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 2013

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 2013, 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 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*3*	**47,046**	42,224
Interest income		**47,046**	42,224
Interest expense	*5*	**(4,548)**	(270)
Net interest income		**42,498**	41,954
Other income	*4*	**72**	3,581
Fair value changes on financial assets at fair value through profit or loss		**14,147**	(537)
(Loss) gain on disposal of financial assets at fair value through profit or loss		**(426)**	8,346
Impairment loss recognised in respect of loan receivables		**(33,712)**	(1,000)
Impairment loss recognised in respect of loan interest receivables		**(88,729)**	(70)
Loss on issuance of options to subscribe convertible bonds		**–**	(13,164)
Gain on disposal of available-for-sale investments		**3,240**	–
Share-based payments expenses		**–**	(1,881)
Operating expenses		**(25,235)**	(23,871)
Finance costs	*5*	**(718)**	(218)
(Loss) profit before tax		**(88,863)**	13,140
Income tax expense	*7*	**(2,242)**	(2,816)
(Loss) profit for the year	*8*	**(91,105)**	10,324

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	2,109
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments, net of tax effect		**(1,761)**	–
Deferred tax relating to fair value change on available-for-sale investments		**–**	(348)
Other comprehensive (expense) income for the year, net of income tax		**(1,761)**	1,761
Total comprehensive (expense) income for the year		**(92,866)**	12,085
(Loss) profit for the year attributable to the owners of the Company		**(91,105)**	10,324
Total comprehensive (expense) income attributable to the owners of the Company		**(92,866)**	12,085
		HK cents	*HK cents*
(Loss) earnings per share	*10*		
– Basic		**(20.88)**	2.37
– Diluted		**(20.88)**	2.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,141**	51
Mortgage loans	*11*	**7,000**	7,419
Loan receivables	*12*	**60,487**	40,500
Deposit paid for acquisition of a subsidiary		**10,000**	–
Available-for-sale investments		**259**	3,157
		78,887	51,127
CURRENT ASSETS			
Mortgage loans	*11*	**21,346**	25,662
Financial assets at fair value through profit or loss		**92,920**	13,981
Loan receivables	*12*	**188,016**	280,992
Prepayments, deposits and other receivables		**10,483**	72,148
Tax recoverable		**2,302**	903
Bank balances and cash		**3,979**	8,347
		319,046	402,033
CURRENT LIABILITIES			
Other payables and accruals		**15,052**	17,722
Borrowings		**5,000**	5,000
		20,052	22,722
NET CURRENT ASSETS		**298,994**	379,311
TOTAL ASSETS LESS CURRENT LIABILITIES		**377,881**	430,438
NON-CURRENT LIABILITIES			
Non-convertible bonds		**50,000**	30,000
Convertible bonds		**4,563**	–
		54,563	30,000
NET ASSETS		**323,318**	400,438
CAPITAL AND RESERVES			
Share capital	*13*	**54,059**	43,515
Reserves		**269,259**	356,923
TOTAL EQUITY		**323,318**	400,438

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
(Loss) profit before tax	**(88,863)**	13,140
Adjustments for:		
Finance costs	**5,266**	488
Depreciation	**100**	86
Impairment loss recognised in respect of loan receivables	**33,712**	1,000
Impairment loss recognised in respect of loan interest receivables	**88,729**	70
Reversal of impairment loss in respect of loan receivables	**–**	(1,000)
Reversal of impairment loss in respect of loan interest receivables	**(70)**	(2,248)
Gain on disposal of available-for-sales investments	**(3,240)**	–
Loss (gain) on disposal of financial assets at fair value through profit or loss	**426**	(8,346)
Fair value changes on financial assets at fair value through profit or loss	**(14,147)**	537
Loss on disposal of property, plant and equipment	**–**	87
Loss on issuance of options to subscribe convertible bonds	**–**	13,164
Share-based payments expenses	**–**	1,881
Operating cash flows before movements in working capital	**21,913**	18,859
Decrease (increase) in mortgage loans	**4,735**	(21,192)
(Increase) decrease in financial assets at fair value through profit or loss	**(65,218)**	14,454
Decrease (increase) in loan receivables	**39,277**	(40,780)
Increase in prepayments, deposits and other receivables	**(26,994)**	(36,587)
(Decrease) increase in other payables and accruals	**(3,236)**	8,142
Cash used in operations	**(29,523)**	(57,104)
Interest paid	**(4,667)**	(10)
Income tax paid	**(3,293)**	(4,032)
NET CASH USED IN OPERATING ACTIVITIES	**(37,483)**	(61,146)

