The Hong Kong Building and Loan Agency Limited

香 港 建 屋 貸 款 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "**Board**") of directors (the "**Directors**") of The Hong Kong Building and Loan Agency Limited (the "**Company**") announces the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014, together with the relevant comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Revenue	*5*	**16,423**	47,046
Cost of operation		**(8,636)**	(4,548)
Gross profit		**7,787**	42,498
Other income	*6*	**3,227**	72
Reversal of/(impairment) loss recognised in respect of loan receivables		**5,680**	(33,712)
Fair value change on contingent consideration payables		**52,856**	–
Fair value changes on financial assets at fair value through profit or loss		**(20,864)**	14,147
Loss on disposal of financial assets at fair value through profit or loss		**(281)**	(426)
Impairment loss recognised in respect of loan interest receivables		**(1,250)**	(88,729)
Loss on disposal of subsidiaries		**(58,983)**	–
Gain on disposal of available-for-sale investments		**–**	3,240
Impairment loss recognised in respect of available-for-sale investments		**(259)**	–
Selling expenses		**(4,449)**	–
Administrative and operating expenses		**(176,271)**	(25,235)

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Loss from operation		**(192,807)**	(88,145)
Finance costs	*7*	**(59,958)**	(718)
Loss before taxation	*9*	**(252,765)**	(88,863)
Taxation	*8*	**9,394**	(2,242)
Loss for the year		**(243,371)**	(91,105)
Other comprehensive income/(loss) for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**337**	–
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments, net of tax		**–**	(1,761)
Other comprehensive income/(loss) for the year, net of tax		**337**	(1,761)
Total comprehensive loss for the year, net of tax		**(243,034)**	(92,866)
Loss for the year attributable to owners of the Company		**(243,371)**	(91,105)
Total comprehensive loss attributable to owners of the Company		**(243,034)**	(92,866)
		HK cents	*HK cents*
Loss per share	*11*		
Basic and diluted		**(29.59)**	(20.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Intangible assets		**860,389**	–
Property, plant and equipment		**4,879**	1,141
Construction in progress		**10,531**	–
Goodwill	*15*	**1,275,620**	–
Mortgage loans		**–**	7,000
Loan receivables	*12*	**30,251**	60,487
Deposit paid for acquisition of a subsidiary		**–**	10,000
Available-for-sale investments		**–**	259
Finance lease receivables		**18,877**	–
		2,200,547	78,887
Current assets			
Mortgage loans		**–**	21,346
Financial assets at fair value through profit or loss		**24,354**	92,920
Inventories		**678**	–
Loan receivables	*12*	**171,829**	188,016
Trade and bills receivables	*13*	**1,203**	–
Prepayments, deposits and other receivables		**4,131**	10,483
Finance lease receivables		**8,863**	–
Amounts due from customers under construction contracts		**301**	–
Tax recoverable		**1,867**	2,302
Pledged bank deposits		**254**	–
Cash and bank balances		**17,512**	3,979
		230,992	319,046

	Notes	2014 HK$'000	2013 HK$'000
Current liabilities			
Trade and other payables	*14*	**17,575**	15,052
Amounts due to shareholders		**52,681**	–
Borrowings		**40,000**	5,000
		110,256	20,052
Net current assets		**120,736**	298,994
Total assets less current liabilities		**2,321,283**	377,881
Non-current liabilities			
Non-convertible bonds		**40,000**	50,000
Convertible bonds		**470,506**	4,563
Promissory notes		**192,891**	–
Contingent consideration payables		**93,103**	–
Deferred tax liabilities		**265,658**	–
		1,062,158	54,563
Net assets		**1,259,125**	323,318
Capital and reserves			
Share capital		**667,298**	54,059
Reserves		**591,827**	269,259
Total equity		**1,259,125**	323,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange.

The registered office of the Company is Unit F, 7/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the same as the functional currency of the Company and rounded to the nearest thousand (HK$'000), unless otherwise stated.

The principal activities of the Group are investment holding, treasury investments, provision of loan financing and design and provision of energy saving solutions.

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

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial period beginning 1 January 2014. A summary of the new HKFRSs are set out as below:

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

Amendments to HKAS 32 Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities

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

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

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

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

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

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

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

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

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

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

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

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

HK(IFRIC) – Int 21 Levies

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

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

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

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

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[4]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
HKAS 1 (Amendments)	Disclosure Initiative[4]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[4]
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[4]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

[2] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[3] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted*

[4] *Effective for annual periods beginning on or after 1 January 2016*

[5] *Effective for annual periods beginning on or after 1 January 2017*

[6] *Effective for annual periods beginning on or after 1 January 2018*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

Basis of preparation

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("**CODM**") for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organized and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- loan financing
- treasury investments
- design and provision of energy saving solutions

The following is an analysis of the Group's revenue and results by reportable and operating segment:

Segment revenue and results

	Loan financing		Treasury investments		Design and provision of energy saving solutions		Unallocated		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue										
External sales	**10,402**	47,046	**–**	–	**6,021**	–	**–**	–	**16,423**	47,046
Results										
Segment results	**11,257**	(89,063)	**(21,560)**	16,897	**(17,841)**	–	**–**	–	**(28,144)**	(72,166)
Unallocated corporate expenses							**(159,116)**	(15,981)	**(159,116)**	(15,981)
Unallocated corporate income							**839**	2	**839**	2
Loss on disposal of subsidiaries							**(58,983)**	–	**(58,983)**	–
Impairment loss recognised in respect of available-for-sale investments							**(259)**	–	**(259)**	–
Fair value change on contingent consideration payables							**52,856**	–	**52,856**	–
Finance costs	**–**	–	**–**	–	**(3,336)**	–	**(56,622)**	(718)	**(59,958)**	(718)
Loss before taxation									**(252,765)**	(88,863)
Taxation									**9,394**	(2,242)
Loss for the year									**(243,371)**	(91,105)

Revenue reported was generated from external customers. There were no inter-segment sales for the year (2013: Nil).

