CROSBY

CROSBY CAPITAL LIMITED

（高誠資本有限公司）*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*

ABOUT CROSBY CAPITAL LIMITED

Crosby Capital Limited ("Crosby" or the "Company" and, together with its subsidiaries, the "Group") is an independent asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088).

The Group is engaged in the businesses of asset management.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group has continued to operate its asset management businesses and to control costs. In order to reduce the operating costs of the Group, those subsidiaries within the Group which no longer add value to, nor generate any income attributable to the Group, have been deregistered, or voluntarily wound up. To strength the general working capital base of the Group and for any potential investment opportunities arises, we have completed the successful placement of HK$18.5 million, net of share issue expenses, by new shares issued in December 2013.

Our asset management activities comprise mainly fund management businesses under Shikumen. On the other hand, the Group has been actively indentifying opportunities in diversifying its portfolio into suitable investment. On 10 December 2013, the Group entered into a subscription agreement and a sale and purchase agreement for the aggregate acquisition of 64.54% equity interest in HMV Ideal Limited (formerly known as Billion Merit Investments Limited) and its subsidiaries (the "HMV Ideal Group"). The business of HMV Ideal Group is to capitalise on the HMV brand and develop an online and offline ecosystem of music, video entertainment and lifestyle. Details of the businesses of the subsidiaries of the HMV Ideal Limited are set out in the Company's circular dated 28 January 2014.

The resolution in relation to the sale and purchase agreement was duly passed by the independent shareholders by way of poll at extraordinary general meeting held on 14 February 2014. The subscription and the acquisition were completed on 10 December 2013 and 24 February 2014 respectively.

We will continue to monitor our existing businesses and will focus our resources to further strengthen and develop HMV Ideal Group's businesses and other potential business opportunities.

The Group reported a loss attributable to owners for the year under review of US$10.8 million as compared to a loss attributable to owners of US$4.9 million last year, US$10.3 million and US$4.5 million of which are the losses from continuing operations for the year under review and last year respectively. Excluding the impairment of goodwill and intangible assets and the gain or loss on financial liabilities at fair value through profit or loss, the loss attributable to owners for the year under review was reduced to US$6.5 million as compared to that of US$7.4 million last year.

Revenue from continuing operations decreased to US$1.8 million for the year under review, compared to that of US$2.4 million last year. Total operating expenses (being other administrative expenses plus other operating expenses) from continuing operations for the year under review decreased to US$4.9 million as compared to US$5.8 million last year.

RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2013, together with the comparative audited figures of the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** **US$'000**	(Restated) 2012 US$'000
Continuing operations			
Revenue	5	**1,777**	2,445
Cost of sales		**64**	(596)
Gross profit		**1,841**	1,849
(Loss)/Gain on financial liabilities at fair value through profit or loss	22	**(897)**	2,484
Other income	6	**145**	86
Administrative expenses			
Amortisation of intangible assets	14	**–**	(569)
Other administrative expenses		**(4,629)**	(5,382)
		(4,629)	(5,951)
Impairment of intangible assets	14	**(112)**	–
Impairment of goodwill	15	**(3,311)**	–
Other operating expenses		**(257)**	(401)
Loss from operations		**(7,220)**	(1,933)
Finance costs		**(3,078)**	(2,563)
Loss before taxation	7	**(10,298)**	(4,496)
Taxation	8	**(8)**	–
Loss for the year from continuing operations		**(10,306)**	(4,496)
Discontinued operations			
Loss for the year from discontinued operations	9	**(591)**	(753)
Loss for the year		**(10,897)**	(5,249)

	Notes	2013 US$'000	(Restated) 2012 US$'000
Attributable to:			
Owners of the Company	*10*		
Loss for the year from continuing operations		**(10,306)**	(4,496)
Loss for the year from discontinued operations		**(521)**	(404)
		(10,827)	(4,900)
Non-controlling interests			
Loss for the year from continuing operations		**–**	–
Loss for the year from discontinued operations		**(70)**	(349)
		(70)	(349)
Loss for the year		**(10,897)**	(5,249)

	Notes	US cents	(Restated) US cents
Loss per share attributable to owners of the Company during the year	*10*		
Basic			
Continuing operations		**(5.77)**	(3.57)
Discontinued operations		**(0.29)**	(0.32)
		(6.06)	(3.89)
Diluted			
Continuing operations		**N/A**	N/A
Discontinued operations		**N/A**	N/A
		N/A	N/A

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013** **US$'000**	2012 *US$'000*
Loss for the year		**(10,897)**	(5,249)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
Deficit on revaluation	*13*	**(7)**	(19)
Reclassification adjustment upon disposal of subsidiaries		**(211)**	–
Exchange differences on translating foreign operations		**24**	2
Other comprehensive income for the year, net of tax		**(194)**	(17)
Total comprehensive income for the year, before and net of tax		**(11,091)**	(5,266)
Attributable to:			
Owners of the Company		**(11,021)**	(4,917)
Non-controlling interests		**(70)**	(349)
Total comprehensive income for the year, before and net of tax		**(11,091)**	(5,266)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 US$'000	2012 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**9,536**	10,403
Interest in a joint venture		**–**	227
Note receivable	*12*	**–**	2,801
Available-for-sale investments	*13*	**1,282**	699
Intangible assets	*14*	**–**	112
Goodwill	*15*	**–**	3,311
		10,818	17,553
Current assets			
Trade and other receivables	*16*	**445**	1,489
Financial assets at fair value through profit or loss	*17*	**–**	30
Cash and cash equivalents		**2,397**	3,021
		2,842	4,540
Current liabilities			
Other payables	*18*	**432**	2,009
Note payable	*19*	**830**	–
Loan payable		**–**	62
Financial liabilities at fair value through profit or loss	*22*	**1,524**	5,942
Convertible bonds	*23*	**5,706**	25,112
Borrowings	*20*	**1,232**	2,246
		9,724	35,371
Net current liabilities		**(6,882)**	(30,831)
Total assets less current liabilities		**3,936**	(13,278)

	Notes	2013 US$'000	2012 US$'000
Non-current liabilities			
Financial liabilities at fair value through profit or loss	*22*	**48**	97
Borrowings	*20*	**2,963**	4,166
		3,011	4,263
Net assets/(liabilities)		**925**	(17,541)
EQUITY			
Share capital	*24*	**3,846**	1,378
Reserves		**(2,921)**	(18,991)
Equity/(Capital deficiency) attributable to owners of the Company		**925**	(17,613)
Non-controlling interests		**–**	72
Total equity/(Capital deficiency)		**925**	(17,541)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Capital deficiency attributable to owners of the Company									Non-controlling interests	Capital deficiency
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Employee share-based compensation reserve	Investment revaluation reserve	Foreign exchange reserve	Accumulated losses	Total		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2012	9,812	107,943	271	77	7,034	237	4	(143,228)	(17,850)	421	(17,429)
Employee share-based compensation	–	–	–	–	253	–	–	–	253	–	253
Lapse of share options	–	–	–	–	(166)	–	–	166	–	–	–
Repurchase of share options	–	–	–	–	(2,691)	–	–	2,674	(17)	–	(17)
Issue of shares upon conversion of bonds *(Note 24(b))*	3,764	696	–	–	–	–	–	–	4,460	–	4,460
Capital reduction *(Note 24(a)(ii))*	(12,218)	(108,639)	–	–	–	–	–	120,857	–	–	–
Issue of shares upon exercise of warrants *(Note 24(c))*	20	438	–	–	–	–	–	–	458	–	458
Transactions with owners	(8,434)	(107,505)	–	–	(2,604)	–	–	123,697	5,154	–	5,154
Loss for the year	–	–	–	–	–	–	–	(4,900)	(4,900)	(349)	(5,249)
Other comprehensive income:											
Available-for-sale investments											
Deficit on revaluation	–	–	–	–	–	(19)	–	–	(19)	–	(19)
Exchange differences on translating foreign operations	–	–	–	–	–	–	2	–	2	–	2
Total comprehensive income for the year	–	–	–	–	–	(19)	2	(4,900)	(4,917)	(349)	(5,266)
At 31 December 2012	1,378	438	271	77	4,430	218	6	(24,431)	(17,613)	72	(17,541)