	2013	2012
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Deposit (paid) refunded of deposit paid for acquisition of a subsidiary	**(10,000)**	10,000
Proceeds from disposal of available-for-sale investments	**4,029**	5,571
Purchase of property, plant and equipment	**(1,190)**	(5)
Proceeds of disposal of property, plant and equipment	**–**	150
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(7,161)**	15,716
FINANCING ACTIVITIES		
Proceeds from issuance of non-convertible bonds	**20,000**	30,000
Proceeds from issuance of convertible bonds	**19,742**	–
New loan raised	**2,700**	5,000
Repayment of borrowings	**(2,700)**	–
Proceeds from issuance of shares upon exercise of share options	**534**	–
Proceeds from issuance of options to subscribe convertible bonds	**–**	783
NET CASH FROM FINANCING ACTIVITIES	**40,276**	35,783
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,368)**	(9,647)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**8,347**	17,994
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**3,979**	8,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Hong Kong Building and Loan Agency Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and the principal place of business of the Company are Unit F, 7/F, China Oversea Building, 139 Hennessy Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries (collectively referred as the "Group").

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

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

The Group has applied the following new and revised HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
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
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK (IFRIC*)-Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

* *IFRIC represents the International Financial Reporting Interpretation Committee*

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

HKFRS 13 Fair Value Measurement

The Group and the Company has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS *2 Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group and the Company has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group and the Company has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's and the Company's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs and HKASs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

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

[4] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

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

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

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

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

The directors of the Company (the "Directors") do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements and the Company's financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements and the Company's financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

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

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

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

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. Regarding the Group's and the Company's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

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 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 professional 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.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Directors do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements and the Company's financial statements as the Group and the Company do not have any financial assets and financial liabilities that qualify for offset.

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

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 regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements and the Company's financial statements.

3. REVENUE

Revenue represents interest income from loan financing and treasury investments.

An analysis of the revenue of the Group by principal activities is as follows:

	2013	2012
	HK$'000	*HK$'000*
Loan financing:		
Interest on mortgage loans	**2,909**	1,724
Interest on loan receivables	**44,137**	40,493
	47,046	42,217
Treasury investments:		
Interest on bank deposits	**–**	1
Interest on securities trading accounts	**–**	6
	–	7
	47,046	42,224

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Reversal of impairment loss in respect of loan receivables	**–**	1,000
Reversal of impairment loss in respect of loan interest receivables	**70**	2,248
Other	**2**	333
	72	3,581

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest expense on non-convertible bonds	**4,548**	270
Interest expense on borrowings	**599**	208
Interest expense on securities trading accounts	**68**	10
Effective interest charged on convertible bonds	**51**	–
	718	218
	5,266	488

6. 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 organised 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

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

	Loan financing		Treasury investments		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**47,046**	42,217	**–**	7	**47,046**	42,224
Segment (loss) profit	**(89,063)**	32,983	**16,897**	7,802	**(72,166)**	40,785
Centralised administration costs					**(15,981)**	(27,760)
Unallocated other income					**2**	333
Finance cost					**(718)**	(218)
(Loss) profit before tax					**(88,863)**	13,140
Income tax expense					**(2,242)**	(2,816)
(Loss) profit for the year					**(91,105)**	10,324
Segment assets	**284,236**	429,974	**95,914**	18,255	**380,150**	448,229
Unallocated assets					**17,783**	4,931
Total assets					**397,933**	453,160
Segment liabilities	**50,818**	30,269	**–**	–	**50,818**	30,269
Unallocated liabilities					**23,797**	22,453
Total liabilities					**74,615**	52,722

During the current and prior years, there were no inter-segment transactions.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment (loss) profit represent the pre-tax (loss from) profit earned by each segment without allocation of centralised administration costs such as certain other income, share-based payments expenses, loss on issuance of options to subscribe convertible bonds, directors' emoluments, staff salaries, operating lease payment and certain legal and professional fees. This is the measure reported to the CODM of the Company for the purposes of resource allocation and performance assessment.