Segment results represent the profit/(loss) by each segment without allocation of centralised administration costs such as certain other income, directors' emoluments, staff salaries, operating lease payments and certain legal and professional fees. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Loan financing		Treasury investments		Design and provision of energy saving solutions		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets	**205,168**	284,236	**24,354**	95,914	**2,197,997**	–	**2,427,519**	380,150
Unallocated corporate assets							**4,020**	17,783
							2,431,539	397,933
Liabilities								
Segment liabilities	**40,710**	50,818	**–**	–	**66,493**	–	**107,203**	50,818
Unallocated corporate liabilities							**1,065,211**	23,797
							1,172,414	74,615

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate financial assets;
- all liabilities are allocated to reportable segments other than corporate financial liabilities, deferred tax liabilities, convertible bonds, promissory notes and contingent consideration payables.

Other segment information

The following is an analysis of the Group's other segment information:

	Loan financing		Treasury investments		Design and provision of energy saving solutions		Unallocated		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**10,402**	47,046	**–**	–	**–**	–	**–**	–	**10,402**	47,046
Interest expenses classified in:										
– cost of operation	**(4,035)**	(4,548)	**–**	–	**–**	–	**–**	–	**(4,035)**	(4,548)
– finance costs	**–**	–	**–**	–	**(3,336)**	–	**(56,622)**	(718)	**(59,958)**	(718)
Reversal of impairment loss recognised in respect of loan interest receivables	**471**	70	**–**	–	**–**	–	**–**	–	**471**	70
Reversal of/(impairment) loss recognised in respect of loan receivables	**5,680**	(33,712)	**–**	–	**–**	–	**–**	–	**5,680**	(33,712)
Impairment loss recognised in respect loan interest receivables	**(1,250)**	(88,729)	**–**	–	**–**	–	**–**	–	**(1,250)**	(88,729)
Loss on disposal of financial assets at fair value through profit of loss	**–**	–	**(281)**	(426)	**–**	–	**–**	–	**(281)**	(426)
Gain on disposal of available-for-sale investments	**–**	–	**–**	3,240	**–**	–	**–**	–	**–**	3,240
Fair value changes on financial assets at fair value through profit or loss	**–**	–	**(20,864)**	14,147	**–**	–	**–**	–	**(20,864)**	14,147
Impairment loss recognised in respect of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**(259)**	–	**(259)**	–
Loss on disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(58,983)**	–	**(58,983)**	–
Fair value change on contingent consideration payables	**–**	**–**	**–**	**–**	**–**	**–**	**52,856**	–	**52,856**	–
Capital expenditure										
– others	**–**	–	**–**	–	**(3,553)**	–	**(3,136)**	–	**(6,689)**	–
Depreciation of property, plant and equipment	**–**	–	**–**	–	**(633)**	–	**(949)**	–	**(1,582)**	–
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**(29,512)**	–	**(29,512)**	–

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the People's Republic of China (the "**PRC**").

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

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**6,021**	–	**2,169,388**	–
Hong Kong	**10,402**	47,046	**31,159**	78,887
	16,423	47,046	**2,200,547**	78,887

Information about major customers

Included in the Group's revenue of approximately HK$16,423,000 (2013: HK$47,046,000), the revenue of approximately HK$2,264,000 (2013: HK$30,107,000) which arose from one (2013: one) customer of the design and provision of energy saving solutions business (2013: Loan financing business) which contributed 10% or more to the Group's revenue for the year. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2014.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**–**	30,107
Customer B	**2,264**	–

5. REVENUE

Revenue, which is also the Group's turnover, represents interest income from loan financing, treasury investments and income from design and provision of energy saving solutions.

An analysis of the Group's revenue by principal activities are as follows:

	2014	2013
	HK$'000	*HK$'000*
Loan financing:		
Interest on mortgage loans	**3,342**	2,909
Interest on loan receivables	**7,060**	44,137
	10,402	47,046
Design and provision of energy saving solutions:		
Sale of goods	**1,728**	–
Sale of goods under finance lease	**4,293**	–
	6,021	–
	16,423	47,046

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Service income	**839**	–
Reversal of impairment loss recognised in respect of loan interest receivables	**471**	70
Bank interest income	**20**	–
Interest income on finance lease receivables	**1,744**	–
Others	**153**	2
	3,227	72

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expense on borrowings	**3,731**	599
Interest expense on securities trading accounts	**19**	68
Imputed interest charged on promissory notes	**19,301**	–
Imputed interest charged on convertible bonds	**36,907**	51
	59,958	718

8. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Current taxation – Hong Kong		
Provision for the year	**–**	1,914
Under/(over) provision in prior year	**625**	(20)
Deferred taxation		
(Credit)/charge for the year	**(10,019)**	348
	(9,394)	2,242

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(ii) PRC Enterprise Income Tax

The subsidiary of the Group established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25%. The Company's subsidiary in the PRC is qualified as an High Technology Enterprise from 1 January 2012 and enjoy PRC Enterprise Income Tax rate of 15% from the year 2012 to 2014.

