 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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposals 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.

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Provisions and contingent liabilities

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

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

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Consolidation of entity with no equity interest

Although the Group does not own any equity interest in Shanghai Seven Star International Shopping Co., Ltd.[^] (上海七星國際購物有限公司, "Seven Star (Shanghai)"), Seven Star (Shanghai) and its subsidiaries ("Seven Star (Shanghai) Group") are treated as subsidiaries because the Group is able to control the relevant activities of Seven Star (Shanghai) Group as a result of the Structured Contracts (as defined in the announcement of the Company dated 7 September 2006) entered into by the Group.

[^] For identification purpose only



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. CRITICAL JUDGEMENT AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty

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, are discussed below.

(a) Fixed assets and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of fixed assets as at 31 December 2014 was approximately HK\$933,000 (2013: HK\$2,505,000).

(b) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax credit of approximately HK\$2,175,000 (2013: income tax expense of HK\$25,000) was credited/charged to profit or loss.

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness, the past collection history of each debtor and on management's judgement. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 31 December 2014, impairment loss for bad and doubtful debts amounted to approximately HK\$18,994,000 (2013: HK\$29,071,000).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions and assets are denominated in currencies other than the functional currency of respective Group entities such as Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2014, if RMB had weakened 5 per cent against Hong Kong dollars with all other variables held constant, consolidated loss after tax for the year and the equity would have been approximately HK\$210,000 (2013: HK\$1,432,000) higher, arising mainly as a result of the foreign exchange loss on bank deposits denominated in RMB. If RMB had strengthened 5 per cent against Hong Kong dollars with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$210,000 (2013: HK\$1,432,000) lower, arising mainly as a result of the foreign exchange gain on bank deposits denominated in RMB.

(b) Credit risk

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

The Group has no significant concentration of credit risk related to these financial assets.

The credit risk on bank and cash balances and pledged bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk on trade and other receivables is significantly reduced.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2014					
Trade payables	20,603	–	–	–	20,603
Other payables and accruals	13,273	–	–	–	13,273
At 31 December 2013					
Trade and bills payables	26,708	–	–	–	26,708
Other payables and accruals	18,236	–	–	–	18,236

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits. Certain bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risk. Other bank deposits bear interests at variable interest rates varied with the then prevailing market condition.

Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments at 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	30,311	48,040
Available-for-sale financial assets	208	213
Financial liabilities:		
Financial liabilities at amortised cost	33,876	44,944

(f) Fair values

Except as disclosed in Note 21 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. CAPITAL RISK MANAGEMENT

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

7. TURNOVER

The Group's turnover which represents revenue from the followings:

	2014 HK\$'000	2013 HK\$'000
Trading of chemical materials	57,732	–
Insurance agency service income	10,354	18,203
Consultancy service income	–	10,222
PRC retail and distribution of consumer products	–	39,149
Television advertising service income	–	44,646
	68,086	112,220



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. OTHER INCOME

	2014	2013
	HK\$'000	HK\$'000
Interest income on bank deposits	607	665
Exchange gains, net	—	892
Gain on disposals of fixed assets	—	99
Rental income	801	2,285
Reversal of allowance for other receivables	—	14
Reversal of allowance for trade receivables	—	680
PRC tax subsidy	314	293
Write back of agency fee payables	—	19,416
Write back of other payables and accruals	1,551	8,984
Write back of trade payables	—	3,344
Sundry income	52	536
	3,325	37,208

9. SEGMENT INFORMATION

The Group has three reportable segments as follows:

- PRC retail and distribution — retail and distribution of consumer products in the PRC
- Trading of chemical materials — trading of chemical materials in the PRC
- Insurance agency — provision of insurance agency services in the PRC

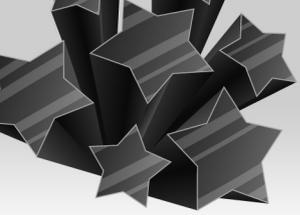
In the current year, as the television advertising business did not meet the definition of an operating segment in accordance with HKFRS 8 "Operating Segment", its information is not presented.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The Group's other operating segment includes the consultancy service business. This segment does not meet any of the quantitative thresholds for determining reportable segments. The information of this operating segment is included in the 'other' column.

Segment profits or losses do not include corporate income, equity-settled share-based payments and corporate expenses.

Segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable segment assets and liabilities have not been presented.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss:

	PRC retail and distribution HK\$'000	Trading of chemical materials HK\$'000	Insurance agency HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2014					
Revenue from external customers	–	57,732	10,354	–	68,086
Segment profit/(loss)	(11,881)	556	(7)	–	(11,332)
Interest revenue	63	–	8	–	71
Depreciation and amortisation	4	–	70	–	74
Bad debts/impairment charges	1,534	–	1	–	1,535
Fixed assets written off	12	–	–	–	12
Inventories written off	7,185	–	–	–	7,185



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss: (Continued)

	PRC retail and distribution HK\$'000	Television advertising HK\$'000	Insurance agency HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2013					
Revenue from external customers	39,149	44,646	18,203	10,222	112,220
Segment profit/(loss)	(23,307)	22,663	119	9,675	9,150
Interest revenue	63	6	8	–	77
Depreciation and amortisation	108	532	105	–	745
Bad debts/impairment charges	14,939	2,287	–	–	17,226
Fixed assets written off	132	1,197	–	–	1,329
Inventories written off	6,200	–	–	–	6,200
Reversal of bad debts/impairment charges	32	648	–	–	680
Write back of payables and accruals	4,515	27,229	–	–	31,744

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue and profit or loss:

	2014 HK\$'000	2013 HK\$'000
Revenue		
Total revenue of reportable segments	68,086	112,220
Profit or loss		
Total profit or loss of reportable segments	(11,332)	9,150
Unallocated corporate income	2,888	4,193
Equity-settled share-based payments	(12,583)	–
Unallocated corporate expenses	(22,271)	(34,579)
Consolidated loss before tax	(43,298)	(21,236)

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	–	–	10	72
PRC except Hong Kong	68,086	112,220	923	2,504
Consolidated total	68,086	112,220	933	2,576

Revenue from major customers:

	2014 HK\$'000	2013 HK\$'000
Television advertising segment		
Customer a	–	40,466
Trading of chemical materials segment		
Customer b	47,010	–
Customer c	10,722	–



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. FINANCE COSTS

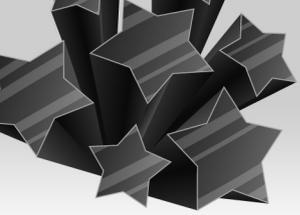
	2014 HK\$'000	2013 HK\$'000
Interest on bank loans — wholly repayable within five years	—	157

11. INCOME TAX (CREDIT)/EXPENSE

	2014 HK\$'000	2013 HK\$'000
Current tax — the PRC		
Provision for the year	108	24
(Over)/under-provision in prior years	(2,283)	1
	(2,175)	25

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the year (2013: HK\$Nil).

The provision for PRC Enterprise Income Tax has been provided at the statutory tax rate of 25% (2013: 25%) on the assessable profits of the Company's PRC subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2014 HK\$'000	2013 HK\$'000
Loss before tax	(43,298)	(21,236)
Tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	(7,144)	(3,504)
Tax effect of income that is not taxable	(85)	(340)
Tax effect of expenses that are not deductible	8,310	11,240
Tax effect of temporary differences not recognised	(2,889)	(916)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(1,711)	(1,181)
Tax effect of tax losses not recognised	5,127	3,352
Tax effect of utilisation of tax losses not previously recognised	(1,500)	(8,627)
(Over)/under-provision in prior years	(2,283)	1
Income tax (credit)/expense	(2,175)	25

At the end of the reporting period the Group and the Company has unused tax losses of approximately HK\$222,402,000 (2013: HK\$217,216,000) and HK\$3,739,000 (2013: HK\$3,739,000) respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses of approximately HK\$87,433,000, HK\$65,563,000, HK\$12,348,000, HK\$13,173,000 and HK\$20,468,000 will expire on 31 December 2015, 2016, 2017, 2018 and 2019 respectively. Other tax losses may be carried forward indefinitely. Included in unused tax losses of the Group are losses of approximately HK\$210,939,000 (2013: HK\$205,754,000) that have not yet been agreed by respective tax authorities.

No provision for deferred taxation had been made for both years ended 31 December 2013 and 2014 as the tax effect of all temporary difference is not material.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2014 HK\$'000	2013 HK\$'000
Allowance for inventories	–	10,573
Allowance for other receivables (included in other operating expenses)	457	12,278
Allowance for trade receivables (included in other operating expenses)	1,173	3,985
Amortisation of insurance agency licence (included in other operating expenses)	70	105
Auditor's remuneration	1,500	1,700
Cost of inventories sold	57,169	46,503
Depreciation	1,043	1,930
Equity-settled share-based payments	12,583	–
Exchange differences, net	233	(892)
Fixed assets written off	18	1,643
Inventories written off	7,185	6,200
Impairment loss on fixed assets	461	–
Impairment loss on prepayments and deposits (included in other operating expenses)	367	1,096
Operating lease charges — Land and buildings	3,103	5,183
Staff costs (including directors' emoluments) (Note 13)	17,306	10,125

Cost of inventories sold included allowance for inventories of HK\$Nil (2013: approximately HK\$10,573,000) and inventories written off of HK\$Nil (2013: approximately HK\$6,200,000) which are included in the amounts disclosed separately above.

