CHINA TYCOON BEVERAGE HOLDINGS LIMITED
中國大亨飲品控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 209)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of China Tycoon Beverage Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with comparative figures as follows:

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

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	**342,497**	453,236
Cost of sales		**(291,490)**	(419,696)
Gross profit		**51,007**	33,540
Other revenue and other net income	5	**14,624**	5,156
Selling and distribution costs		**(11,320)**	(21,224)
Administrative expenses		**(65,472)**	(73,322)
Net (loss)/gain on trading securities at fair value through profit or loss	6	**(29,320)**	2,601
Other operating expenses		**(761)**	(2,854)
Loss from operations		**(41,242)**	(56,103)
Finance costs	7	**(4,579)**	(5,825)
Loss before taxation	6	**(45,821)**	(61,928)
Income tax	8	**(1,002)**	(2,172)
Loss for the year		**(46,823)**	(64,100)

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(44,999)**	(58,085)
Non-controlling interests		**(1,824)**	(6,015)
Loss for the year		**(46,823)**	(64,100)
Loss per share			
Basic	*9*	**(HK2.67 cents)**	(HK3.44 cents)
Diluted	*9*	**(HK2.67 cents)**	(HK3.44 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(46,823)**	(64,100)
Other comprehensive income/(loss) for the year		
Items that will not be reclassified to profit or loss:		
Revaluation surplus on leasehold buildings	**10,094**	1,159
Deferred tax charge arising from revaluation surplus on leasehold buildings	**(426)**	(3,529)
	9,668	(2,370)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**9,007**	650
Other comprehensive income/(loss) for the year, net of tax	**18,675**	(1,720)
Total comprehensive loss for the year, net of tax	**(28,148)**	(65,820)
Attributable to:		
Owners of the Company	**(26,995)**	(59,788)
Non-controlling interests	**(1,153)**	(6,032)
	(28,148)	(65,820)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**144,831**	140,180
Prepaid land premiums		**4,699**	4,851
Intangible assets		**2,567**	2,626
Goodwill		**834**	834
Interests in associates		**–**	–
		152,931	148,491
Current assets			
Trading securities		**103,167**	151,067
Inventories		**104,148**	100,938
Prepaid land premiums		**152**	152
Trade receivables	*10*	**19,673**	30,644
Prepayments, deposits and other receivables		**12,998**	16,625
Pledged bank deposits		**4,599**	2,996
Cash and cash equivalents		**125,439**	130,246
		370,176	432,668
Current liabilities			
Trade and bills payables	*11*	**23,198**	43,493
Other payables		**69,456**	70,824
Interest-bearing bank borrowings		**80,331**	88,760
Tax payable		**4,639**	5,030
		177,624	208,107
Net current assets		**192,552**	224,561
Total assets less current liabilities		**345,483**	373,052
Non-current liabilities			
Deferred tax liabilities		**7,583**	7,004
		7,583	7,004
Net assets		**337,900**	366,048
Equity			
Equity attributable to owners of the Company			
Share capital		**168,641**	168,641
Reserves		**184,390**	211,385
		353,031	380,026
Non-controlling interests		**(15,131)**	(13,978)
Total equity		**337,900**	366,048

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Suite 1004, 10th Floor, Great Eagle Centre, 23 Harbour 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 principal activity of the Company is investment holding and the principal activities of its subsidiaries are manufacturing and trading of hard and stuffed toys, manufacturing and sales of beverage products and securities investments. The Group's operations are based in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provision of the Rule Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are first effective for the current accounting period.

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The adoption of the amendments has had no material impact on the disclosure in these consolidated financial statements.

Except as described below, the application of other new and revised standards and interpretations in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening consolidated statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening consolidated statement of financial position. The amendments also remove the requirement to present related notes to the opening consolidated statement of financial position when such statement is presented. The adoption of the amendments does not have any material impact on these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "consolidated statement of profit or loss" and "consolidated statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special Purpose Entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11 Joint Arrangements

HKFRS 11, which replaces HKAS 31 *Interests in Joint Ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice. The adoption of HKFRS 11 does not have any material impact on these consolidated financial statements.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. The adoption of HKFRS 12 does not have any material impact on the disclosure in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

HKAS 19 Employee Benefits (as revised in 2011)

HKAS 19 (as revised in 2011) introduces a number of amendments to the accounting for defined benefit plans. Among them, HKAS 19 (as revised in 2011) eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 (as revised in 2011) also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of HKAS 19 (as revised in 2011) does not have any material impact on these consolidated financial statements.

4. SEGMENT REPORTING

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

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and trading of hard and stuffed toys.