9. LOSS BEFORE TAXATION

The Group's loss for the year is arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Staff costs (including Directors' remuneration)		
– Directors' fee	**2,306**	630
– Salaries, bonus and wages	**15,079**	5,698
– Contribution to retirement benefits schemes	**1,768**	147
	19,153	6,475
Amortisation of intangible assets	**29,512**	–
Depreciation of property, plant and equipment	**1,582**	100
Cost of inventories sold	**4,600**	–
Auditors' remuneration		
– audit services	**1,000**	400
– non-audit services	**1,684**	25
Operating lease payments	**3,818**	–
Loss on disposal of property, plant and equipment	**128**	–
Legal and professional fees	**14,080**	9,776
Referral fee for acquisition of a subsidiary	**86,660**	–

10. DIVIDEND

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

11. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(243,371)**	(91,105)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**822,496**	436,231

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

Note: The computation of diluted loss per share for the year ended 31 December 2014 and 31 December 2013 does not include the options to subscribe convertible bonds, convertible bonds and share options as the assumed exercise of these options to subscribe convertible bonds, convertible bonds and share options has an anti-dilutive effect.

12. LOAN RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**30,400**	82,503
Variable-rate loan receivables	**200,712**	200,712
	231,112	283,215
Less: accumulated impairment allowance	**(29,032)**	(34,712)
	202,080	248,503

	2014	2013
	HK$'000	*HK$'000*
Carrying amount analysed for reporting purposes:		
Current assets	**171,829**	188,016
Non-current assets	**30,251**	60,487
	202,080	248,503

The maturity profile of the loan receivables at the end of reporting period, analysed by the remaining period to their contracted maturity, is as follow:

	2014	2013
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**171,716**	171,713
Over 3 months but less than 1 year	**113**	16,303
Over 1 year but less than 5 years	**10,251**	487
Over 5 years	**20,000**	60,000
	202,080	248,503

13. TRADE AND BILLS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**1,124**	–
Bills receivables	**79**	–
	1,203	–

The ageing analysis of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**1,006**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 365 days	**118**	–
	1,124	–

According to the credit rating of different customers, the Group allows average credit term of 90 days to its customers.

14. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**2,416**	–
Accrued service fee for acquisition of a subsidiary	**3,871**	5,870
Accrued expenses	**7,258**	6,958
Receipt in advance	**447**	–
Interest payables	**2,285**	1,044
Other payables	**1,298**	1,180
	17,575	15,052

The ageing analysis of trade payables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**1,585**	–
91 – 180 days	**214**	–
181 – 365 days	**–**	–
Over 365 days	**617**	–
	2,416	–

15. BUSINESS COMBINATION

The net assets acquired in the transaction and the goodwill arising therefrom, are as following:

	Acquiree's carrying amount before acquisition *HK$'000*	**Fair value adjustment** *HK$'000*	**Fair value** *HK$'000*
Net assets acquired:			
Property, plant and equipment	1,200	–	1,200
Intangible assets	–	889,901	889,901
Finance lease receivables	27,465	–	27,465
Inventories	691	–	691
Construction in progress	9,193	–	9,193
Trade and bills receivables	865	–	865
Prepayment, deposits and other receivables	2,816	–	2,816
Pledged bank deposits	785	–	785
Cash and bank balances	12,054	–	12,054
Borrowings	(40,000)	–	(40,000)
Trade and other payables	(4,685)	–	(4,685)
Amount due to a shareholder	(17,792)	–	(17,792)
Deferred tax liabilities	–	(275,676)	(275,676)
	(7,408)	614,225	606,817
Goodwill arising on acquisition			1,275,620
			1,882,437

Total consideration satisfied by:

	HK$'000
Deposit paid	10,000
Cash payable	33,100
Convertible bonds	1,299,883
Promissory notes	247,295
Contingent consideration payables	145,959
Consideration shares	146,200
Total consideration	1,882,437

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in investment holding, treasury investments, provision of loan financing and design and provision of energy saving solutions.

During the year ended 31 December 2014, the Group recorded a revenue of approximately HK$16,423,000, representing a decrease of approximately 65.1% as compared with HK$47,046,000 for the last year. A loss for the year attributable to the owners of the Company of approximately HK$243,371,000 (2013: loss of approximately HK$91,105,000) was recorded which is mainly attributable to the substantial decrease of approximately HK$36,644,000 in interest income from loan receivables due to maturity and repayment of loans during the year ended 31 December 2014, an one-off loss of approximately HK$58,983,000 on disposal of subsidiaries, unrealised losses of approximately HK$20,864,000 recorded on financial assets at fair value through profit or loss in 2014 while an unrealised gain of HK$14,147,000 was recorded in the previous year, administrative and operating expenses of approximately HK$96,024,000 due to transactional expenses and professional fees incurred for the acquisition of Weldtech Technology Co. Limited ("**Weldtech Technology**") and its subsidiary, Haoxin Technology (Shanghai) Company Limited (濠信節能科技(上海)有限公司) ("**Haoxin**"), (the "**Weldtech Group**") (the "**Acquisition**") during the year ended 31 December 2014 and finance costs of approximately HK$56,208,000 due to interest amortisation of the convertible bonds and promissory notes issued for the Acquisition.

Of the total revenue, approximately HK$10,402,000 (2013: approximately HK$47,046,000) was generated from the Group's loan financing business which contributed a segment profit of approximately HK$11,257,000 (2013: loss of approximately HK$89,063,000). The profit was mainly attributable to the decrease in impairment loss recognised in respect of loan and loan interest receivables in the year ended 31 December 2014.