Segment assets represent the assets allocated to reportable and operating segments other than certain property, plant and equipment, deposit paid for acquisition of a subsidiary, prepayments, tax recoverable and certain other receivables.

Segment liabilities represent the liabilities allocated to reportable and operating segments other than borrowings and its interest payables, convertible bonds and certain other payables and accruals.

Amounts included in the measure of segment profit or loss or segment assets:

	Loan financing		Treasury investments		Unallocated		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*
Interest income	**47,046**	42,217	**–**	7	**–**	–	**47,046**	42,224
Interest expense	**(4,548)**	(270)	**–**	–	**(718)**	(218)	**(5,266)**	(488)
Reversal of impairment loss in respect of loan receivables	**–**	1,000	**–**	–	**–**	–	**–**	1,000
Reversal of impairment loss in respect of loan interest receivables	**70**	2,248	**–**	–	**–**	–	**70**	2,248
Impairment loss recognised in respect of loan receivables	**(33,712)**	(1,000)	**–**	–	**–**	–	**(33,712)**	(1,000)
Impairment loss recognised in respect of loan interest receivables	**(88,729)**	(70)	**–**	–	**–**	–	**(88,729)**	(70)
Net foreign exchange loss	**–**	–	**–**	(12)	**–**	–	**–**	(12)
(Loss) gain on disposal of financial assets at fair value through profit or loss	**–**	–	**(426)**	8,346	**–**	–	**(426)**	8,346
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	(87)	**–**	(87)
Share-based payments expenses	**–**	–	**–**	–	**–**	(1,881)	**–**	(1,881)
Loss on issuance of options to subscribe convertible bonds	**–**	–	**–**	–	**–**	(13,164)	**–**	(13,164)
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	**–**	–	**14,147**	(537)	**–**	–	**14,147**	(537)

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets is immaterial.

The Group's operations are based in Hong Kong and the Group's revenue is derived from customers and counterparties located in Hong Kong. All the Group's non-current assets are based in Hong Kong.

Information about major customers

Interest income from customers in loan financing business segment of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**30,107**	30,189
Customer B	**N/A***	5,415

* *The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.*

7. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Provision for the year	**1,914**	2,721
– (Over) under-provision in prior year	**(20)**	443
Deferred taxation	**348**	(348)
Income tax expense	**2,242**	2,816

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

8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2013	2012
	HK$'000	*HK$'000*
Employee benefits expense (including directors' and chief executives' emoluments):		
Directors' fees	**630**	388
Salaries, bonus and other benefits	**5,698**	4,469
Share-based payments expenses	**–**	1,351
Contributions to retirement benefits scheme	**147**	125
	6,475	6,333
Depreciation	**100**	86
Auditor's remuneration		
– Audit service	**400**	370
– Non-audit service	**25**	125
Operating lease payments	**1,700**	1,539
Share-based payments expenses – consultant	**–**	530
Net foreign exchange loss	**–**	12
Loss on disposal of property, plant and equipment	**–**	87
Legal and professional fees	**9,776**	10,766

9. DIVIDENDS

No dividend was paid or proposed during the year ended 2013, nor has any dividend been proposed since the end of the reporting period (2012: HK$Nil).

10. (LOSS) EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(91,105)**	10,324

	Number of shares	
	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**436,231**	435,149
Effect of dilutive potential ordinary shares:		
Options to subscribe convertible bonds *(Note)*	**–**	6,701
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**436,231**	441,850

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

Note: The computation of diluted loss per share for the year ended 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.

The computation of diluted earnings per share does not assume the exercise of outstanding share options, warrants and convertible bonds as their exercise prices are higher than the average market prices of the shares for the year ended 31 December 2012.

11. MORTGAGE LOANS

	2013	2012
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**28,346**	32,679
Variable-rate loan receivables	**–**	402
	28,346	33,081
Carrying amount analysed for reporting purposes:		
Current assets (receivables within 12 months from the end of the reporting period)	**21,346**	25,662
Non-current assets (receivables after 12 months from the end of the reporting period)	**7,000**	7,419
	28,346	33,081

The mortgage loans of approximately HK$28,346,000 (2012: HK$33,081,000) are secured by mortgage properties. No impairment on these mortgage loans has been recognised during the year ended 31 December 2013 (2012: HK$ Nil).