Staff costs included equity-settled share-based payments of approximately HK\$7,550,000 (2013: HK\$Nil) which is included in the amount disclosed separately above.

13. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 HK\$'000	2013 HK\$'000
Salaries, bonuses and allowances	9,011	9,024
Equity-settled share-based payments	7,550	–
Retirement benefits scheme contributions	745	1,101
	17,306	10,125

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments of each director and the chief executive were as follows:

Name of director/ chief executive	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Inducement fees HK\$'000	Other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Compensation for loss of office HK\$'000	Share-based payments HK\$'000	Total HK\$'000
Directors									
Mr. Ni Xinguang	-	960	10	-	484	60	-	-	1,514
Ms. Chen Xiaoyan (Note a)	-	173	-	-	-	-	-	-	173
Mr. Tu Baogui	45	900	-	-	-	-	-	-	945
Mr. Ling Yu Zhang	180	-	-	-	-	-	-	-	180
Mr. Lu Wei	180	-	-	-	-	-	-	-	180
Mr. Wong Chak Keung	180	-	-	-	-	-	-	-	180
Chief executive	585	2,033	10	-	484	60	-	-	3,172
Mr. Chen Fenfai (Note b)	-	411	-	-	-	-	-	-	411
Total for 2014	585	2,444	10	-	484	60	-	-	3,583

Name of director/ chief executive	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Inducement fees HK\$'000	Other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Compensation for loss of office HK\$'000	Share-based payments HK\$'000	Total HK\$'000
Directors									
Mr. Ni Xinguang	-	980	10	-	-	19	-	-	1,009
Mr. Tu Baogui (Note c)	-	574	-	-	-	-	-	-	574
Mr. Wang Zhiming (Note d)	-	403	-	-	-	153	-	-	556
Mr. Ling Yu Zhang	180	-	-	-	-	-	-	-	180
Mr. Lu Wei	180	-	-	-	-	-	-	-	180
Mr. Wong Chak Keung	180	-	-	-	-	-	-	-	180
Total for 2013	540	1,957	10	-	-	172	-	-	2,679

Notes:

- (a) Appointed on 16 January 2014.
- (b) Appointed on 9 October 2014.
- (c) Appointed on 9 July 2013.
- (d) Resigned on 28 June 2013.

There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2013 and 2014.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 1 (2013: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 4 (2013: 2) individuals are set out below:

	2014 HK\$'000	2013 HK\$'000
Salaries, bonuses and allowances	410	950
Equity-settled share-based payments	5,033	–
Retirement benefit scheme contributions	152	30
	5,595	980

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
HK\$Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$1,500,000	4	–

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

15. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately HK\$31,614,000 (2013: HK\$30,033,000) which has been dealt with in the financial statements of the Company.

16. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: HK\$Nil).

17. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$30,144,000 (2013: HK\$1,757,000) and the weighted average number of ordinary shares of 2,243,235,000 (2013: 2,198,331,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2014. No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. FIXED ASSETS

	The Group				Total HK\$'000
	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Call centre system HK\$'000	Motor vehicles HK\$'000	
Cost					
At 1 January 2013	8,704	15,021	4,375	10,362	38,462
Additions	–	55	–	305	360
Disposals/write-off	(1,022)	(9,416)	(4,439)	(3,815)	(18,692)
Exchange differences	228	297	64	250	839
At 31 December 2013 and 1 January 2014	7,910	5,957	–	7,102	20,969
Write-off	–	(3,091)	–	(65)	(3,156)
Exchange differences	(184)	(124)	–	(172)	(480)
At 31 December 2014	7,726	2,742	–	6,865	17,333
Accumulated depreciation and impairment					
At 1 January 2013	8,438	13,402	4,375	6,488	32,703
Charge for the year	173	434	–	1,323	1,930
Disposals/write-off	(1,022)	(9,229)	(4,439)	(2,204)	(16,894)
Exchange differences	227	260	64	174	725
At 31 December 2013 and 1 January 2014	7,816	4,867	–	5,781	18,464
Charge for the year	94	363	–	586	1,043
Impairment losses	–	461	–	–	461
Write-off	–	(3,079)	–	(59)	(3,138)
Exchange differences	(184)	(103)	–	(143)	(430)
At 31 December 2014	7,726	2,509	–	6,165	16,400
Carrying amount					
At 31 December 2014	–	233	–	700	933
At 31 December 2013	94	1,090	–	1,321	2,505