With respect to the segment of treasury investments, a segment loss of approximately HK$21,560,000 was recorded for the year ended 31 December 2014, as compared to the segment profit of approximately HK$16,897,000 in last year. The loss recorded for the treasury investments is mainly attributable to the decrease in the share prices of the equity securities held for investments.

With respect to the segment of design and provision of energy saving solutions, a segment loss of approximately HK$17,841,000 was recorded for the year ended 31 December 2014. On 13 June 2014, the Group completed the acquisition of the entire issued capital of Weldtech Technology which is primarily engaged in the design and provision of energy saving solutions and energy monitoring. The Weldtech Group incurred a net loss of HK$34,164,000 during the year ended 31 December 2014 and contributed a loss of HK$21,177,000 to the Group for the period from the acquisition date to 31 December 2014. The Weldtech Group failed to meet the 2014 profit guarantee which is primarily due to the unexpected market conditions in 2014 and the longer-than-expected project cycle.

Total Assets and Foreign Exchange Exposure

As at 31 December 2014, the total assets increased to approximately HK$2,431,539,000 (2013: approximately HK$397,933,000). The increase was mainly attributable to intangible assets of HK$860,389,000 and goodwill of HK$1,275,620,000 arising from the Acquisition. All assets were denominated in Hong Kong Dollars and Renminbi save for some bank balances which were denominated in United States Dollars. As the Hong Kong Dollar is pegged to the U.S. Dollar, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impacts caused by the appreciation of Renminbi. The Group has not entered into any significant foreign exchange contract. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2014, the Group held financial assets at fair value through profit or loss amounting to approximately HK$24,354,000 (2013: approximately HK$92,920,000). The decrease was mainly attributable to a substantial amount of held-for-trading investments in equity securities disposed during the year ended 31 December 2014. The financial assets at fair value through profit or loss represent held-for-trading investments in equity securities listed in Hong Kong.

As at 31 December 2014, the Group held intangible assets amounting to approximately HK$860,389,000 (2013: nil). The intangible assets represent 7 patents related to the "Ultra Performance Plant Control System" ("**UPPC System**") used by the energy saving solutions business.

As at 31 December 2014, the Group held finance lease receivables and loan receivables amounting to approximately HK$27,740,000 (2013: nil) and approximately HK$202,080,000 (2013: approximately HK$248,503,000), respectively.

Liquidity and Financial Resources

As at 31 December 2014, the Group's cash and bank balances amounted to approximately HK$17,512,000 (2013: approximately HK$3,979,000) and had approximately HK$40,000,000 borrowings (2013: approximately HK$5,000,000), approximately HK$40,000,000 non-convertible bonds (2013: approximately HK$50,000,000), approximately HK$470,506,000 convertible bonds (2013: HK$4,563,000) and approximately HK$192,891,000 promissory notes (2013: nil). The net assets and the net current assets of the Group amounted to approximately HK$1,259,125,000 (2013: approximately HK$323,318,000) and HK$120,736,000 (2013: approximately HK$298,994,000), respectively.

Gearing ratio of the Group as at 31 December 2014, which is calculated as net debts (as calculated by total borrowings less cash and cash equivalents) divided by total capital, was 0.37 (2013: 0.15).

Capital Structure

As at 31 December 2014, the Company's number of issued ordinary shares was 1,025,749,466 ("**Share(s)**") (31 December 2013: HK$54,058,546.6 divided into 540,585,466 Shares). Pursuant to the Hong Kong Companies Ordinance (Cap. 622), companies incorporated in Hong Kong no longer have an authorized share capital and there is no concept of par value in respect of issued shares with effect from 3 March 2014.

As at 31 December 2014, the Company had HK$1,566,000 convertible bonds in the principal amount of HK$156,600 each with the conversion price of HK$0.10 per share (as adjusted on 17 February 2014) ("**CB I**") outstanding. During the year ended 31 December 2014, 134,676,000 new Shares were issued upon the conversion of CB I. The outstanding CB I may be converted into 15,660,000 Shares.

As at 31 December 2014, the Company had HK$41,850,000 convertible bonds in the principal amount of HK$1,350,000 each with the conversion price of HK$0.135 per share ("**CB II**") outstanding. During the year ended 31 December 2014, 40,000,000 new Shares were issued upon the conversion of CB II. The outstanding CB II could be converted into 310,000,000 Shares.

As at 31 December 2014, the Company had HK$434,980,010 convertible bond A (the "**CB A**") outstanding. During the year ended 31 December 2014, no new Shares were issued. The outstanding CB A could be converted into 543,725,012 Shares at the conversion price of HK$0.80 per share as at 31 December 2014.

As at 31 December 2014, the Company had HK$827,520,000 convertible bond B (the "**CB B**") outstanding. During the year ended 31 December 2014, no new Shares were issued. The outstanding CB B could be converted into 1,034,400,000 Shares at the conversion price of HK$0.80 per share as at 31 December 2014.

Charge on Group Assets and Contingent Liabilities

As at 31 December 2014, the Group pledged the bank deposits of approximately HK$254,000 (2013: nil) as the security deposit for the warranty fund of sale of goods.

Capital Commitment

As at 31 December 2014, the Group had capital commitments, which were contracted but not provided for, in respect of construction contract of approximately HK$4,338,000 (2013: nil).