The mortgage loans outstanding at 31 December 2013 and 2012 are denominated in Hong Kong dollars.

The maturity profile of these mortgage loans, at the end of reporting period, is analysed by the remaining periods to their contractual maturity dates as follows:

	2013	2012
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**537**	645
Over 3 months but less than 1 year	**20,809**	25,017
Over 1 year but less than 5 years	**7,000**	7,419
	28,346	33,081

Before accepting any new customer, the Group uses internal assessment system to assess the potential credit quality and determines credit limits by customer. The mortgage loans of approximately HK$28,346,000 (2012: HK$33,081,000) that are neither past due nor impaired have timely repayment of principal and interest.

The Directors are of the view that no individual impairment allowance is necessary since the outstanding loans are fully secured by the respective mortgage properties and the fair value of the secured mortgage properties exceeded the carrying amount of the respective mortgage loans.

12. LOAN RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**82,503**	121,780
Variable-rate loan receivables *(note ii)*	**200,712**	200,712
	283,215	322,492
Less: accumulated impairment allowance	**(34,712)**	(1,000)
	248,503	321,492
Carrying amount analysed for reporting purposes:		
Current assets (receivables within 12 months from the end of the reporting period)	**188,016**	280,992
Non-current assets (receivables after 12 months from the end of the reporting period)	**60,487**	40,500
	248,503	321,492

Notes:

i) The loan receivables outstanding at 31 December 2013 and 2012 are denominated in Hong Kong dollars.

ii) As at 31 December 2013, a loan receivable in the principal amount of approximately HK$200,712,000 (2012: HK$200,712,000) is due to The Building and Loan Agency (Asia) Limited ("The BLA (Asia)"), a wholly-owned subsidiary of the Company, by the borrower and the guarantor. As previously reported, the loan, which bore variable interest based on the best lending rate offered by the Hong Kong and Shanghai Banking Corporation Limited, was once secured by a floating charge over the entire assets of the guarantor, including a residential property in Hong Kong (the "Property"). Due to the failure on the part of the borrower and the guarantor to repay the loan and interest accrued thereon on demand, the floating charge was crystallised, and thus became a fixed charge, on 24 February 2012 (the "Charge").

Also as previously reported, on 22 February 2013, Fameway Finance Limited ("Fameway") and another two unsecured creditors entered into a debt recovery agreement with The BLA (Asia) in which it is agreed, *inter alia*, that The BLA (Asia) would enforce the Charge, and that The BLA (Asia) would be entitled to 74% of any sum recovered against the guarantor while Fameway and the other two unsecured creditors be entitled to the remaining 26%.

On 1 March 2013, The BLA (Asia) assigned its rights under the relevant loan agreement and the Charge to Revelry Gains Limited ("Revelry Gains"), another wholly-owned subsidiary of the Company. On the same date, The BLA (Asia), Revelry Gains, Fameway and the other two unsecured creditors executed a supplemental debt recovery agreement to revise and supplement the original debt recovery agreement, and in accordance therewith, all duties and rights of The BLA (Asia) in and under the original debt recovery agreement has been transferred to Revelry Gains.

Relying on legal advice, Revelry Gains commenced legal proceedings in the Court of First Instance of the High Court (the "Court") against the guarantor for, *inter alia*, recovery of possession of the Property (the "Action"). However, before the Action was heard by the Court, a winding-up order was made against the guarantor, and the Action was stayed. Revelry Gains is in the course of applying for leave to proceed with the Action. As such, the Action is still ongoing, and progress of the same will be disclosed as and where appropriate. It is opined that the Action is highly likely to succeed as it is the most direct way to obtain possession for a sale of the Property.

According to the valuation report dated 20 March 2014 prepared by Malcolm & Associates Appraisal Limited, an independent valuer, the fair value of the Property as at 31 December 2013 is HK$290,000,000 while the forced sale value of the Property will be discounted to HK$232,000,000.

Taking into account the debt recovery agreement as revised and supplemented by the supplemental debt recovery agreement, the Directors are of the opinion that the fair value of the Property is lower than the carrying values of the principal amount of the loan and the interest accrued thereon. Accordingly, impairment loss of loan receivables and loan interest receivables of approximately HK$29,032,000 and HK$88,258,000, respectively, is recognised for the year ended 31 December 2013.

iii) As at 31 December 2012, amongst the loan receivables was a principal amount of HK$60,000,000 due to The BLA (Asia) by a borrower, carried fixed interest rate at 9% per annum and the repayment of such a loan receivable was secured by a charge over certain convertible bonds issued by a listed entity in Hong Kong.