	(Capital deficiency)/Total equity attributable to owners of the Company									Non-controlling interests	(Capital deficiency)/ Total equity
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Employee share-based compensation reserve	Investment revaluation reserve	Foreign exchange reserve	Accumulated losses	Total		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2013	**1,378**	**438**	**271**	**77**	**4,430**	**218**	**6**	**(24,431)**	**(17,613)**	**72**	**(17,541)**
Employee share-based compensation	–	–	–	–	235	–	–	–	235	–	235
Lapse of share options	–	–	–	–	(36)	–	–	36	–	–	–
Placing of shares *(Note 24(e))*	276	2,126	–	–	–	–	–	–	2,402	–	2,402
Share issue expenses *(Note 24(e))*	–	(25)	–	–	–	–	–	–	(25)	–	(25)
Issue of shares upon conversion of bonds *(Note 24(d))*	2,192	24,755	–	–	–	–	–	–	26,947	–	26,947
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(2)	(2)
Transactions with owners	2,468	26,856	–	–	199	–	–	36	29,559	(2)	29,557
Loss for the year	–	–	–	–	–	–	–	(10,827)	(10,827)	(70)	(10,897)
Other comprehensive income:											
Available-for-sale investments											
Deficit on revaluation	–	–	–	–	–	(7)	–	–	(7)	–	(7)
Reclassification adjustment upon disposal of subsidiaries	–	–	–	–	–	(211)	–	–	(211)	–	(211)
Exchange differences on translating foreign operations	–	–	–	–	–	–	24	–	24	–	24
Total comprehensive income for the year	–	–	–	–	–	(218)	24	(10,827)	(11,021)	(70)	(11,091)
At 31 December 2013	3,846	27,294	271	77	4,629	–	30	(35,222)	925	–	925

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000.

The Company acts as the holding company of the Group. The Group was principally engaged in the businesses of asset management and direct investment. Following the disposal of business of direct investment during the year, the principal activities of the Group remain asset management businesses.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The audited consolidated financial statements have been prepared under historical cost basis except for certain financial instruments classified as available-for-sale and at fair value through profit or loss, which are measured at fair value.

In preparing the financial statements, the Directors have considered the operations of the Group as a going concern notwithstanding the Group had net current liabilities of approximately US$6,882,000 (2012: US$30,831,000) as at 31 December 2013, the Group incurred a loss of approximately US$10,897,000 (2012: US$5,249,000) for the year and the Company had net current liabilities of approximately US$8,096,000 (2012: US$31,597,000) and capital deficiency of approximately US$6,890,000 (2012: US$19,144,000) as at 31 December 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors have prepared the financial statements based on the assumption that the Group can continue as a going concern and are of the view that the Group will have sufficient working capital and financial resources to finance its operations for twelve months from the end of the reporting period, after taking into consideration the following:

(i) The Group continues to implement measures to tighten cost controls over various administrative expenses and to attain positive cash flow operations through newly acquired subsidiaries, HMV Ideal Limited (formerly known as Billion Merit Investments Limited) and its subsidiaries ("HMV Ideal Group"), of which the acquisition was completed on 24 February 2014, as detailed in Note 29;

(ii) The Group's ability to raise additional financing through its office premises located at AXA Centre in Wanchai, Hong Kong; and

(iii) The Group's ability to raise additional financing by way of new shares issue or other means.

Having regard to the cash flow projection of the Group, which has been prepared based on the above considerations, the Directors are of the opinion that, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital and financial resources to satisfy its future working capital and other financing requirements for the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis and are satisfied that the Group will have sufficient working capital and financial resources to finance its operations for twelve months from the end of the reporting period.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The financial statements for the year ended 31 December 2013 were approved by the board of directors (the "Directors") on 21 March 2014.

2. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the consolidated financial statements for the annual period beginning on 1 January 2013:

(a) Adoption of new/revised IFRSs – effective 1 January 2013

IFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
IFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

IFRSs (Amendments) – Annual Improvements 2009–2011 Cycle

IAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

IFRSs (Amendments) – Annual Improvements 2010–2012 Cycle

The Basis of Conclusions for IFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to IAS1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities

IFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under IAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under IAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into any netting agreement or a similar arrangement.

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in IAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

IFRS 11 – Joint Arrangements

Joint arrangements under IFRS 11 have the same basic characteristics as joint ventures under IAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). IFRS 11 does not allow proportionate consolidation of a joint venture arrangement. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

IFRS 12 disclosures are provided in the Group's annual report 2013. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

IFRS 13 – Fair Value Measurement

IFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 is applied prospectively.

IFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

(b) New/revised IFRSs that have been issued but are not yet effective

The Group has not applied the following new/revised IFRSs, that have been issued, but are not yet effective in these financial statements.

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosure[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities[1]
IFRIC 21	Levies[1]
IFRSs (Amendments)	Annual Improvements 2010–2012 Cycle[4]
IFRSs (Amendments)	Annual Improvements 2011–2013 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 July 2014

[3] Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised

[4] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Information on new/revised IFRSs that is potentially relevant to the Group's financial statements is as follows:

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to IAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

IFRS 9 – Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses is recognised in profit or loss except for those non-trade equity investments, which the entity has a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Except for IFRS 9, the Directors anticipated that the application of other new or amended IFRSs will have no material impact on the Group's financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the audited consolidated financial statements are detailed in the Group's annual report 2013.

4. SEGMENT INFORMATION

In identifying the Group's operating segments, management generally follows the Group's service lines which represent the main service lines provided by the Group.

The Group has identified the following reportable operating segments:

(i) Asset Management – provision of fund management, asset management and wealth management services. The business of asset management service engaged by certain subsidiaries was disposed of during the year and the comparatives were re-presented as discontinued operations. Wealth management business was ceased on 28 September 2012. During the year, this segment remains mainly provision of fund management service.

(ii) Direct Investment – holding of available-for-sale investments (excluding investments in funds managed by the Group), loans to investee and related companies and financial assets at fair value through profit or loss. The business was ceased upon disposals of certain subsidiaries during the year and the comparatives were re-presented as discontinued operations.