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. FIXED ASSETS (Continued)

	Leasehold improvements HK\$'000	The Company Office equipment HK\$'000	Total HK\$'000
Cost			
1 January 2013	326	137	463
Disposals	–	(25)	(25)
At 31 December 2013, 1 January 2014 and 31 December 2014	326	112	438
Accumulated depreciation			
1 January 2013	109	111	220
Charge for the year	163	8	171
Disposals	–	(25)	(25)
At 31 December 2013 and 1 January 2014	272	94	366
Charge for the year	54	8	62
At 31 December 2014	326	102	428
Carrying amount			
At 31 December 2014	–	10	10
At 31 December 2013	54	18	72

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

19. INTANGIBLE ASSETS

	The Group		Total HK\$'000
	Internet platform HK\$'000	Insurance agency licence HK\$'000	
Cost			
At 1 January 2013	1,201	520	1,721
Write-off	(1,218)	–	(1,218)
Exchange differences	17	15	32
At 31 December 2013 and 1 January 2014	–	535	535
Exchange differences	–	(13)	(13)
At 31 December 2014	–	522	522
Accumulated amortisation and impairment			
At 1 January 2013	1,201	347	1,548
Amortisation for the year	–	105	105
Write-off	(1,218)	–	(1,218)
Exchange differences	17	12	29
At 31 December 2013 and 1 January 2014	–	464	464
Amortisation for the year	–	70	70
Exchange differences	–	(12)	(12)
At 31 December 2014	–	522	522
Carrying amount			
At 31 December 2014	–	–	–
At 31 December 2013	–	71	71

Insurance agency licence

The Group's insurance agency licence is for its provision of insurance agency services. As at 31 December 2014, the insurance agency licence has been fully amortised (2013: remaining amortisation period of the insurance agency licence is 0.67 year).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK\$'000	HK\$'000
Unlisted investments, at cost	277,066	277,066
Loans to subsidiaries	1,234,246	1,214,068
	1,511,312	1,491,134
Less: impairment losses	(1,500,539)	(1,490,122)
	10,773	1,012

The loans to subsidiaries are unsecured, interest-free and will not be repayable within the next twelve months.

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

Name	Place of incorporation/ registration, operation and kind of legal entity	Issued share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Cheong Wa Limited	Hong Kong, limited liability company	HK\$29,970,106	100%	–	Investment holding
Top Pro Limited	The British Virgin Islands, limited liability company	US\$1	100%	–	Investment holding
Fuzhou Landun Science of Life Co., Ltd	The PRC, wholly-foreign owned enterprise with limited liability	HK\$100,000,000	–	100%	Investment holding
Seven Star (Shanghai)	The PRC, limited liability company	RMB6,000,000	–	100% (Note)	Investment holding and trading of chemical materials
Seven Star Shopping (China) Co., Ltd. [^] 七星購物(中國)有限公司	The PRC, wholly-foreign owned enterprise with limited liability	RMB360,000,000	–	100%	Investment holding, provision of consultancy services and trading of chemical materials
Seven Star Shopping Limited	Hong Kong, limited liability company	HK\$1	–	100%	Investment holding
Shanghai Seven Star Advertising Co., Ltd. ("Seven Star Advertising") [^] 上海七星廣告有限公司	The PRC, limited liability company	RMB1,000,000	–	60%	Ceased business and became investment holding
Shanghai Seven Star Electronic Commerce Co., Ltd. ^{^,*} 上海七星電子商務有限公司	The PRC, limited liability company	RMB30,000,000	–	96%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 December 2014 are as follows: (Continued)