On the borrower's default in repayment, The BLA (Asia) enforced the security, and the convertible bonds were converted into shares in the listed entity. The said loan receivables and interest accrued thereon has thus been repaid during the year ended 31 December 2013 and all such shares have been dealt with in accordance with legal advice.

iv) At 31 December 2013, included in the fixed rate loan receivables, approximately HK$4,680,000, HK$20,000,000, HK$56,200,000 and HK$Nil (2012: HK$4,680,000, HK$10,000,000, HK$40,000,000 and HK$500,000) are secured by ordinary shares of a unlisted company, properties, corporate guarantees and a private car respectively. These loans carry fixed interest rates at a range from 6% to 20.5% (2012: 6% to 20.5%) per annum.

v) The loan receivables amounting to approximately HK$1,623,000 (2012: HK$6,600,000) are unsecured and carry fixed interest rates at a range from 9% to 20% (2012: 9% to 20%) per annum.

Included in the carrying amount of the fixed-rate loan receivables of approximately HK$5,600,000 as at 31 December 2012 is unsecured loan borrowed by a listed entity in Hong Kong. During the year ended 31 December 2013, it has been fully settled by the listed entity.

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

	2013	2012
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**171,713**	262,712
Over 3 months but less than 1 year	**16,303**	18,280
Over 1 year but less than 5 years	**487**	500
More than 5 years	**60,000**	40,000
	248,503	321,492

Movement in the accumulated impairment allowance on loan receivables:

	HK$'000
At 1 January 2012	1,000
Charge during the year	1,000
Reverse during the year	(1,000)
At 31 December 2012	1,000
Charge during the year	33,712
At 31 December 2013	**34,712**

Included in the above accumulated impairment allowance recognised at 31 December 2013 was impaired loan receivables with carrying amount of approximately HK$206,392,000 (2012: HK$1,000,000) before impairment which have been in financial difficulties.

13. SHARE CAPITAL

	Par value per share *HK$*	Number of shares	Amount *HK$'000*
Authorised:			
Ordinary shares			
At 1 January 2012	0.1	30,000,000,000	3,000,000
Capital reduction *(note)*	(0.09)	–	(2,700,000)
Share consolidation *(note)*	N/A	(27,000,000,000)	–
At 31 December 2012 and **31 December 2013**	**0.1**	**3,000,000,000**	**300,000**
Issued and fully paid:			
Ordinary shares			
At 1 January 2012	0.1	4,351,488,667	435,149
Capital reduction *(note)*	(0.09)	–	(391,634)
Share consolidation *(note)*	N/A	(3,916,339,801)	–
At 31 December 2012	0.1	435,148,866	43,515
Exercise of share options	0.1	1,956,600	196
Issue of share upon conversion of convertible bonds	0.1	103,480,000	10,348
At 31 December 2013	**0.1**	**540,585,466**	**54,059**

Note:

(a) Pursuant to an extraordinary general meeting of the Company held on 21 June 2012, the shareholders of the Company approved the cancellation of HK$0.09 of the paid up capital on each issued share of HK$0.10, the reduction of the par value of all the issued and unissued shares from HK$0.10 to HK$0.01 each (the "Reduced Shares") (the "Capital Reduction") and the consolidation of every 10 Reduced Shares into 1 ordinary share of HK$0.10 each (the "Capital Reorganisation"). On 17 December 2012, the Court of First Instance of the High Court of Hong Kong granted an order to confirm the Capital Reorganisation with effect on 19 December 2012. The credit arising from the Capital Reduction have been utilised to set-off the accumulated losses of the Company and any excessive balance have been credited to the share capital reserve. Details of the Capital Reduction are set out in a circular of the Company dated 29 May 2012, announcements dated 21 June 2012 and 18 December 2012, respectively.