Revenues generated, profits/(losses) incurred from operations and total assets by each of the Group's operating segments, are summarised as follows:

	Asset management		Total	
		(Restated)		(Restated)
	2013	2012	**2013**	2012
	US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**1,777**	2,445	**1,777**	2,445
Total segment loss from operations	**(1,005)**	(1,894)	**(1,005)**	(1,894)
Other income not allocated			**47**	77
(Loss)/Gain on financial liabilities at fair value through profit or loss			**(897)**	2,484
Impairment of intangible assets			**(112)**	–
Impairment of goodwill			**(3,311)**	–
Amortisation of intangible assets			**–**	(569)
Unallocated corporate expense			**(1,942)**	(2,031)
Loss from operations			**(7,220)**	(1,933)
Finance costs			**(3,078)**	(2,563)
Loss before taxation			**(10,298)**	(4,496)
Taxation			**(8)**	–
Loss for the year from continuing operations			**(10,306)**	(4,496)
Loss for the year from discontinued operations *(Note 9)*			**(591)**	(753)
Loss for the year			**(10,897)**	(5,249)
Segment assets	**1,645**	3,684	**1,645**	3,684
Assets of discontinued direct investment segment			**–**	2,880
Unallocated property, plant and equipment			**9,511**	10,389
Available-for-sale investments			**1,282**	–
Intangible assets			**–**	106
Goodwill			**–**	3,311
Unallocated corporate assets			**1,222**	1,723
Total assets			**13,660**	22,093
Segment liabilities	**167**	810	**167**	810
Liabilities of discontinued direct investment segment			**–**	26
Note payable			**830**	–
Financial liabilities at fair value through profit or loss			**1,572**	6,039
Convertible bonds			**5,706**	25,112
Borrowings			**4,195**	6,412
Unallocated corporate liabilities			**265**	1,235
Total liabilities			**12,735**	39,634

	Asset management	
		(Restated)
	2013	2012
	US$'000	*US$'000*
Other segment information		
Interest income	**–**	(10)
Depreciation on property, plant and equipment	**15**	63
Share-based payment	**46**	91

The Group defines geographical information with reference to those revenue producing assets and transactions that arise from customers domiciled worldwide. Due to the nature of the business, precise segregation of geographical activities would be arbitrary and therefore considered not appropriate.

5. REVENUE – CONTINUING OPERATIONS

Revenue, which is also the Group's turnover, represents the following:

		(Restated)
	2013	2012
	US$'000	*US$'000*
Fund management fee income	**1,777**	2,097
Others	**–**	348
	1,777	2,445

6. OTHER INCOME – CONTINUING OPERATIONS

		(Restated)
	2013	2012
	US$'000	*US$'000*
Gain on disposal of property, plant and equipment	**9**	2
Management fee income	**–**	13
Other interest income	**–**	25
Others	**136**	46
	145	86

7. LOSS BEFORE TAXATION – CONTINUING OPERATIONS

	2013 *US$'000*	(Restated) 2012 *US$'000*
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
– audit services	**51**	51
– other services	**13**	12
Amortisation of intangible assets	**–**	569
Depreciation of property, plant and equipment	**607**	515
Employee benefit expense (including directors' remuneration)	**3,375**	4,049
Foreign exchange losses, net	**1**	1
Impairment of intangible assets *(Note 14)*	**112**	–
Impairment of goodwill *(Note 15)*	**3,311**	–
Write off of property, plant and equipment *(Note 11)*	**15**	–
Operating leases charges in respect of leased premises	**163**	197
After crediting:		
Gain on disposal of property, plant and equipment	**9**	2

8. TAXATION – CONTINUING OPERATIONS

	2013 *US$'000*	(Restated) 2012 *US$'000*
Current tax charge		
Hong Kong:		
– Under provision in prior years	**8**	–
– Current year charge	**–**	–
	8	–
Overseas:		
– Current year charge	**–**	–
Total	**8**	–

No Hong Kong profits tax has been provided in the financial statements for the years ended 31 December 2013 and 31 December 2012 as the Group did not make any assessable profit. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the year.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

9. DISCONTINUED OPERATIONS

	Note	2013 US$'000	(Restated) 2012 US$'000
Revenue		**27**	390
Cost of sales		**–**	(2)
Gross profit		**27**	388
Loss on financial assets at fair value through profit or loss		**(5)**	(30)
Other income		**252**	309
Administrative expenses		**(656)**	(1,445)
Other operating expenses		**(304)**	(189)
Loss from operations		**(686)**	(967)
Finance costs		**(3)**	(2)
Share of profit of a joint venture		**34**	216
Loss before taxation	*(i)*	**(655)**	(753)
Taxation		**–**	–
Loss after taxation		**(655)**	(753)
Gain on disposals of subsidiaries		**64**	–
Loss for the year		**(591)**	(753)

Note:

(i) Loss before taxation – Discontinued operations

	2013 US$'000	(Restated) 2012 US$'000
Loss before taxation is arrived at after charging:		
Auditor's remuneration:		
– audit services	**9**	25
Depreciation of property, plant and equipment	**2**	84
Employee benefit expense (including directors' remuneration)	**401**	863
Foreign exchange losses, net	**23**	11
Impairment of available-for-sale investments *(Note 13)*	**132**	–
Operating lease rental in respect of leased premises	**37**	133
After crediting:		
Write back of provision for legal costs relating to claims, net of insurance recovery	**–**	(250)

(ii) For the purpose of presenting discontinued operations, the comparative consolidated statement of other comprehensive income and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	(Restated) 2012
(US$'000)		
Consolidated loss attributable to owners of the Company		
Continuing operations	**(10,306)**	(4,496)
Discontinued operations	**(521)**	(404)
	(10,827)	(4,900)
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**178,668,720**	125,983,222

	2013 *US cents*	(Restated) 2012 *US cents*
Basic loss per share		
Continuing operations	**(5.77)**	(3.57)
Discontinued operations	**(0.29)**	(0.32)
	(6.06)	(3.89)

(b) Diluted loss per share

No diluted loss per share is shown for 2013 and 2012 as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *US$'000*	Computer hardware and software *US$'000*	Furniture and fixtures *US$'000*	Leasehold improvements *US$'000*	Office equipment *US$'000*	Total *US$'000*
At 1 January 2012						
Cost	10,201	355	223	819	148	11,746
Accumulated depreciation	(187)	(235)	(95)	(451)	(90)	(1,058)
Carrying amount	10,014	120	128	368	58	10,688
Year ended 31 December 2012						
Opening carrying amount	10,014	120	128	368	58	10,688
Additions	–	27	76	186	32	321
Disposals	–	–	(7)	–	(1)	(8)
Depreciation	(282)	(60)	(34)	(190)	(32)	(598)
Closing carrying amount	9,732	87	163	364	57	10,403
At 31 December 2012						
Cost	10,201	358	261	548	136	11,504
Accumulated depreciation	(469)	(271)	(98)	(184)	(79)	(1,101)
Carrying amount	9,732	87	163	364	57	10,403
Year ended 31 December 2013						
Opening carrying amount	**9,732**	**87**	**163**	**364**	**57**	**10,403**
Additions	**–**	**7**	**29**	**–**	**–**	**36**
Disposals	**(267)**	**–**	**–**	**–**	**–**	**(267)**
Disposal of subsidiaries	**–**	**(12)**	**–**	**–**	**–**	**(12)**
Write off *(Note 7)*	**–**	**(3)**	**–**	**(11)**	**(1)**	**(15)**
Depreciation	**(280)**	**(57)**	**(51)**	**(185)**	**(36)**	**(609)**
Closing carrying amount	**9,185**	**22**	**141**	**168**	**20**	**9,536**
At 31 December 2013						
Cost	**9,916**	**236**	**247**	**456**	**118**	**10,973**
Accumulated depreciation	**(731)**	**(214)**	**(106)**	**(288)**	**(98)**	**(1,437)**
Carrying amount	**9,185**	**22**	**141**	**168**	**20**	**9,536**

As at 31 December 2013, the Group's leasehold land and buildings were situated in Hong Kong, which was held under long-term lease.