Name	Place of incorporation/ registration, operation and kind of legal entity	Issued share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Shanghai Seven Star Marketing Co., Ltd. ("Seven Star Marketing") ^{^, #} 上海七星營銷有限公司	The PRC, limited liability company	RMB1,000,000	–	96%	Inactive
Shanghai Seven Star Qiangguan Investment Management Co., Ltd. [^] ("Shanghai Qiangguan") 上海七星強冠投資管理有限公司	The PRC, limited liability company	RMB10,000,000*	–	70%	Not yet commence business
Shanghai Shenmin Bio-technology Co., Ltd. [^] 上海盛民生物科技有限公司	The PRC, limited liability company	RMB1,000,000	–	100%	Investment holding
Shanghai Xiangsheng Insurance Agency Co., Ltd. ^{^, ##} 上海祥生保險代理有限公司	The PRC, limited liability company	RMB20,000,000	–	96%	Provision of insurance agency services
Shanghai Xingru Householding Engineering & Design Co., Ltd. ("Xingru Householding") ^{^, #} 上海星茹家居工程設計有限公司	The PRC, limited liability company	RMB1,000,000	–	60%	Investment holding
Shanghai Xishiduo Hanying Kitchen Ware Ltd. ^{^, ###} ("Shanghai Xishiduo") 上海喜世多漢英廚具有限公司	The PRC, Sino-foreign joint venture with limited liability company	RMB20,000,000	–	92.8%	Ceased business and became inactive
Shanghai Yujie Trading Co., Ltd. ("Shanghai Yujie") ^{^, #} 上海予捷貿易有限公司	The PRC, limited liability company	RMB500,000	–	60%	Inactive

[^] For identification purposes only

[#] Directly held by Seven Star (Shanghai)

^{##} Indirectly held by Seven Star (Shanghai)

^{###} 41.8% is directly held by Seven Star (Shanghai)

* The registered capital of Shanghai Qiangguan is RMB10,000,000 and no capital has been paid up as at 31 December 2014.

Note: Although the Group does not own any equity interest in Seven Star (Shanghai), Seven Star (Shanghai) Group are treated as subsidiaries because the Group is able to control the relevant activities of Seven Star (Shanghai) Group as a result of the Structured Contracts (as defined in the announcement of the Company dated 7 September 2006) entered into by the Group.

None of the subsidiaries has issued any debt securities.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. INTERESTS IN SUBSIDIARIES (Continued)

The following table shows information of the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Seven Star (Shanghai)		Seven Star Advertising		Shanghai Xishiduo	
	2014	2013	2014	2013	2014	2013
Principal place of business/ country of registration	PRC/PRC		PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	100%/0%	100%/0%	40%/40%	40%/40%	49%/0%	49%/0%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December:						
Non-current assets	49,551	50,948	208	855	–	16
Current assets	151,481	155,218	9,909	11,169	281	16,493
Non-current liabilities	(457,026)	(459,703)	–	–	–	–
Current liabilities	(6,989)	(7,163)	(83,728)	(89,220)	(38,333)	(42,895)
Net liabilities	(262,983)	(260,700)	(73,611)	(77,196)	(38,052)	(26,386)
Accumulated NCI	(96,510)	(90,092)	(36,674)	(38,287)	(25,926)	(20,391)
Year ended 31 December:						
Revenue	19,345	13,486	–	44,646	–	39,143
Profit/(loss)	(8,650)	(14,093)	1,724	22,759	(12,374)	(27,463)
Total comprehensive income	(2,283)	(21,230)	3,585	20,261	(11,665)	(27,864)
Profit/(loss) allocated to NCI	(8,650)	(14,093)	689	9,103	(6,063)	(13,457)
Net cash generated from/(used in) operating activities	1,074	(307)	(995)	(9,877)	(5,460)	4,950
Net cash generated from/(used in) investing activities	8	(27)	1	6	4,539	(4,413)
Effect of foreign exchange rate changes	(74)	297	(20)	219	346	17
Net increase/(decrease) in cash and cash equivalents	1,008	(37)	(1,014)	(9,652)	(575)	554

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. INTERESTS IN SUBSIDIARIES (Continued)

The following table shows information of the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations. (Continued)

Name	Xingru Householding		Shanghai Yujie		Seven Star Marketing	
	2014	2013	2014	2013	2014	2013
Principal place of business/ country of registration	PRC/PRC		PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%	100%/0%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December:						
Non-current assets	6,302	6,459	–	407	–	–
Current assets	23,155	23,730	192	197	153	157
Current liabilities	(68,627)	(70,735)	(23,578)	(24,708)	(38,770)	(40,376)
Non-current liabilities	–	–	–	–	–	–
Net liabilities	(39,170)	(40,546)	(23,386)	(24,104)	(38,617)	(40,219)
Accumulated NCI	(24,642)	(25,658)	(24,147)	(24,884)	(21,000)	(22,165)
Year ended 31 December:						
Revenue	–	–	–	–	–	–
Profit/(loss)	396	(20)	135	(83)	631	695
Total comprehensive income	1,377	(1,161)	718	(760)	1,602	(447)
Profit/(loss) allocated to NCI	396	(20)	135	(83)	631	695
Net cash generated from/(used in) operating activities	–	21	–	(1)	–	–
Net cash generated from/(used in) investing activities	–	–	–	–	–	–
Effect of foreign exchange rate changes	–	(30)	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	–	(9)	–	(1)	–	–