14. CAPITAL COMMITMENT

Total Global Holdings Limited ("Total Global"), a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with (i) CITIC International Assets Management Limited; (ii) Ample Richness Investments Limited; (iii) Smart Promise Limited; (iv) Infinitee Soar Limited; (v) Cross Cone Holdings Limited; (vi) Newmargin Partners Limited; (vii) Carbon Reserve Investments Limited; and (viii) Season Best Investments Limited (collectively referred as the "Vendors"), pursuant to which Total Global agreed to acquire the entire share capital of Weldtech Technology Co. Limited ("Weldtech Technology"), a company incorporated in Hong Kong, from the Vendors at a consideration of HK$2,476,000,010 (the "Acquisition"). During the year ended 31 December 2013, a refundable deposit of HK$10,000,000 has been paid for the Acquisition.

Capital commitments in respect of the Acquisition outstanding at each of the end of the reporting date not provided for in the consolidated financial statements were as follows:

	2013	2012
	HK$'000	*HK$'000*
Acquisition of a subsidiary	**2,466,000**	–

15. EVENTS AFTER THE REPORTING PERIOD

a) Pursuant to the announcement of the Company dated 18 February 2014, the completion of the placing of the second, third, fourth and fifth tranches of the CB II in the aggregate principal amount of HK$43,200,000 to a subsidiary of Chinese Strategic Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange with stock code 8089) took place on 17 February 2014.

   All the tranches of the CB II in the aggregate principal amount of HK$60,750,000 had been placed to six independent placees and the overall completion of the placing has been taken place.

b) Pursuant to the announcement of the Company dated 25 February 2014, as a result of the completion of the placement of the second, third, fourth and fifth tranches of the CB II, the conversion price of the CB I has been adjusted from HK$0.14 to HK$0.10 per conversion share and such adjustment become effective from 17 February 2014.

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in investment holding, treasury investments and the provision of loan financing.

During the year under review, the Group recorded a revenue of approximately HK$47.0 million, representing an increase of approximately 11.4% as compared with HK$42.2 million for the last year. A loss for the year attributable to the owners of the Company of approximately HK$91.1 million (2012: profit of approximately HK$10.3 million) was recorded mainly attributable to the impairment loss recognised in respect of loan and loan interest receivables.

Of the total revenue, approximately HK$47.0 million (2012: approximately HK$42.2 million) was generated from the Group's loan financing business which contributed a segment loss of approximately HK$89.10 million (2012: profit of approximately HK$33.0 million). Such substantial loss was mainly attributable to the impairment loss recognised in respect of loan and loan interest receivables.

With respect to the treasury investments, a segment profit of approximately HK$16.9 million was recorded for the year under review, as compared with the segment profit of approximately HK$7.8 million last year. The substantial increase in the profit incurred from the treasury investments is mainly attributable to the increase in the share prices of the equity securities held for investments.

Total Assets and Foreign Exchange Exposure

As at 31 December 2013, the total assets decreased to approximately HK$397.9 million (2012: approximately HK$453.2 million). All assets were denominated in Hong Kong dollars save for some bank balances which were denominated in United States dollars; as such, the Group's exposure to foreign exchange currency rate risk was insignificant. Therefore, no instruments have been applied for foreign currency hedging purposes.

As at 31 December 2013, the Group held available-for-sale investments and financial assets at fair value through profit or loss amounting to approximately HK$0.26 million (2012: approximately HK$3.2 million) and HK$92.9 million (2012: approximately HK$14.0 million), respectively. The available-for-sale investments represent the carrying value of equity investment in an unlisted entity of Hong Kong at as 31 December 2013. 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 2013, the Group held mortgage loans and loan receivables amounting to approximately HK$28.3 million (2012: approximately HK$33.1 million) and approximately HK$248.5 million (2012: approximately HK$321.5 million), respectively.

Liquidity and Financial Resources

The Group maintained a liquid position throughout the year. As at 31 December 2013, the Group held bank balances amounting to approximately HK$4.0 million (2012: approximately HK$8.3 million). The Group had HK$5.0 million borrowings (2012: HK$5.0 million) and HK$50.0 million non-convertible bonds (2012: HK$ 30.0 million) as at 31 December 2013.

Gearing ratio of the Group as at 31 December 2013, which is calculated as net debts (as calculated by total borrowings less cash and cash equivalents) divided by total capital, was 0.15 (2012: 0.06).

Capital Structure

As at 31 December 2013, the Company's issued ordinary share capital was HK$54,058,546.6 divided into 540,585,466 shares ("**Share(s)**") (31 December 2012: HK$43,514,886.6 divided into 435,148,866 Shares).