Property, plant and equipment includes certain leasehold land and buildings of total carrying amount of US$9,185,000 (2012: US$9,458,000) pledged to a bank to secure a mortgage loan granted to a wholly owned subsidiary of the Company as at 31 December 2013 (Note 20(a)(iii)).

During the year ended 31 December 2013, certain land and buildings were disposed of to a former Director, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, and a company beneficially owned by him, at a total consideration of HK$2,155,000 (approximately US$276,000).

12. NOTE RECEIVABLE

On 26 March 2012, the Group signed a subscription agreement to invest HK$20,000,000 (approximately US$2,564,000) in a note (the "Note") issued by Silver Pointer Limited ("Silver Pointer"), a wholly owned subsidiary of Shikumen Special Situations Fund ("SSSF"), an investment fund managed by Shikumen Capital Management (HK) Limited ("Shikumen"), a wholly owned subsidiary of the Company. Silver Pointer was established by SSSF to pursue private equity investment opportunities as permitted under its investment mandate.

The Note was unsecured, interest-bearing at 12% per annum and repayable after a fixed term of 3 years or earlier based on certain conditions. The Note was fully repaid on 12 March 2013.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	US$'000	*US$'000*
Unlisted investments, at fair value		
Equity securities	**–**	586
Less: Impairment losses	**–**	(15)
	–	571
Unlisted investments, at cost		
Equity securities	**1,282**	1,586
Less: Impairment losses	**–**	(1,458)
	1,282	128
Total	**1,282**	699

Movements in available-for-sale investments during the year are as follows:

	2013	2012
	US$'000	*US$'000*
At 1 January	**699**	718
Addition	**1,297**	–
Disposals of subsidiaries	**(575)**	–
Impairment *(Note 9)*	**(132)**	–
Change in fair value recognised directly in other comprehensive income	**(7)**	(19)
At 31 December	**1,282**	699

Included in the addition of US$1,297,000 above is an amount of US$1,282,000 representing an investment of 11.36% in HMV Ideal Limited (formerly known as Billion Merit Investments Limited) acquired in December 2013. After the end of the reporting period, the Group further acquired 53.18% interest in HMV Ideal Limited which has been disclosed as an event after the reporting period (Note 29). The fair value of the unlisted investments was not disclosed as there was no open market on the unlisted investments and the fair value cannot be measured reliably.

14. INTANGIBLE ASSETS

	Trademarks
	US$'000
Carrying amount at 1 January 2012	8
Addition	106
Write off	(2)
Carrying amount at 31 December 2012 and 1 January 2013	112
Addition	6
Disposals of subsidiaries	(6)
Impairment loss *(Note 7)*	(112)
Carrying amount at 31 December 2013	**–**

Non-complete contract arose from the acquisition of Shikumen in 2010 with a cost as US$569,000 *(Note 7)* had been fully amortized for the year ended 31 December 2012.

The Group had disposed of certain subsidiaries which carried out business to which the trademarks was relevant and as of the date of these financial statements, the Directors consider that minimal amount of cash flows, if any, would arise from the usage of the trademarks by the existing business of the Group. As a result, full provision for impairment is recognised for the year ended 31 December 2013.

15. GOODWILL

	2013	2012
	US$'000	*US$'000*
Carrying amount at 1 January	**3,311**	3,311
Less: Impairment loss *(Note 7)*	**(3,311)**	–
Carrying amount at 31 December	**–**	3,311

The recoverable amount of Shikumen to which the goodwill relates has been determined based on a value in use calculation.

As at 31 December 2012, the calculation was based on financial budgets covering a three-year period approved by management and followed by an extrapolation of expected cash flows with nil growth rate. Key assumptions were based on past performance, management estimation on market development and general inflation based on the growth rates which do not exceed the long-term average growth rates for the business in which Shikumen operates. The pre-tax discount rate applied to the cash flow projections is 25.12% reflecting specific risks relating to the relevant CGU.

The Directors anticipate that there would be a curtailment in the business presently engaged by Shikumen and Shikumen is in the process of assessing other new business initiatives. Therefore, its revenue is expected to decrease and it will likely not generate positive operating cash flows. Due to this change in circumstances, full provision for impairment is recognised for the year ended 31 December 2013.

16. TRADE AND OTHER RECEIVABLES

	Notes	2013 US$'000	2012 US$'000
Trade receivables	(i)	**40**	836
Other receivables	(ii)	**194**	124
Deposits and prepayments		**211**	529
Total		**445**	1,489

The fair value of trade and other receivables is considered by the Directors not to be materially different from carrying amounts.

Notes:

(i) At 31 December 2013, the ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	2013 US$'000	2012 US$'000
0 – 30 days	**19**	512
31 – 60 days	**21**	159
61 – 90 days	**–**	165
	40	836

The Group allows a credit period ranging from 15 to 45 days (2012: 15 to 45 days) to its asset management clients. The credit period for asset management contracts can be extended under special circumstances.

Ageing analysis of trade receivables, based on due date, which are past due but not impaired is as follows:

	2013 US$'000	2012 US$'000
Less than 30 days past due	**40**	671
31 – 60 days past due	**–**	165
	40	836

Trade receivables that were past due but not impaired related to a customer (2012: three customers) that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

(ii) All other receivables as at 31 December 2013 and 31 December 2012 were aged less than 30 days past due, based on the due date.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	US$'000	*US$'000*
Held for trading		
Listed securities, at fair value:		
– Equity securities – Australia	**–**	20
– Equity securities – Japan	**–**	10
Total	**–**	30

Movements in financial assets at fair value through profit or loss during the year are as follows:

	2013	2012
	US$'000	*US$'000*
At 1 January	**30**	60
Loss on financial assets at fair value through profit or loss		
– Discontinued operations	**(5)**	(30)
Disposals of subsidiaries	**(25)**	–
At 31 December	**–**	30

18. OTHER PAYABLES

	2013	2012
	US$'000	*US$'000*
Other payables	**107**	346
Accrued charges	**325**	1,663
	432	2,009

Included in the Group's accrued charges is the provision for bonus of Nil (2012: US$1,050,000) to directors and staff, of which the provision for bonus of Nil (2012: US$414,000) is deferred from prior years.

19. NOTE PAYABLE

The balance represents the carrying amount of the promissory notes of total principal amount of HK$6,840,000 (approximately US$877,000) issued as incentive fee payable to bondholders who exercised their rights to convert the Convertible Bonds (Note 23) into ordinary shares of the Company on or before 30 November 2013. The principal amount was arrived at based on 4% of the principal value of the Convertible Bonds. The note payables are due in 12 months period from the dates of issuance.

20. BORROWINGS

	2013	2012
	US$'000	*US$'000*
Current liabilities		
Bank loan – secured *(Note (a))*	**260**	256
Other loan –secured *(Note (b))*	**–**	1,990
Redeemable convertible preference shares *(Note 21)*	**972**	–
	1,232	2,246
Non-current liabilities		
Bank loan – secured *(Note (a))*	**2,963**	3,205
Redeemable convertible preference shares *(Note 21)*	**–**	961
	2,963	4,166
Total	**4,195**	6,412

	2013	2012
	US$'000	*US$'000*
Borrowings are repayable as follows:		
Within one year	**1,232**	2,246
In the second year	**244**	240
In the third to fifth years	**754**	1,702
After the fifth year	**1,965**	2,224
Total	**4,195**	6,412

Notes:

(a) Bank loan

(i) Interest rate is charged at HIBOR+1.25% per annum. HIBOR represents the Hong Kong Interbank Offered Rate.