Material Acquisition and Investments

The sale and purchase agreement dated 23 February 2011 (as amended) (the "**Previous Sale and Purchase Agreement**") was entered into by and between Wise Planner Limited, (the "**Previous Purchaser**"), Carbon Reserve Investments Limited, Cross Cone Holdings Limited, Newmargin Partners Ltd., Season Best Investments Limited, Smart Promise Limited, SV Technology Company Limited (as the vendors, collectively, the "**Previous Vendors**"), and the Company (as the Previous Purchaser's guarantor) with respect to the acquisition of the entire issued share capital of Weldtech Technology at a total consideration of HK$2,800,000,000 (the "**Previous Consideration**", HK$10,000,000 of the Previous Consideration has been paid by the Company to SV Technology Company Limited (being one of the Vendors) as the refundable deposit and part payment of the Previous Consideration) (collectively, the **"Previous Acquisition**").

The Previous Sale and Purchase Agreement was conditional upon, amongst others, that a placing agreement for the Company's placing of new shares with net proceeds of not less than HK$900,000,000 having become unconditional. The Previous Acquisition was approved by the shareholders of the Company (the "**Shareholder(s)**") at an extraordinary general meeting of the Company in June 2011. The Company, the Previous Purchaser and the Previous Vendors eventually decided to terminate the Previous Sale and Purchase Agreement in August 2012 for reasons set out in the announcement of the Company dated 24 August 2012.

Notwithstanding the termination of the Company's previous attempt to acquire the Weldtech Group, the Company remained interested in the Weldtech Group as it is optimistic about its growth potential. The Company negotiated with the current shareholders of the Weldtech Group to acquire Weldtech Technology. As part of the business continuity and as a re-launch of the Previous Acquisition, Total Global Holdings Limited, a wholly-owned subsidiary of the Company (the "**Purchaser**"), CITIC International Assets Management Limited, Ample Richness Investments Limited, Smart Promise Limited, Infinite Soar Limited, Cross Cone Holdings Limited, Newmargin Partners Ltd., Carbon Reserve Investments Limited and Season Best Investments Limited (as the vendors, collectively the "**Vendors**") and the Company entered into the sale and purchase agreement on 31 October 2013 (the "**Sale and Purchase Agreement**") with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire issued share capital of Weldtech Technology at a total consideration of HK$2,476,000,010 (the "**Consideration**", HK$10,000,000 of the Consideration has been paid by the Purchaser to CITIC International Assets Management Limited (being one of the Vendors) as refundable deposit and form part payment of the Consideration). The Company, as the Purchaser's guarantor, has unconditionally and irrevocably undertaken to procure the due and punctual performance by the Purchaser of all its obligations and commitments under the Sale and Purchase Agreement.

Weldtech Technology holds the entire equity interest in Haoxin, formerly known as 日滔貿易(上海)有限公司, a wholly foreign-owned enterprise established in the People's Republic of China. According to the business licence of Haoxin, the business scope of Haoxin includes, among others, development, consultation and proprietary technology transfer of energy and energy saving technologies; energy performance contracting; design and development of computer softwares, automatic control system, intelligent products on building energy consumption monitoring and proprietary products transfer and related supporting services; wholesale and import and export of mechanical and electrical products as well as "heating ventilation and air-conditioning" ("**HVAC**") equipment. According to the Vendors, Haoxin is principally engaged in providing energy monitoring and energy saving solutions for commercial buildings, industrial buildings, shopping arcades, hospitals and urban facilities to reduce energy consumption, and to enhance overall energy efficiency of central air-conditioning system via its proprietary UPPC System and other components. Haoxin is currently actively developing new technology based on the UPPC System so as to broaden the scope of building energy saving solutions, such as the HVAC airside control optimisation, building automation system, real-time system fault detection and more advanced optimisation algorithms.

The Acquisition constituted a very substantial acquisition for the Company under the Listing Rules and therefore was subject to the reporting, announcement and Shareholders' approval requirement.

An extraordinary general meeting was held on 30 April 2014 in which the Acquisition and transactions contemplated thereunder were approved by Shareholders.

As all the conditions precedent under the Sale and Purchase Agreement have been fulfilled, the Acquisition was completed on 13 June 2014. Upon completion of the Acquisition, convertible bonds including CB A and CB B, promissory notes (including promissory notes A, B and C and consideration shares were issued by the Company to the Vendors at the Consideration (other than the Cash Consideration (as defined below)).

Following the completion of the Acquisition on 13 June 2014, Weldtech Technology became an indirect wholly-owned subsidiary of the Company and the results of the Weldtech Group has been consolidated into the financial statements of the Group.

On 13 June 2014, the Company, the Purchaser and the Vendors entered into a supplemental agreement to amend certain terms of the Sale and Purchase Agreement in relation to the Acquisition (the "**First Supplemental Agreement**").

Pursuant to the Sale and Purchase Agreement, the cash portion of the Consideration (the "**Cash Consideration**"), in the aggregate amount of HK$33,100,000 shall be satisfied by way of cashier orders to the Vendors upon completion of the Acquisition. Upon arm's length negotiations between the parties to the First Supplemental Agreement, it has been agreed that the payment terms of the Cash Consideration shall be revised and the Cash Consideration shall be satisfied by way of cashier orders issued by a licensed bank in Hong Kong from the Purchaser to the Vendors (a) within 3 months upon completion of the Acquisition; or (b) within 30 days upon completion (including Transfer (as defined in the announcement of the Company dated 27 May 2014)), termination or cancellation of the FT Placing (as defined in the sub-section headed "Fund Raising Activities") in accordance with the Placing Agreement (as defined in the sub-section headed "Fund Raising Activities").