As at 31 December 2013, the Company had HK$1,566,000 CB I and 86 options to subscribe for CB I outstanding. During the year ended 31 December 2013, 3,480,000 new Shares were issued at the exercise price of HK$0.18 upon the conversion of CB I. The optionholders of 86 options to subscribe for CB I were entitled to subscribe for, in aggregate, the CB I in the principal amount of up to HK$13,467,600 at the subscription price of HK$13,467,600 which may be converted into 134,676,000 Shares at the conversion price of HK$0.10 (as adjusted on 17 February 2014).

As at 31 December 2013, the Company had HK$4,050,000 CB II outstanding. During the year ended 31 December 2013, 100,000,000 new Shares were issued at the exercise price of HK$0.135 upon the conversion of CB II. The outstanding CB II may be converted into 30,000,000 Shares at the conversion price of HK$0.135.

Charge on Group Assets and Contingent Liabilities

The Group did not have any charges on its assets and there were no contingent liabilities as at 31 December 2013 (2012: Nil).

Capital Commitment

Details are set out in note 14 to the consolidated financial statements.

Material Acquisition

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, a wholly-owned subsidiary of the Company (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 Co. Limited ("**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 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 Weldtech Technology, the Company remains interested in Weldtech Technology as it is optimistic about its growth potential. The Company managed to negotiate with the current shareholders of Weldtech Technology for acquiring 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 has conditionally agreed to acquire and the Vendors have 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 Technology (Shanghai) Company Limited（濠信節能科技（上海）有限公司）("**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, and is wholly-owned by Weldtech Technology. 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 the ultra performance plant controller system ("**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 solution saving, such as the HVAC airside control optimisation, building automation system, real-time system fault detection and more advanced optimisation algorithm.

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

For further details, please refer to the Company's announcements dated 6 December 2013, 30 December 2013, 29 January 2014, 21 February 2014 and 24 March 2014. Relevant circular will be despatched as soon as practicable.

Fund Raising Activities

On 26 February 2013, 15 March 2013 and 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 (the "**Placing Agent**") pursuant to which the Placing Agent has 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 conversion shares would be allotted and issued under the specific mandate to be sought from shareholders of the Company at an extraordinary general meeting to allot and issue up to a maximum of 450,000,000 conversion shares. The Placing was duly passed by the Shareholders in an extraordinary general meeting of the Company on 5 November 2013 and that 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 of the convertible bonds took place on 17 February 2014.

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 and 18 February 2014 as well as circular dated 21 October 2013.

Significant Investments Held

Save as reported above, as at 31 December 2013, the Group held no other significant investments.

Staff and Remuneration

The Group had 14 (2012: 14) employees as at 31 December 2013 and total staff costs incurred during the year amounted to approximately HK$6.5 million (2012: approximately HK$5 million). 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

Details are set out in note 15 to the consolidated financial statements.

Outlook and Prospect

The loan financing business, which are mainly mortgage services, continues to generate interest income for the Group during the year ended 31 December 2013. In the view that the interest rate would continue increasing, 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 would 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 of the Company. In this connection, the Company has identified the Group of Weldtech Technology as an appropriate acquisition target to the Group and is of the view that the Sale and Purchase Agreement allows the Group to diversify into a new line of business with significant growth potential.

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.

CODE ON CORPORATE GOVERNANCE PRACTICE

Throughout the year ended 31 December 2013, the Company applied the principles of and complied with the code provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules on 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. 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 2013.

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 of the Company were absent from the last annual general meeting of the Company held on 28 June 2013 and the extraordinary general meeting of the Company held on 5 November 2013, due to their other important engagement at the relevant time.

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 three independent non-executive Directors; namely, Ms. Yuen Wai Man (the chairman of the Audit Committee), Mr. Yeung Wai Hung, Peter and Mr. Lam Raymond Shiu Cheung, 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 2013 of the Company have been reviewed by the Audit Committee.

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by ZHONGLEI (HK) CPA Company 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 ZHONGLEI (HK) CPA Company 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, 28 March 2014

As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive Directors; Mr. Lam Kwok Hing, Wilfred being non-executive Director; Mr. Yeung Wai Hung, Peter, Mr. Lam Raymond Shiu Cheung and Ms. Yuen Wai Man being independent non-executive Directors.