(ii) The bank loan is repayable by instalments with the maturity date of the last instalment due on 31 March 2026.

(iii) The bank loan is secured by:

– mortgage over certain leasehold land and building of the Group situated in Hong Kong with a net carrying amount of US$9,185,000 as at 31 December 2013 (2012: US$9,458,000) (Note 11); and

– corporate guarantees given by the Company and Shikumen, a wholly owned subsidiary of the Company, for an unlimited amount and an amount up to HK$30,000,000 (approximately US$3,846,000) respectively, for the years ended 31 December 2013 and 31 December 2012.

(iv) Amounts due are based on the scheduled repayment dates set out in the loan agreement. The banking facilities are subject to certain covenants, as are commonly found in the lending arrangement with financial institutions. Had the Group breached the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants and makes timely repayments in accordance with the scheduled repayments of the bank loan. The Group does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 December 2013, none of the covenants relating to drawn down facilities had been breached (2012: Nil).

(b) Other loan

(i) Interest rate was charged on other loan at 0.1% per day (i.e. 36.5% per annum) and the effective interest rate was 43.06% per annum The balance was fully repaid on 4 January 2013.

(ii) The other loan was secured by personal guarantee from a former substantial shareholder of the Company.

21. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

On 14 September 2011 ("issue date"), the Company issued 10,019,790 redeemable convertible preference shares ("RCPS") of par value of US$0.10 each (before the Capital Reduction as disclosed in Note 24(a)(ii) to the financial statements) at subscription price of US$2.00 per RCPS, of which US$0.10 per RCPS was paid on subscription and the remaining balance of US$1.90 per RCPS will be paid immediately prior to the conversion of the RCPS into ordinary shares of the Company.

Each holder of the RCPS has the option to convert the RCPS into shares at an initial conversion price of HK$1.23 per share, subject to the conversion price reset scheme. At the end of 6-month period from the issue date and at the end of every 6-month period thereafter, the conversion price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company. The conversion price shall not be lower than the par value of the ordinary shares of the Company. The RCPS mature five years from the issue date at an amount equals to the initial RCPS subscription price of the RCPS redeemed or can be convertible into shares on and after the issue date up to 7 September 2016 at the holder's option upon the payment of the remaining balance of US$1.90 per share. The RCPS holders may request the Company to redeem the RCPS (in whole or in part) on or after the third anniversary of the issue date of the RCPS. The RCPS are not entitled to any dividend and may be redeemed by the Company after the issue date at the early redemption amount provided that the closing market price of the ordinary shares of the Company is at least 150% of the conversion price for 30 consecutive trading days.

In accordance with the terms and conditions thereof, the conversion price was reset on 14 March 2012, 14 March 2013 and 14 September 2013, and the prevailing conversion price is HK$0.79 per share as reset on 14 March 2014.

The residual amount of the proceeds of the RCPS over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component and is included in borrowings under non-current liabilities.

The carrying value of the liability component of the RCPS recognised in the statement of financial position at the end of the reporting period are as follows:

	2013	2012
	US$'000	*US$'000*
Net carrying amount at 1 January	**961**	950
Effective interest expense for the year	**11**	11
Net carrying amount at 31 December *(Note 20)*	**972**	961

Interest expense on the RCPS is calculated using effective interest method by applying the effective interest rate of 1.14% (2012: 1.14%) per annum.

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	US$'000	*US$'000*
Derivatives embedded in the convertible bonds issued:		
Balance at 1 January	**5,942**	8,984
Conversion of bonds	**(5,364)**	(570)
Loss/(Gain) on financial liabilities at fair value through profit or loss	**840**	(2,472)
Balance at 31 December	**1,418**	5,942
Warrants issued:		
Balance at 1 January	**71**	245
Exercise of warrants	**–**	(169)
Gain on financial liabilities at fair value through profit or loss	**(23)**	(5)
Balance at 31 December	**48**	71
Derivatives embedded in the redeemable convertible preference shares issued:		
Balance at 1 January	**26**	33
Loss/(Gain) on financial liabilities at fair value through profit or loss	**80**	(7)
Balance at 31 December	**106**	26
Total	**1,572**	6,039
Categorised as:		
Current liabilities	**1,524**	5,942
Non-current liabilities	**48**	97
Total	**1,572**	6,039
Gains and losses recognised in profit or loss relating to financial instruments held by the Group at 31 December	**897**	(2,484)

In October 2010, the Company repurchased the convertible bonds previously issued in March 2006 at a consideration comprising cash of HK$156,000,000 (approximately US$20,000,000) financed by the issue of Tranche 1 Convertible Bonds (Note 23) and an aggregate of 60,000,000 warrants issued. The fair values of warrants issued were valued by an independent professional valuer upon initial recognition.

During the year ended 31 December 2013, principal amount of HK$171,000,000 (2012: HK$35,000,000) (approximately US$21,923,000 (2012: US$4,487,000)) of convertible bonds was converted into 219,230,761 (2012: 37,634,408) ordinary shares of the Company (Note 24(d)) (2012: Note 24(b)) at the conversion price of HK$0.78 (2012: HK$0.93) per share, with fair value of derivatives embedded therein of US$5,364,000 (2012: US$570,000) at the dates of conversion, as calculated using the Binomial Option Pricing Model.

During the year ended 31 December 2012, warrants with an amount of HK$2,250,000 (approximately US$288,000) were exercised at the exercise price of HK$1.111 per share and 2,025,202 ordinary shares of the Company were allotted and issued (Note 24(c)), with fair value of derivatives embedded therein of US$169,000 at the date of exercise, as calculated using the Binomial Option Pricing Model.

The fair values at 31 December 2013 and 31 December 2012 are calculated using the Binomial Option Pricing Model for the derivatives embedded in the convertible bonds and the RCPS and the warrants issued respectively. The inputs into the model are as follows:

	Derivatives embedded in the convertible bonds issued		**Warrants issued**		**Derivatives embedded in the redeemable convertible preference shares issued**	
	2013	2012	**2013**	2012	**2013**	2012
Expected volatility	**65.33%**	70.69%	**65.33%**	70.69%	**70.68%**	75.26%
Expected life	**1.76 years**	2.76 years	**1.76 years**	2.76 years	**2.70 years**	3.71 years
Risk-free rate	**0.30%**	0.12%	**0.30%**	0.12%	**0.56%**	0.22%
Spot price	**HK$0.79**	HK$0.79	**HK$0.79**	HK$0.79	**HK$0.79**	HK$0.79
Expected dividend yield	**0%**	0%	**0%**	0%	**0%**	0%

The Binomial Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share price, therefore the changes in subjective input assumptions can materially affect the fair value estimates.

Increased volatility by 6.5% would increase the fair value of embedded derivatives in convertible bonds, warrants and redeemable convertible preference shares by approximately US$148,000, US$7,000 and US$11,000 respectively. Lower volatility by 6.5% would decrease the fair value of embedded derivatives in convertible bonds, warrants and redeemable convertible preference shares by approximately US$150,000, US$7,000 and US$9,000 respectively.

23. CONVERTIBLE BONDS

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK$250,000,000, comprising Tranche 1 of principal amount up to HK$160,000,000 ("Tranche 1 Convertible Bonds") and Tranche 2 of principal amount of up to HK$90,000,000 ("Tranche 2 Convertible Bonds"), subject to certain conditions. In October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK$156,000,000 of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company's 2010 Annual Report. On 30 March 2011, with the fulfilment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the bank loan (Note 20).