On 22 September 2014 (after trading hours), the Company, the Purchaser and the Vendors entered into a second supplemental agreement to the Sale and Purchase Agreement pursuant to which it was agreed that the payment terms of the Cash Consideration of the Sale and Purchase Agreement in relation to the Acquisition shall be further revised and the Cash Consideration shall be satisfied by way of cashier orders issued by a licensed bank in Hong Kong from the Purchaser to the Vendors or their designated person within 9 months upon completion of the Acquisition. On 13 March 2015, the due date for settlement of the Cash Consideration has been further extended to on or before 13 September 2015.

Save for the amendment of the terms in relation to the payment of the Cash Consideration, all terms and conditions of the Sale and Purchase Agreement remain unchanged and continue to be in full force and effect.

On 11 September 2014, the Company, as the assignor, The Building and Loan Agency (Asia) Limited, a wholly-owned subsidiary of the Company, as the assignee (the "**Assignee**") and the relevant holder of the promissory note A (the "**Promissory Note A**", the promissory notes in the aggregate principal amount of HK$474,000,000 for part of the Consideration and shall be due on 31 December 2018) (the "**Note Holder**") entered into a deed of assignment (the "**Deed A**"). The Note Holder was the sole legal and beneficial owner of Promissory Note A numbered 004 (the "**Relevant Promissory Note A 004**") in the principal amount of HK$197,000,000 issued by the Company. Under and in accordance with the Relevant Promissory Note A 004, the Company has unconditionally and irrevocably promised to pay to the Note Holder the sum of HK$197,000,000 on final maturity thereof, being 31 December 2018.

Pursuant to the Deed A, the Company was desirous of transferring, assigning and/or novating all the Company's duties and obligations in and under the Relevant Promissory Note A 004, including (but not limited to) the repayment obligation thereof, to the Assignee (collectively, the "**Assignment**"). Pursuant to the Deed A, amongst others, the Company shall procure (i) the Note Holder to surrender to the Assignee the Relevant Promissory Note A 004 at completion of the Assignment ("**Completion**"), and (ii) the Assignee to issue new promissory note(s) to the Note Holder (or to any nominee of the Note Holder) in the principal amount of HK$197,000,000 to replace the Relevant Promissory Note A 004 as soon as practicable after Completion in accordance with the Deed A.

On 19 November 2014, the Company, as the assignor, the Assignee and the Note Holder entered into a deed of assignment (the "**Deed B**"). The Note Holder was the sole legal and beneficial owner of Promissory Note A numbered 002 (the "**Relevant Promissory Note A 002**") in the principal amount of HK$177,000,000 issued by the Company. Under and in accordance with the Relevant Promissory Note A 002, the Company has unconditionally and irrevocably promised to pay to the Note Holder the sum of HK$177,000,000 on final maturity thereof, being 31 December 2018.

Pursuant to the Deed B, the Company was desirous of transferring, assigning and/or novating all the Company's duties and obligations with respect to the principal amount of HK$150,000,000 in and under the Relevant Promissory Note A 002, including (but not limited to) the repayment obligation of that said sum of HK$150,000,000, to the Assignee (collectively, the "**Second Assignment**"). Pursuant to the Deed B, the Assignee is desirous of accepting the Second Assignment in accordance with the terms and conditions of the Deed B, and the Note Holder has no objection to the Second Assignment. Following the Second Assignment, the Assignee shall repay HK$150,000,000 in principal amount of the Relevant Promissory Note A 002 to the Note Holder in accordance with the terms of the Relevant Promissory Note A 002, while the Company shall remain liable to repay HK$27,000,000, being the remaining principal amount under the Relevant Promissory Note A 002, to the Note Holder.

For further details, please refer to the Company's announcements dated 6 December 2013, 30 December 2013, 29 January 2014, 21 February 2014, 24 March 2014, 30 April 2014, 16 June 2014, 11 September 2014, 22 September 2014 and 19 November 2014 and the Company's circular dated 11 April 2014.

Fund Raising Activities

Placing 2013

On 26 February 2013, 15 March 2013, 22 August 2013 and 16 October 2013, the Company entered into the first placing agreement, supplemental placing agreement, second supplemental placing agreement, third supplemental placing agreement respectively (collectively, the "**Placing Agreements**") with FT Securities Limited ("**FTS**") pursuant to which FTS conditionally agreed to procure the placees to subscribe for no more than 5 tranches (in which the principal amount of the convertible bonds placed in each tranche shall be HK$1,350,000 or any multiple thereof) of the convertible bonds of up to an aggregate principal amount of HK$60,750,000 on a best-effort basis (the "**Placing 2013**"). The conversion shares would be allotted and issued under the specific mandate to be sought from Shareholders at an extraordinary general meeting to allot and issue up to a maximum of 450,000,000 conversion shares. The Placing 2013 was duly approved by the Shareholders in an extraordinary general meeting of the Company on 5 November 2013. All the conditions precedent for the issue of the convertible bonds under the Placing Agreements have been fulfilled and the overall completion of the Placing 2013 took place on 17 February 2014.