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	208	213
Analysed as:		
Non-current assets	208	213

Unlisted equity securities with carrying amount of approximately HK\$208,000 (2013: HK\$213,000) were carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

22. INVENTORIES

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Finished goods	–	8,982

23. TRADE RECEIVABLES

The general credit terms of insurance agency services and sales of consumer products are normally 30 days. For trading of chemical materials, the Group requires customers to pay in advance.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
0–90 days	–	1,211
91–180 days	–	378
181–365 days	–	4
Over 365 days	–	1
	–	1,594

At 31 December 2014, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$8,598,000 (2013: HK\$16,147,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. TRADE RECEIVABLES (Continued)

Reconciliation of allowance for trade receivables:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
At 1 January	16,147	53,196
Allowance for the year	1,173	3,985
Amounts reversed for the year	–	(680)
Amounts written off	(8,371)	(41,352)
Exchange differences	(351)	998
At 31 December	8,598	16,147

At 31 December 2014, trade receivables of HK\$Nil (2013: approximately HK\$383,000) were overdue but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Overdue by:		
Up to 6 months	–	379
Over 6 months	–	4
	–	383

The carrying amounts of the Group's trade receivables are denominated in RMB.

24. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other receivables	432	794	19	–
Prepayments and deposits (Note)	8,741	1,666	195	142
	9,173	2,460	214	142

Note: At 31 December 2014, included in the Group's prepayments and deposits is a deposit of approximately HK\$7,488,000 paid for a proposed acquisition. Details are set out in the Company's announcement dated 30 December 2014.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

25. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

At 31 December 2014, the Group's pledged bank deposits included a deposit pledged to a bank of approximately HK\$312,000 (2013: HK\$320,000) as security for a corporate card granted to an executive director of the Group. The credit limit of the corporate card is approximately HK\$250,000 (2013: HK\$256,000). The deposit is in RMB and bears fixed interest rate of 2.75% (2013: 3.0%) per annum and therefore is subject to fair value interest rate risk.

At 31 December 2013, the Group's pledged bank deposits included deposits pledged to a bank of approximately HK\$4,476,000 to secure bills payables of approximately HK\$4,476,000 as set out in Note 26 to the financial statements. The deposits are in RMB and bear fixed interest rates ranging from 0.4% to 2.8% per annum and therefore are subject to fair value interest rate risk.

At 31 December 2014, the bank and cash balances of the Group denominated in RMB and kept in the PRC amounted to approximately HK\$10,326,000 (2013: HK\$9,941,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As set out in Note 30 to the financial statements, certain creditors filed settlement petitions to the courts against a subsidiary of the Company. At 31 December 2014, the bank and cash balances of the Group included bank balances of approximately HK\$3,000 (2013: HK\$630,000) which have been frozen by banks based on the instructions of the courts.

26. TRADE AND BILLS PAYABLES

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Trade payables (Note)	20,603	22,232
Bills payables	–	4,476
	<u>20,603</u>	<u>26,708</u>

Note: The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers but certain suppliers would require the Group to pay in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

26. TRADE AND BILLS PAYABLES (Continued)

The aging analysis of trade payables, based on date of receipt of goods and services, is as follows:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
0-90 days	781	8,105
91-180 days	68	5,839
181-365 days	61	649
Over 365 days	19,693	7,639
	20,603	22,232

The carrying amounts of the Group's trade payables are denominated in RMB.

27. SHARE CAPITAL

	Note	The Company			
		2014		2013	
		Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:	(a)				
Ordinary shares of HK\$0.01 each	(b)	–	–	3,200,000	32,000
Ordinary shares, issued and fully paid:					
At 1 January		2,198,331	21,983	2,198,331	21,983
Transition to no-par value regime on 3 March 2014	(c)	–	533,936	–	–
Issue of shares on placement and subscription	(d)	110,000	18,198	–	–
At 31 December		2,308,331	574,117	2,198,331	21,983



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. SHARE CAPITAL (Continued)

Notes:

- (a) Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (b) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.
- (d) On 28 July 2014, the Company, Group First Limited ("Group First", a substantial shareholder of the Company) and a placing agent entered into a placing and subscription agreement, pursuant to which Group First agreed to place and the placing agent agreed to procure not less than six places to purchase 110,000,000 shares at placing price of HK\$0.169 per share from Group First, and Group First agreed to subscribe new shares equivalent to the number of placing shares of 110,000,000 shares at subscription price equivalent to the placing price of HK\$0.169 per share from the Company. The placing and subscription was completed on 5 August 2014, and net proceeds of approximately HK\$18,198,000 were credited to the Company's share capital.