Tranche 1 and Tranche 2 Convertible Bonds are denominated in Hong Kong dollars(“HK$”) and are convertible at the option of the bondholder(s) at any time after the date of issuance up to and including the date which is seven days prior to the maturity date of 4 October 2015, into new shares of the Company at a price of HK$0.18 per share initially, subject to the conversion price reset where at the end to 6-month period from the date of issuance and at the end of every 6-month period thereafter, the conversion price shall be adjusted to 110% of the one-month volume weighted average price with a floor of HK$0.78 per share and provided that the conversion price shall not in any event be higher than the lower of HK$1.80 per share and the previous adjusted conversion price reset. Tranche 1 and Tranche 2 Convertible Bonds are transferable without restriction and may be redeemed by the Company after the date of issuance at the early redemption amount, which shall result in an annual yield equal to 3.5% per annum compound on a semi-annual basis, provided that the closing market price of the shares is at least 150% of the conversion price for 30 consecutive trading days. The bondholder(s) of Tranche 1 and Tranche 2 Convertible Bonds may request the Company to redeem at the aforesaid early redemption amount on or after the third anniversary of 4 October 2010.

In accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011 and 4 April 2013, and the prevailing conversion price is HK$0.76 per share which was adjusted upon completion of the acquisition of HMV Ideal Group on 24 February 2014.

The carrying values of the liability component of the convertible bonds recognised in the statement of financial position at the end of the reporting period are as follows:

	2013	2012
	US$'000	*US$'000*
Net carrying amounts at 1 January	**25,112**	26,573
Effective interest expense for the year	**2,177**	2,429
Conversion of Convertible Bonds	**(21,583)**	(3,890)
Net carrying amounts at 31 December (all categorised as current liabilities)	**5,706**	25,112

During the year ended 31 December 2013, principal amount of HK$171,000,000 (2012: HK$35,000,000) (approximately US$21,923,000 (2012: US$4,487,000)) of the convertible bonds was converted into 219,230,761 (2012: 37,634,408) ordinary shares of the Company (Note 24(d)) (2012: Note 24(b)) at the conversion price of HK$0.78 (2012: HK$0.93) per share, with the carrying value of the liability component of the convertible bonds of US$21,583,000 (2012: US$3,890,000) at the date of conversion.

Interest expense of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds for the year ended 31 December 2013 is calculated using effective interest method by applying an effective interest rate of 9.43% (2012: 9.43%) and 10.95% (2012: 10.95%) per annum to the liability component respectively.

The residual amounts of the proceeds of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, are assigned as the liability component.

24. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Value US$'000
Authorised			
At 1 January 2012 (par value of US$0.10 each)	1,900,000,000	100,000,000	200,000
Capital Reduction *(Note (a)(i))*	17,100,000,000	900,000,000	–
At 31 December 2012, 1 January 2013 and 31 December 2013 (par value of US$0.01 each)	19,000,000,000	1,000,000,000	200,000
Issued and fully paid			
At 1 January 2012 (par value of US$0.10 each)	98,119,596	10,019,790	9,812
Conversion of convertible bonds *(Note (b))*	37,634,408	–	3,764
Capital Reduction *(Note (a)(ii))*	–	–	(12,218)
Exercise of warrants *(Note (c))*	2,025,202	–	20
At 31 December 2012 and 1 January 2013 (par value of US$0.01 each)	137,779,206	10,019,790	1,378
Conversion of convertible bonds *(Note (d))*	219,230,761	–	2,192
Placing of shares *(Note (e))*	27,552,000	–	276
At 31 December 2013 (par value of US$0.01 each)	**384,561,967**	**10,019,790**	**3,846**

Notes:

(a) Pursuant to a special resolution passed at the Extraordinary General Meeting of the Company held on 12 August 2011 and an order confirming the capital reduction granted by the Court from Cayman Islands on 19 April 2012 (the "Capital Reduction"):

(i) Each authorised but unissued ordinary share and redeemable convertible preference share ("RCPS") of par value of US$0.10 subdivided into 10 new adjusted shares of US$0.01 each (such that the authorised share capital of the Company became US$200,000,000 divided into 20,000,000,000 adjusted shares of US$0.01 each) comprising 19,000,000,000 ordinary shares of US$0.01 each and 1,000,000,000 RCPS of US$0.01 each with effect from 31 May 2012; and

(ii) The par value of each issued ordinary share and RCPS reduced from US$0.10 to US$0.01 by cancelling US$0.09 of the paid-up capital on each issued ordinary share and RCPS such that the nominal value of each issued ordinary share and RCPS be reduced from US$0.10 to US$0.01 each with effect from 31 May 2012.

(b) On 16 April 2012, principal amount of HK$35,000,000 (approximately US$4,487,000) of convertible bonds were converted into 37,634,408 ordinary shares at the conversion price of HK$0.93 per share.

(c) On 11 June 2012, 2,025,202 ordinary shares were allotted and issued upon exercise of warrants for a total amount of HK$2,250,000 (approximately US$288,000) at the exercise price of HK$1.111 per share.

(d) On 18 October 2013 and 29 November 2013, principal amount of HK$129,000,000 (approximately US$16,538,000) and HK$42,000,000 (approximately US$5,385,000) of convertible bonds were converted into 165,384,609 and 53,846,152 ordinary shares at the conversion price of HK$0.78 per share, respectively.

(e) On 5 December 2013, pursuant to the placing agreement between the Company and a placing agent, the Company issued in aggregate 27,552,000 new ordinary shares at a price of HK$0.68 per share to independent third parties for a total cash consideration of HK$18,735,360 (approximately US$2,402,000) before issue expenses of HK$197,188 (approximately US$25,000), of which US$276,000 and US$2,126,000 were credit to share capital and share premium account respectively.

25. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Other than those disclosed elsewhere in these financial statements, details of the other significant transactions between the Group and other related parties during the year ended 31 December 2013 are as follows:

(a) Remuneration for key management personnel of the Group, including amounts paid to the Directors and the highest paid employees other than the Directors of the Company, is as follows:

	2013	2012
	US$'000	*US$'000*
Fees	**97**	133
Salaries, allowances and benefits in kind	**696**	1,363
Bonus paid and payable	**218**	240
Termination payments	**121**	–
Retirement fund contributions	**7**	10
Share-based compensation expense	**161**	181
	1,300	1,927

(b) During the year, the Group had the following material related party transactions:

	2013	2012
	US$'000	*US$'000*
Fee rebate paid and payable to key management staff of the Group	**109**	360

(c) As at 31 December 2013 and 31 December 2012, the balances with related parties were:

	2013	2012
	US$'000	*US$'000*
Fee rebate payable to key management staff of the Group	**9**	181
Note payable to substantial shareholders of the Company	**446**	–

26. COMMITMENTS

(a) Operating leases

As at 31 December 2013, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	Land and buildings	Land and buildings	**Motor vehicles**	Motor vehicles	**Others**	Others	**Total**	Total
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Within one year	**127**	275	**–**	7	**7**	9	**134**	291
In the second to fifth years	**312**	–	**–**	–	**–**	–	**312**	–
	439	275	**–**	7	**7**	9	**446**	291

The Group leased certain properties under operating leases in Hong Kong. The leases run for an initial period of 2 to 3 years (2012: 1 to 2 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

(b) Capital commitments

As at 31 December 2013 and 31 December 2012, the Group and the Company had no material capital commitments.