The gross proceeds from the Placing 2013 were approximately HK$60,750,000 and the net proceeds after deducting placing commission and other related expenses were approximately HK$58,400,000. The net proceeds were used (i) as to approximately HK$12,400,000 for overhead expenses of the Company (of which approximately HK$4,200,000 were utilized for staff costs and approximately HK$8,200,000 were to be utilized for administrative expenses and legal & professional fees); (ii) as to approximately HK$5,300,000 for repayment of outstanding indebtedness; (iii) as to approximately HK$6,000,000 to fund the loan financing business of the Company; (iv) as to approximately HK$10,000,000 for investment in the energy saving sector; and (v) the remaining amount of approximately HK$24,700,000 (which had not been fully utilized in the above areas) as treasury investments of the Company by investing in securities.

For further details, please refer to the Company's announcements dated 28 February 2013, 15 March 2013, 22 August 2013, 16 October 2013, 5 November 2013, 19 December 2013, 11 February 2014, 18 February 2014 and 30 July 2014 as well as the Company's circular dated 21 October 2013.

Placing 2014

On 27 May 2014, the Company and (i) China Securities (International) Corporate Finance Company Limited; (ii) Pacific Foundation Securities Limited ("**PFS**"); (iii) FTS; (iv) RHB OSK Securities Hong Kong Limited; and (v) Ping An of China Securities (Hong Kong) Company Limited (collectively, the "**Joint Placing Agents**") entered into a placing agreement pursuant to which, the Company conditionally agreed to place, through the Joint Placing Agents on a best effort basis, up to 397,000,000 placing shares in tranches at the placing price of HK$0.8 per placing share, to not less than six placees who and whose beneficial owners are independent third parties to the Company (the "**Placing 2014**").

The gross proceeds from the Placing 2014 were approximately HK$69,600,000 and the net proceeds after deducting placing commission and other related expenses were approximately HK$65,600,000. The net proceeds were used as to (i) HK$35,600,000 for professional fees and expenses in relation to the Acquisition; and (ii) HK$30,000,000 for general working capital of Weldtech Technology, including applying for the roll out of energy management contract projects and its daily operating expenses.

Subscription of New Shares under General Mandate

Pursuant to the stock lending and subscription agreement, which was entered into between the Company, a group of shareholders procured by PFS (the "**Other Vendors**"), and PFS, the Other Vendors conditionally agreed to lend or otherwise make available up to 87,000,000 Shares (the "**PF Placing Shares**") to PFS for the purpose of the placing by PFS, and PFS was authorised to deal with the PF Placing Shares in such manner in the placing by PFS under the Placing 2014 as it deems fit and appropriate. The Other Vendors also undertook to subscribe for up to 87,000,000 Shares as is equivalent to the exact number of PF Placing Shares placed, and the subscription was governed and regulated by the provisions under the stock lending and subscription agreement. The Shares subscribed were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 June 2013.

For further details, please refer to the Company's announcements dated 27 May 2014, 28 May 2014, 6 June 2014 and 16 June 2014.

Subscription of New Convertible Bond under Specific Mandate

On 27 May 2014, the Company, Sina Winner Investment Limited (a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8089)) (the "**First Vendor**"), and FTS entered into a convertible bonds lending and subscription agreement pursuant to which, the First Vendor has conditionally agreed to lend or otherwise make the existing convertible bonds in the principal amount of HK$41,850,000 which upon full conversion can be converted into 310,000,000 new shares to be allotted and issued by the Company at the conversion price of HK$0.135 per share available to FTS at the principal amount of the CB II, and FTS may convert the principal amount of the CB II or any part thereof into such number of Shares (the "**CB Lending and Subscription Agreement**") for the purpose of the placing by FTS ("**FT Placing**").

Based on the initial conversion price of HK$0.135 per share of the new convertible bonds, a maximum number of 310,000,000 new conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the new convertible bonds in full.

This placing has been completed on 4 July 2014, in accordance with the terms and conditions of the placing agreement (as revised and supplemented by the supplemental placing agreement dated 16 June 2014) and the CB Lending and Subscription Agreement. An aggregate of 40,000,000 Shares have been successfully placed by the Joint Placing Agents to LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE SA and Leighton Deck Limited at the placing price of HK$0.8 per share.

The gross proceeds from the placing of 40,000,000 Shares were approximately HK$32,000,000. The net proceeds, after deducting the placing commission, the bookrunner and FTS praecipium and other related expenses, were approximately HK$26,600,000. The net proceeds were used as to professional fees and expenses in relation to the Acquisition and general working capital of the Group.

Pursuant to the CB Lending and Subscription Agreement, FTS shall subscribe for the new convertible bonds in such principal amount as is equivalent to the aggregate principal amount of the CB II being converted Shares for the purpose of this placing and the Company shall use its best endeavours to ensure the issuance of such new convertible bonds. In the course of placing, FTS has converted the CB II in the principal amount of HK$5,400,000. Pursuant to the CB Lending and Subscription Agreement, FTS shall subscribe for new convertible bonds in the principal amount of HK$5,400,000 which is to be issued by the Company.

Ordinary resolution has been passed at an extraordinary general meeting on 17 September 2014 to approve the specific mandate for allotment and issuance of new conversion shares upon conversion of the new convertible bonds.

Completion of the subscription of CB II took place on 19 September 2014. Based on the initial conversion price of HK$0.135 per share, a maximum number of 40,000,000 Shares will be allotted and issued upon exercise of the conversion rights attaching to the CB II in full, which represent approximately 3.90% of the existing issued share capital of the Company and approximately 3.75% of the issued share capital of the Company as enlarged by the issue of the Shares.