28. SHARE OPTIONS

Equity-settled share option scheme

On 9 December 2013, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 28 May 2004 (the "2004 Share Option Scheme") and the adoption of a new share option scheme (the "2013 Share Option Scheme"). The 2013 Share Option Scheme will expire on 8 December 2023.

2013 Share Option Scheme

Under the 2013 Share Option Scheme, the directors of the Company may, at their discretion, grant options to executives and key employees in the service of any member of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular option shall be such price as the board of directors of the Company may in its absolute discretion determine at the time of grant of the relevant option subject to the compliance with the requirements for share option schemes under the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. SHARE OPTIONS *(Continued)*

2013 Share Option Scheme *(Continued)*

At 31 December 2014, the following options to subscribe for shares were outstanding under the 2013 Share Option Scheme:

	Date of grant	Exercise price per share HK\$	Number of outstanding options	Exercise period
Employees	4 November 2014	0.17	131,760,000	4 November 2014 – 3 November 2017
Consultants (Note)	4 November 2014	0.17	87,840,000	4 November 2014 – 3 November 2017
			219,600,000	

2004 Share Option Scheme

The 2004 Share Option Scheme was terminated on 9 December 2013 such that no further option can be granted under the 2004 Share Option Scheme, but all options granted previously will remain exercisable in accordance with the terms of the 2004 Share Option Scheme and the relevant letters of offers to the respective grantees.

At 31 December 2014, the following options to subscribe for shares were outstanding under the 2004 Share Option Scheme:

	Date of grant	Exercise price per share HK\$	Number of outstanding options	Exercise period
Consultants (Note)	30 April 2007	6.03	48,960	30 April 2008 – 29 April 2015
	30 April 2009	0.49	1,428,000	5 May 2010 – 4 May 2017
			1,476,960	

Note: Options granted to consultants were incentives for them to assist the Group in the expansion of its business network, identifying and acquiring new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share option granted.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. SHARE OPTIONS (Continued)

Details of the share options outstanding during the year are as follows:

	2014		2013	
	Weighted average exercise price in HK\$ per share	Number of share options	Weighted average exercise price in HK\$ per share	Number of share options
At 1 January	0.674	1,476,960	0.776	30,444,960
Granted during the year	0.170	219,600,000	–	–
Lapsed during the year	–	–	0.782	(28,968,000)
At 31 December	0.173	221,076,960	0.674	1,476,960
Exercisable at 31 December	0.173	221,076,960	0.674	1,476,960

The options outstanding at the end of the year have a weighted average remaining contractual life of 2.84 years (2013: 3.28 years) and the exercise prices range from HK\$0.17 to HK\$6.03 (2013: HK\$0.49 to HK\$6.03). In 2014, 219,600,000 options were granted on 4 November 2014. The estimated fair value of the options on this date was approximately HK\$12,583,000.

The fair value was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Share options granted on 4 November 2014
Weighted average share price	0.17
Exercise price	0.17
Expected volatility	70.92%
Expected life	1.5 years
Risk free rate	0.233%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1.5 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recorded total expenses of approximately HK\$12,583,000 (2013: HK\$Nil) during the year in respect of the 2013 Share Option Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

29. OTHER RESERVES

	The Group					Total HK\$'000
	Share premium HK\$'000	Share- based payments reserve HK\$'000	Special capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory surplus reserve HK\$'000	
	At 1 January 2013	533,936	8,701	726,699	51,883	
Transfer	–	(8,031)	–	–	–	(8,031)
Translation differences	–	–	–	6,155	–	6,155
At 31 December 2013	533,936	670	726,699	58,038	5,862	1,325,205
At 1 January 2014	533,936	670	726,699	58,038	5,862	1,325,205
Transition to no-par value regime on 3 March 2014 (Note 27(c))	(533,936)	–	–	–	–	(533,936)
Recognition of share-based payments (Note 28)	–	12,583	–	–	–	12,583
Translation differences	–	–	–	(5,957)	–	(5,957)
At 31 December 2014	–	13,253	726,699	52,081	5,862	797,895