27. CONTINGENCIES

The Company and Shikumen, its wholly owned subsidiary, provided corporate guarantees of unlimited amount and an amount up to HK$30,000,000 (approximately US$3,846,000) respectively to secure the bank loan granted to another wholly owned subsidiary of the Company, HK$25,147,000 (approximately US$3,223,000) of which the maximum amount required to pay if the guarantees were called on, as set out in Note 20 to the financial statements. The Company had not recognised any provision in the financial statements as at 31 December 2013 (2012: Nil) in respect of the corporate guarantee as the Directors considered that the probability for the holder of the corporate guarantees to call upon the Company as a result of default in repayment is remote.

Save as disclosed above, the Group and the Company had no material contingent liabilities as at 31 December 2013 and 31 December 2012.

28. DISPOSALS OF SUBSIDIARIES

During the year, the Group disposed of certain subsidiaries as follows:

(i) On 13 June 2013, the Group disposed of its entire interests in Crosby Securities Limited and Steeple Capital Limited to CMHL at a consideration of HK$230,000 (approximately US$29,000). CMHL is beneficially owned by a director of Shikumen, a wholly owned subsidiary of the Company and CMHL is also a former substantial shareholder of the Company.

(ii) On 26 June 2013, the Group disposed of its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a joint venture of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary to companies beneficially owned by a former Director of the Company, who resigned as the Director of the Company on 18 March 2013, date of signing the agreement for the disposal, for a consideration of HK$8,177,066 (approximately US$1,048,000).

(iii) On 23 October 2013, the Group disposed of its entire interests in Crosby Asset Management (Holdings) Limited and Crosby Investment (BVI) Limited and its subsidiaries to a company beneficially owned by a former Director of the Company, who resigned as the Director of the Company on 27 September 2013, date of signing the agreement for the disposal, for cash consideration of HK$2,181,406 (approximately US$280,000).

29. EVENTS AFTER THE REPORTING PERIOD

Acquisition of 53.18% issued share capital of HMV Ideal Limited (formerly known as Billion Merit Investments Limited)

On 10 December 2013, the Group entered into a subscription agreement (the "Subscription Agreement") with HMV Asia Limited, Ms. Wong Nga Fan, Ms Butt, Emily Oy-Fong and Mr. Wu King Shiu Kelvin, as the vendors (the "Sellers"), pursuant to which the Group acquired approximately 11.36% of the issued share capital of HMV Ideal Limited at a cash consideration of HK$10,000,000. The Subscription Agreement was completed on the same day as the signing of the Subscription Agreement, i.e. 10 December 2013.

On 10 December 2013, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with the Sellers simultaneously with the Subscription Agreement, pursuant to which the Group further acquired approximately 53.18% of the issued share capital of HMV Ideal Limited at a consideration of HK$46,800,000 (the "Consideration"). The Consideration was satisfied by the Company by way of allotment and issue of 60,000,000 ordinary shares of the Company to the Sellers.

The acquisition was completed on 24 February 2014. Accordingly, the Group owns an aggregate of 64.54% of the issued share capital of HMV Ideal Limited and HMV Ideal Limited became a subsidiary of the Group thereafter. As of the date of these financial statements, the Directors are in the process of assessing the financial impact of this transaction to the Group.

Details of these two transactions were set out in the Company's announcement and circular dated 10 December 2013 and 28 January 2014 respectively.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

AUDIT OPINION

The auditor of the Group will issue an opinion with emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the independent auditor's report is set out in the section headed "Extract of Independent Auditor's Report" below.

Extract of Independent Auditor's Report

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 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter – material uncertainty regarding the going concern assumption

Without qualifying our opinion, we draw your attention to Note 3(a) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2013, the Group had net current liabilities of approximately US$6,882,000 and the Group also incurred a loss of approximately US$10,897,000 for the year then ended. As at the same date, the Company had net current liabilities of approximately US$8,096,000 and capital deficiency of approximately US$6,890,000. These conditions, along with other matters as disclosed in Note 3(a) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

(a) Corporate Governance Practices

During the year ended 31 December 2013, the Company has complied with the code provisions ("Code Provisions") as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

Following the step down of Mr. Ilyas Tariq Khan from the office of Chairman and Chief Executive Officer of the Company on 4 October 2010 and the appointment of Mr. Clive Ng Cheang Neng to the office of Chairman on 8 August 2013, the Company has not appointed Chief Executive Officer, and the role and function of the Chief Executive Officer have been performed by the four Executive Directors of the Company collectively.

(b) Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company's code of conduct regarding Directors' securities transactions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group had cash and cash equivalents of US$2.4 million (2012: US$3.0 million) and net current liabilities of US$6.9 million (2012: US$30.8 million).

The Group managed liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. 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.

FOREIGN CURRENCY EXCHANGE EXPOSURE

The Group's main exposure to foreign currencies included its investments in foreign subsidiaries and financial assets and liabilities at fair value through profit and loss where the foreign currency risk was managed as an integral part of the investment return.

Several subsidiaries of the Group also had foreign currency revenue and costs, which exposed the Group to foreign currency risk. The Group managed this risk by reserving sufficient revenue to settle the costs in the relevant foreign currency, subject to other operating requirements.

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had 21 full-time employees (2012: 33). Employee remuneration (including Directors' remuneration) totaled US$3.8 million (2012: US$4.9 million), US$3.4 million (2012 (Restated): US$4.0 million) of which arose from continuing operations. The remuneration packages of the Group's Directors and employees are kept at a competitive level to attract, retain and motivate Directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. Options are either struck at or out-of the money. The Group's remuneration policies and practices are reviewed annually and benchmarked against a peer group of international financial institutions.

DISCLOSURE OF INTERESTS

(a) Directors

As at 31 December 2013, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Director	Personal interest	Family interest	Corporate interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue
					%
Clive Ng Cheang Neng *(Note)*	–	–	3,300,000	3,300,000	0.86

Note:

Fortune Builder Limited ("Fortune Builder") owns 3,300,000 ordinary shares of the Company. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

(ii) Interests in the redeemable convertible preference shares ("RCPS") of the Company

Name of Director	Personal interest	Family interest	Corporate interest	Aggregate long position in RCPS of the Company	Percentage which the aggregate long position in RCPS represents to the total RCPS of the Company in issue
					%
Clive Ng Cheang Neng *(Note)*	–	–	895,900	895,900	8.94

Note:

Fortune Builder owns 895,900 RCPS of the Company, which can be convertible into 17,254,370 ordinary shares at conversion price of HK$0.81 per share (reset on 5 December 2013) upon full conversion, representing 4.49% of the total ordinary share capital of the Company in issue. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

(iii) Short positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Substantial Shareholders and Other Persons

As at 31 December 2013, the following persons, other than the Directors or chief executive of the Company, 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 is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Aggregate long position in ordinary shares	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue
			%
Substantial Shareholders			
Able Supreme Management Limited *(Note 1)*	45,818,745	123,037,777	43.91
Billion Pine International Limited *(Note 1)*	45,818,745	123,037,777	43.91
Hu Yin *(Note 1)*	45,818,745	123,037,777	43.91
Main Wealth Enterprises Limited *(Note 2)*	74,620,421	–	19.40
Proven Bravo Limited *(Note 2)*	74,620,421	–	19.40
Feng Yuantao *(Note 2)*	74,620,421	–	19.40
Legend Vantage Limited *(Note 3)*	57,874,051	–	15.05
Li Guangrong *(Note 3)*	57,874,051	–	15.05
Yang Shengrong	31,719,717	–	8.25
Unlimited Creativity Holdings Limited	24,358,974	–	6.33
Platinum Century Limited *(Note 4)*	8,264,102	14,444,444	5.91
Tam Yuk Ching Jenny *(Note 4)*	8,264,102	14,444,444	5.91
Fortune Builder Limited *(Note 5)*	3,300,000	17,254,370	5.34
Clive Ng Cheang Neng *(Note 5)*	3,300,000	17,254,370	5.34