3. Manufacturing and sales of beverage products: this segment derives its revenue from manufacturing and sales of beverage products.

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the Board for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) Segments results, assets and liabilities

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue								
Revenue from external customers	**2,700**	1,800	**327,458**	441,870	**12,339**	9,566	**342,497**	453,236
Reportable segment (loss)/profit before taxation	**(26,970)**	4,146	**1,809**	(17,656)	**(9,863)**	(33,996)	**(35,024)**	(47,506)
Other segment information:								
Depreciation	**–**	–	**(9,553)**	(9,611)	**(2,416)**	(1,572)	**(11,969)**	(11,183)
Amortisation of prepaid land premiums	**–**	–	**(152)**	(152)	**–**	–	**(152)**	(152)
Amortisation of intangible assets	**–**	–	**–**	–	**(126)**	(123)	**(126)**	(123)
Impairment loss of trade receivables	**–**	–	**–**	–	**–**	(1,792)	**–**	(1,792)
Reversal of allowance for impairment loss of trade receivables	**–**	–	**–**	–	**14**	–	**14**	–
Recovery of bad debts written off	**–**	–	**–**	1,614	**–**	–	**–**	1,614
Write down of inventories, net	**–**	–	**(12,373)**	(9,292)	**–**	–	**(12,373)**	(9,292)
(Loss)/gain on disposal of property, plant and equipment, net	**–**	–	**(200)**	(457)	**(35)**	4	**(235)**	(453)
Net (loss)/gain on trading securities at fair value through profit or loss	**(29,320)**	2,601	**–**	–	**–**	–	**(29,320)**	2,601
Bank interest income	**–**	–	**85**	114	**2,487**	141	**2,572**	255
Interest expense	**–**	–	**(4,579)**	(5,825)	**–**	–	**(4,579)**	(5,825)
Additions to non-current segment assets	**–**	–	**5,560**	9,046	**200**	205	**5,760**	9,251
Reportable segment assets	**123,596**	153,007	**276,822**	293,560	**112,813**	114,970	**513,231**	561,537
Reportable segment liabilities	**–**	–	**(143,296)**	(175,519)	**(38,247)**	(34,785)	**(181,543)**	(210,304)

Note: There were no inter-segment sales in both years.

(b) **Reconciliation of reportable segment profit or loss, assets and liabilities**

	2013	2012
	HK$'000	*HK$'000*
(i) Loss before taxation		
Reportable segment loss	**(35,024)**	(47,506)
Unallocated interest income	**1,075**	315
Unallocated corporate expenses	**(11,872)**	(14,737)
Consolidated loss before taxation	**(45,821)**	(61,928)
(ii) Assets		
Reportable segment assets	**513,231**	561,537
Unallocated corporate assets	**9,876**	19,622
Consolidated total assets	**523,107**	581,159
(iii) Liabilities		
Reportable segment liabilities	**181,543**	210,304
Unallocated corporate liabilities	**3,664**	4,807
Consolidated total liabilities	**185,207**	215,111

(c) **Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

	2013	2012
	HK$'000	*HK$'000*
Beverage products	**12,339**	9,566
Hard and stuffed toys	**327,458**	441,870
Securities investments	**2,700**	1,800
	342,497	453,236

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets and goodwill. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangible assets specified are allocated.

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**27,366**	19,883	**5,476**	8,881
The PRC	**12,339**	9,566	**147,455**	139,610
United States and Canada	**267,091**	376,704	**–**	–
Japan and Europe	**35,701**	47,083	**–**	–
	342,497	453,236	**152,931**	148,491

(e) Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group is as follows:

	2013	2012
	HK$'000	*HK$'000*
The largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**227,067**	267,745
Second largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**36,471**	87,127

5. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and dividend income from the Group's securities investments.

An analysis of the Group's revenue, other revenues and other net income is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**339,797**	451,436
Dividend income	**2,700**	1,800
	342,497	453,236
Other revenue and other net income		
Other revenue		
Bank interest income	**2,574**	255
Interest income from loan receivable	**1,073**	315
Total interest income on financial assets not at fair value through profit or loss	**3,647**	570
Other net income		
Fair value gain on derivative financial instrument – transactions not qualifying as hedges	**4,487**	–
Mould income	**856**	655
Net foreign exchange gain	**–**	260
Recovery of bad debt written off	**–**	1,614
Reversal of allowance for impairment loss of trade receivables	**14**	–
Sublet rental income	**741**	504
Subcontracting income	**2,991**	–
Sundry income	**1,888**	1,553
	14,624	5,156

6. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting) the following:

	2013	2012
	HK$'000	*HK$'000*
a) Staff costs		
Employee benefit expense (including directors' remuneration):**		
– Wages and salaries	**130,255**	154,440
– Other employee benefits	**2,733**	2,713
– Contributions to defined contribution retirement plans	**12,672**	13,290
	145,660	170,443

	2013	2012
	HK$'000	*HK$'000*
b) Other items		
Auditors' remuneration:		
Audit services		
– Current year	**1,100**	900
– Under provision in prior years	**–**	411
– Other services	**220**	958
	1,320	2,269
Cost of inventories	**288,011**	416,351
Depreciation of property, plant and equipment*	**12,224**	11,775
Amortisation of intangible assets***	**126**	123
Amortisation of prepaid land premiums	**152**	152
Impairment loss of trade receivables***	**–**	1,792
Net foreign exchange loss/(gain)	**3,910**	(260)
Loss on disposal of property, plant and equipment, net***	**559**	453
Operating lease charges in respect of land and buildings****	**12,867**	12,606

* Depreciation of approximately HK$3,771,000 (2012: HK$4,328,000) is also included in "Cost of sales" on the face of the consolidated statement of profit or loss.

** Employee benefit expense of approximately HK$113,127,000 (2012: HK$132,191,000) is also included in "Cost of sales" on the face of the consolidated statement of profit or loss.

*** These items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss.

**** Operating lease charges of approximately HK$3,505,000 (2012: HK$2,505,000) is also included in "Cost of sales" on the face of the consolidated statement of profit or loss.

	2013	2012
	HK$'000	*HK$'000*
c) Net loss/(gain) on trading securities at fair value through profit or loss		
Realised loss on trading securities at fair value through profit or loss	**2,314**	10,549
Unrealised loss/(gain) on trading securities at fair value through profit or loss	**27,006**	(13,150)
	29,320	(2,601)

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**4,579**	5,825
Total interest expense on financial liabilities not at fair value through profit or loss	**4,579**	5,825

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**41**	10
Over provision in prior year	**(7)**	(17)
	34	(7)
Current – The PRC		
Charge for the year	**989**	1,603
(Over)/under provision in prior year	**(93)**	436
	896	2,039
Deferred tax charge	**72**	140
Income tax expense	**1,002**	2,172

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Enterprise Income Tax in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%), unless preferential rates are applicable in the locations where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK$44,999,000 (2012: HK$58,085,000) and the weighted average number of 1,686,408,729 (2012: 1,686,408,729) ordinary shares in issue during the year.

Diluted loss per share

Diluted loss per share equals to basic loss per share as there was no potential dilutive ordinary shares outstanding for both year presented.

10. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**23,601**	34,467
Less: allowance for impairment loss	**(3,928)**	(3,823)
	19,673	30,644

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

The following in an analysis of the trade receivables by age, presented based on the invoice date and net of allowance:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**12,728**	13,177
31 to 90 days	**4,911**	16,969
Over 90 days	**2,034**	498
	19,673	30,644

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

11. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at 31 December 2013 is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**10,153**	18,345
31 to 90 days	**10,091**	18,508
Over 90 days	**2,954**	6,640
	23,198	43,493

Notes:

(i) The trade and bills payables are expected to be settled within one year.

(ii) The balance of trade and bills payables included an amount of approximately HK$1,601,000 (2012: nil) in relation to bills payables as at 31 December 2013.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 December 2013 (2012: nil).

BUSINESS REVIEW

For the year ended 31 December 2013, the Group reported revenue of HK$342,497,000, representing a decline of 24% from last year (2012: HK$453,236,000), whereas the Group's gross profit was HK$51,007,000, up by 52% from the prior year (2012: HK$33,540,000). The Group's loss for the year was HK$46,823,000, reduced by 27% from last year (2012: HK$64,100,000) that was primarily attributed to the improved results of the toys and beverage divisions, although partly offset by the unsatisfactory performance of the Group's securities investments division.

Toys Division

For the year 2013, the Group's toys division recorded revenue of HK$327,458,000, dropped by 26% comparing to last year (2012: HK$441,870,000), whereas its segment results was turnaround to profit of HK$1,809,000 (2012: loss of HK$17,656,000). Despite the fact that the division was able to capture some new business opportunities from existing and new customers last year owing to exits of some toys manufacturers in the Pearl River Delta Region, orders from two major customers based in the United States dropped considerably during the year that mainly led to the decline of the division's revenue. Nevertheless, as price of resin, a major raw material consumed by the division, was stable throughout the year and the division was also able to better control its manufacturing costs through improved production efficiency, a profitable results was achieved by the division. The division's management will continue to conduct review and analysis on the operational aspects of the toys operation with the view to save manufacturing costs and hence to further improve profitability of the division.