The gross proceeds from the subscription of CB II were HK$26,595,000. The net proceeds from the subscription of CB II (after deducting all related expenses) were approximately HK$26,560,000, and was used as general working capital for Weldtech Technology.

For further details, please refer to the Company's announcements dated 27 May 2014, 28 May 2014, 6 June 2014, 16 June 2014, 4 July 2014, 28 July 2014, 17 September 2014 and 19 September 2014 and circular of the Company dated 1 September 2014.

Staff and Remuneration

The Group had 77 (2013: 14) employees as at 31 December 2014 and total staff costs incurred during the year ended 31 December 2014 amounted to approximately HK$19,153,000 (2013: approximately HK$6,475,000). The Group offers competitive remuneration packages to its employees. Other benefits include share options granted or to be granted under the share option scheme of the Company.

Events after the Reporting Period

(i) On 22 January 2015, the Company has granted 8,000,000 share options to Ms. Diana Liu He, an executive Director, under the Company's share option scheme adopted on 22 May 2008.

(ii) On 13 March 2015, the due date for settlement of the Cash Consideration in relation to the Sale and Purchase Agreement has been further extended to on or before 13 September 2015.

Outlook and Prospect

Our loan financing business, which mainly consists of mortgage services, continues to generate interest income for the Group during the year ended 31 December 2014. With the view that the interest rate would continue to increase, the Group is optimistic that the loan financing business will generate higher income. While developing its strategy in treasury investment, which may consist of listed securities, treasury products and derivatives investment, the Group will continue exploring and broadening the existing businesses in order to strengthen its competitiveness and provide business growth potential. It has been the business strategy of the Group to proactively seek potential investment opportunities that could enhance the value to the Shareholders. Accordingly, the Company acquired the Weldtech Group. The Management believes that the Acquisition allows the Group to diversify into a new line of business with significant growth potential.

With respect to our design and provision of energy saving solutions segment, following the completion of the Acquisition in June 2014, the Group will continue to upgrade the UPPC System, which is a software-based energy saving solution and achieves energy saving targets by analyzing real time operation data of each component in the air-conditioning system to calculate the optimal level of each component in the system. Despite the fact that the Weldtech Group missed the 2014 profit guarantee under the Sale and Purchase Agreement, the management is of the view that the Weldtech Group's loss is primarily a result of unexpected market condition in 2014 and the longer-than-expected project cycle. The energy saving industry is identified as one of the key industries and is backed by the PRC government. The PRC government will continue to commit to reduce per unit of GDP in carbon dioxide emissions and target to cut energy intensity by 3.1% according to its 2015 government work report. With the continuous support of the PRC government in the area of energy saving and environment protection and taking full advantage of the government's favorable policies, the management is optimistic about the industry in which the Weldtech Group operates and the future of the UPPC System. Besides, the management of the Group still holds the view that the existing market share is relatively fragmented and the market share for the Weldtech Group has significant growth potential due to a lack of dominant players in the fragmented market. It is expected that the increasing awareness of the energy saving and social responsibility will continue to provide ample opportunities for the UPPC System retrofit in the years to come. The Group is confident about prospectus of the new business line and its significant growth potential and will continue to invest in the energy saving segment in 2015 accordingly. The Company will explore the various opportunity of fund raising including equity or debt financing alternatives. The management expects that the performance of the Weldtech Group will improve in 2015 due to 1) the strengthened management team; 2) the upgraded UPPC technology; 3) the various improvement in internal processes and 4) improvement in market condition with more favourable policies.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2014, the Company applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules of the Stock Exchange save for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive ("**CE**") should be separate and should not be performed by the same individual. The Company did not appoint any chairman or CE during the year ended 31 December 2014. The functions of the chairman and CE are performed by Directors. The Board will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a chairman, no such meeting was held in this regard for the year ended 31 December 2014.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some Directors were absent from the last annual general meeting of the Company held on 26 June 2014 and the extraordinary general meeting of the Company held on 17 September 2014, due to their other important engagement at the relevant time.

Rule 3.10(1) of the Listing Rules provides that every board of directors of a listed issuer must include at least three independent non-executive directors. Subsequent to the retirement of Mr. Lam Raymond Shiu Cheung on 26 June 2014, the number of independent non-executive Directors had fallen below the minimum number required under Rule 3.10(1) of the Listing Rules. On 29 July 2014, the Company appointed Mrs. Chu Ho Miu Hing as an independent non-executive Director and the requirement under Rule 3.10(1) of the Listing Rules was fulfilled since then.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the year.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the "**Audit Committee**") consists of two independent non-executive Directors; namely, Ms. Yuen Wai Man (the chairman of the Audit Committee), Mr. Yeung Wai Hung, Peter, and one non-executive Director, Mr. Lam Kwok Hing, Wilfred.

The primary duties of the Audit Committee are to review the Group's annual reports and accounts, half-year reports and internal control system, and to review significant financial reporting judgments contained in its report and to provide advice and comments thereon to the Board.

The audited final results for the year ended 31 December 2014 of the Company have been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2014. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

By order of the Board
The Hong Kong Building and Loan Agency Limited
So Yuen Chun
Executive Director

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises Mr. So Yuen Chun, Ms. Diana Liu He, Dr. Li Ai Guo and Mr. Cai Wen Wei being executive Directors; Mr. Lam Kwok Hing, Wilfred and Mr. Huang Lizhi being non-executive Directors; Mr. Yeung Wai Hung, Peter, Ms. Yuen Wai Man and Mrs. Chu Ho Miu Hing being independent non-executive Directors.