Name	Aggregate long position in ordinary shares	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue
			%
Other Persons			
Greyhound International Limited *(Note 6)*	–	51,948,051	13.51
James Wu Ting Fai *(Note 6)*	–	51,948,051	13.51
Li Mau *(Note 7 & 8)*	–	44,700,000	11.62
Wu King Shiu Kelvin *(Note 7 & 8)*	–	44,700,000	11.62
HMV Asia Limited *(Note 7)*	–	27,600,000	7.18
Wong Nga Fan *(Note 7)*	–	27,600,000	7.18

Notes:

1. Able Supreme Management Limited ("Able Supreme") held 45,818,745 ordinary shares and 6,388,500 RCPS of the Company which can be converted into 123,037,777 ordinary shares at conversion price of HK$0.81 per share (reset on 5 December 2013) upon full conversion. The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.

2. Main Wealth Enterprises Limited ("Main Wealth") owns 74,620,421 ordinary shares of the Company. The entire issued share capital of Main Wealth is held by Proven Bravo Limited, which in turn is beneficially wholly owned by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Main Wealth.

3. Legend Vantage Limited ("Legend Vantage") owns 57,874,051 ordinary shares of the Company. Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.

4. Platinum Century Limited ("Platinum Century") owns 8,264,102 ordinary shares and 750,000 RCPS of the Company which can be converted into 14,444,444 ordinary shares at conversion price of HK$0.81 per share (reset on 5 December 2013) upon full conversion. Ms. Tam Yuk Ching Jenny is deemed to be interested in these shares through her 100% interests in Platinum Century.

5. Fortune Builder Limited ("Fortune Builder") owns 3,300,000 ordinary shares and 895,900 RCPS of the Company which can be convertible into 17,254,370 ordinary shares at conversion price of HK$0.81 per share (reset on 5 December 2013) upon full conversion. Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company is deemed to be interested in these shares through his 100% interests in Fortune Builder.

6. Greyhound International Limited ("Greyhound International") owns 51,948,051 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK$40,000,000 at conversion price of HK$0.77 per share (reset on 5 December 2013). Mr. James Wu Ting Fai is deemed to be interested in these shares through his 100% interests in Greyhound International.

7. HMV Asia Limited ("HMV Asia"), Ms Wong Nga Fan ("Ms Wong") and Mr. Wu King Shiu Kelvin ("Mr. Wu") are deemed to be interest in these underlying shares by virtue of the Sale and Purchase Agreement dated 10 December 2013 in relation to the acquisition of HMV Ideal Limited (formerly known as Billion Merit Investments Limited). Upon completion of the acquisition, HMV Asia, Ms Wong and Mr. Wu will be issued and allotted with 27,600,000, 27,600,000 and 2,400,000 Consideration Shares by the Company respectively. 93.75% of the shares of HMV Asia are held by Ms Li Mau, the wife of Mr. Wu. Accordingly, she is deemed to be interested in the underlying shares held by HMV Asia and Mr. Wu.

8. Mr. Wu King Shiu Kelvin ("Mr. Wu") also owns 14,700,000 underlying shares of the Company. Ms Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these underlying shares for the purpose of the SFO.

(ii) Short positions

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 31 December 2013, the Directors of the Company were not aware of any other person who had an interest or short position 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.

Save as disclosed above, as at 31 December 2013, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(c) **Share Options**

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including Directors of the Company, or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Stock Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Company's Share Option Scheme are exercisable as follows:

(a) the first 30% of the options between the first and tenth anniversary of the date of grant;

(b) the next 30% of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

			Number of Share Options				
Date of grant	**Exercise price**	**Exercise period**	**Balance as at 1 January 2013**	**Granted during the year**	**Exercised during the year**	**Cancelled/ lapsed during the year**	**Balance as at 31 December 2013**
(dd/mm/yyyy)	HK$	(dd/mm/yyyy)					
24/03/2006	57.054	24/03/2007 to 23/03/2016	269,916	–	–	–	269,916
26/04/2006	57.054	26/04/2007 to 25/04/2016	809,756	–	–	–	809,756
29/01/2007	27.045	29/01/2008 to 28/01/2017	134,956	–	–	–	134,956
11/02/2008	13.337	11/02/2009 to 10/02/2018	708,543	–	–	–	708,543
29/12/2008	1.334	29/12/2009 to 28/12/2018	269,916	–	–	–	269,916
07/10/2010	1.171	07/10/2011 to 06/10/2020	2,523,739	–	–	(202,439)	2,321,300
16/03/2012	1.206	16/03/2013 to 15/03/2022	4,905,000	–	–	(580,000)	4,325,000
14/05/2012	1.136	14/05/2013 to 13/05/2022	980,000	–	–	–	980,000
			10,601,826	–	–	(782,439)	9,819,387

No option was granted during the year ended 31 December 2013. 5,885,000 options were granted during the year ended 31 December 2012. The fair value of the options granted during the year ended 31 December 2012, measured at the date of grant, totalled approximately US$465,000.

The following significant assumptions were used to derive the fair value of the share options granted for the year ended 31 December 2012, using the Binomial Option Pricing Model:

(i) an expected volatility : between 90.87% and 91.04% throughout the option life;

(ii) nil dividend yield;

(iii) the estimated expected life of the options granted is 10 years; and

(iv) the risk free rates are based on the yields on Hong Kong Exchange Fund Bills and Notes.

In the determination of volatility, the historical volatility of the Company prior to the issuance of share options has been considered. The volatility is measured based on the weekly price change and the volatility measured on weekly basis provided a reasonable estimation for the expected volatility is considered.

782,439 options were lapsed upon resignation of employee during the year ended 31 December 2013.

During the year ended 31 December 2012, 1,147,154 options were repurchased and cancelled at total consideration of HK$131,585 and 4,048 options were lapsed upon expiry of the life of the options.

No options granted under the Share Option Scheme had been exercised during the years ended 31 December 2013 and 31 December 2012.

(d) Competing Interests

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three Independent Non-Executive Directors, Messrs. Yuen Kwok On, Shi Jinsheng and Sin Hendrick. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 21 March 2014. The audited financial statements for the year ended 31 December 2013 have been reviewed by the audit committee.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

The Company has not redeemed any of its shares during the years ended 31 December 2013 and 31 December 2012. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the years ended 31 December 2013 and 31 December 2012.

By Order of the Board
CROSBY CAPITAL LIMITED
Nelson Tong Naiyi
Executive Director

Hong Kong, 21 March 2014

As at the date of this announcement, the Directors of the Company are :

Executive Directors:	*Liu Guang He, Clive Ng Cheang Neng, Stephen Shiu Junior and Nelson Tong Naiyi*
Independent Non-Executive Directors:	*Shi Jinsheng, Sin Hendrick and Yuen Kwok On*

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of Crosby Capital Limited at www.crosbycapitallimited.com.