Beverage Division

The division reported revenue of HK$12,339,000, increased by 29% comparing to last year (2012: HK$9,566,000) and segment loss of HK$9,863,000 (2012: HK$33,996,000), significantly reduced by 71% from the previous year. During the last quarter of 2012, the management had decided to switch the division's business focus to beverage markets in the third and fourth tier cities from the ones in the first and second tier cities based on the expectations that competitions among beverage products were less severe, selling and distribution costs were lower and profit margins were higher in the third and fourth tier cities' beverage markets. The results so far were encouraging as the division's revenue had increased and segment loss was significantly reduced when comparing to last year.

Securities Investments

For the year 2013, the Group's securities investments division recorded revenue of HK$2,700,000 (2012: HK$1,800,000) representing dividends received from listed equity securities investments. As a whole, the Group's securities investments division recorded segment loss of HK$26,970,000 for the year (2012: segment profit of HK$4,146,000) that was mainly resulted from the unrealised loss of HK$27,006,000 from holdings of listed equity securities measured at fair values at the year end. As of 31 December 2013, the Group's securities portfolio comprised listed equity securities in mining and resources company, hotel and entertainment company, industrial materials company and financial services company and was valued at fair values of HK$103,167,000 (2012: HK$151,067,000). It was mainly due to the drop in value of the Group's investments in listed shares of two mining and resources companies, which were considered under-performed financially from market expectations, that resulted in the segment loss incurred by the division during the year.

As a whole, the Group reported a loss attributable to owners of the Company of HK$44,999,000 (2012: HK$58,085,000) and basic loss per share of HK2.67 cents (2012: HK3.44 cents) for the year. The Group reported total comprehensive loss for the year, net of tax, of HK$28,148,000 (2012: HK$65,820,000) including a revaluation surplus on leasehold buildings of HK$10,094,000 (2012: HK$1,159,000) and exchange gain on translation of financial statements of overseas subsidiaries of HK$9,007,000 (2012: HK$650,000). The Group's total comprehensive loss for the year, net of tax, attributable to owners of the Company, amounted to HK$26,995,000 (2012: HK$59,788,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2013, the Group had current assets of HK$370,176,000 (2012: HK$432,668,000) comprising cash and cash equivalents of HK$125,439,000 (2012: 130,246,000)(excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$177,624,000 (2012: HK$208,107,000), remained at a healthy ratio of 2.08 (2012: 2.08). The Group's bank loans as at 31 December 2013 were mainly denominated in Hong Kong dollars and United States dollars in the proportion of 98% and 2% (2012: 87% and 13%) respectively. All bank loans totalling HK$80,331,000 (2012: HK$88,760,000) would be matured within one year, out of which 98% bore fixed interest rate (2012: 87%) and the remaining 2% bore floating interest rate (2012: 13%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

The equity attributable to owners of the Company decreased by 7% to HK$353,031,000 (2012: HK$380,026,000) mainly as a result of the loss incurred by the Group during the current year. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included interest-bearing bank borrowings, trade and bills payables and other payables less pledged bank deposits and cash and cash equivalents. The Group's policy was to maintain its gearing ratio below 75% to ensure a healthy financial position. The gearing ratio of the Group as at 31 December 2013 was about 11% (2012:16%).

Despite the loss incurred by the Group, the financial position of the Group remains solid with sufficient cash and undrawn committed credit facilities to support the Group's ongoing business operations.

PROSPECTS

The loss incurred by the Group was reduced comparing to last year and was mainly due to the improved financial results of the toys and beverage division, although partly offset by the unsatisfactory performance of the securities investments division. Looking ahead, the management will continue to conduct review and analysis on various operational aspects of the toys and beverage divisions, in particular inventory management and production efficiency with the view to save manufacturing costs and hence to further improve their financial performance in the near term.

CORPORATE GOVERNANCE

During the year ended 31 December 2013, the Company had complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 8 March 2012 and will remain suspended until further notice.

By Order of the Board
Lo Ming Chi, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong, 30 April 2014

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Sue Ka Lok (Chairman); four Executive Directors, namely Mr. Lo Ming Chi, Charles (Deputy Chairman and Chief Executive Officer), Ms. Danita On (Chief Operating Officer), Ms. Chan Yuk Yee and Ms. Wang Jingyu; and three Independent Non-executive Directors, namely Mr. Kwok Ming Fai, Mr. Wong Kwok Tai and Ms. Leung Pik Har, Christine.

* *For identification purpose only*