	The Company			Total HK\$'000
	Share premium HK\$'000	Share- based payments reserve HK\$'000	Special capital reserve HK\$'000	
	At 1 January 2013	533,936	8,701	
Transfer	–	(8,031)	–	(8,031)
At 31 December 2013	533,936	670	726,699	1,261,305
At 1 January 2014	533,936	670	726,699	1,261,305
Transition to no-par value regime on 3 March 2014 (Note 27(c))	(533,936)	–	–	(533,936)
Recognition of share-based payments (Note 28)	–	12,583	–	12,583
At 31 December 2014	–	13,253	726,699	739,952



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

29. OTHER RESERVES (Continued)

Nature and purpose of reserves

(a) *Share premium*

Prior to 3 March 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital. The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(b) *Share-based payments reserve*

The share-based payments reserve represented the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 3(p) to the financial statements.

(c) *Special capital reserve*

The application of the special capital reserve is subject to the court order granted by the High Court of Hong Kong SAR. Pursuant to the High Court Order dated 20 November 2002, as long as the Company shall remain a listed company, the balances shall be treated as an undistributable reserve of the Company provided that (1) the Company shall be at liberty to apply the said special capital reserve for the same purposes as a share premium account may be applied; and (2) the amount standing to the credit of the special capital reserve may be reduced by the amount of any increase, after the effective date, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as a result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits.

(d) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 3(b)(iii) to the financial statements.

(e) *Statutory surplus reserve*

In accordance with the PRC Company Law and the respective company's articles of association, a subsidiary of the Group established in the PRC, being a wholly foreign owned enterprise, is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), to the statutory surplus reserve. When the balance of the reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. With the approval from the relevant authorities, the statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. The reserve fund cannot be distributed in the form of cash.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. LITIGATION

As at 31 December 2014, five suppliers (the "Plaintiffs") filed petitions to the courts in Shanghai against a subsidiary of the Company for settlement of trade debts of approximately RMB8,431,000 (equivalent to approximately HK\$10,522,000) in aggregate. Up to the date of these financial statements, all hearings (including appeals) had been held and the verdicts were in favor of the Plaintiffs.

As the claimed trade debts have been properly recognised in the consolidated financial statements, the directors believe that these litigations would not have material impact to the Group and the Company.

31. OPERATING LEASE COMMITMENTS

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

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	4,419	3,787	775	154
In the second to fifth years inclusive	15,027	15,013	158	–
After five years	28,250	32,847	–	–
	47,696	51,647	933	154

Operating lease payments represent rentals payable by the Group for certain of its offices and warehouse. Leases are negotiated for terms ranging from two to twenty years and rentals are fixed over the lease terms and do not include contingent rentals.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

32. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2014 HK\$'000	2013 HK\$'000
Allowance for amount due from a former director	–	126
Allowance for rental receivables from a related company (Note)	–	585
Consultancy service income from a related company (Note)	–	134
Rental income from related parties (Note)	801	2,285

Note: Mr. Ni Xinguang (“Mr. Ni”), an executive director of the Company has beneficial interests in these related parties.

- (b) At the end of the reporting period, the Group had the following balances with its related parties:

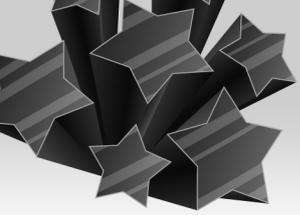
	The Group 2014 HK\$'000	2013 HK\$'000
Other receivables from a related company (Note (i) and (ii))	–	277

Notes:

- (i) Mr. Ni has beneficial interests in this related company.
- (ii) The amount due was unsecured, interest-free and had no fixed term of repayment.
- (c) The remuneration for directors and other members of key management of the Group during the year is disclosed in Note 14(a) to the financial statements.
- (d) As at 31 December 2014, a related party issued a guarantee to a subsidiary of the Company in respect of a deposit refund of RMB6,000,000 (equivalent to approximately HK\$7,488,000) if the proposed acquisition is cancelled. Details are set out in the Company’s announcement dated 30 December 2014. Mr. Ni has beneficial interests in this related party.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2015.



FIVE YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results					
Turnover	68,086	112,220	616,877	589,621	580,085
(Loss)/profit attributable to:					
— Owners of the Company	(30,144)	(1,757)	3,308	(18,992)	(42,367)
— Non-controlling interests	(10,979)	(19,504)	13,957	(87,174)	(207,129)
Assets and liabilities					
Total assets	40,193	61,477	161,542	700,937	1,254,296
Total liabilities	(36,365)	(47,320)	(125,695)	(718,374)	(1,164,625)
Total equity	3,828	14,157	35,847	(17,437)	89,671