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IMPERIAL PACIFIC

INTERNATIONAL HOLDINGS

IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LIMITED
博華太平洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the “**Board**”) of directors (the “**Directors**”) of Imperial Pacific International Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2014, which have been agreed by the auditor of the Company and together with comparative figures for the corresponding year of 2013 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	<i>3 & 5</i>	558,267	544,824
Cost of sales		<u>(538,814)</u>	<u>(535,127)</u>
Gross profit		19,453	9,697
Other income	<i>4</i>	4,699	3,996
Selling and distribution expenses		(10,621)	(8,205)
Administrative expenses		(233,626)	(20,439)
Share-based payments		(34,973)	–
Impairment loss for right of sharing of profit stream	<i>11</i>	(1,296,550)	–
Loss from operations		(1,551,618)	(14,951)
Finance costs	<i>6</i>	(6,733)	–
Loss before tax	<i>7</i>	(1,558,351)	(14,951)
Income tax expenses	<i>8</i>	–	(2)
Loss and total comprehensive expenses for the year attributable to owners of the Company		<u>(1,558,351)</u>	<u>(14,953)</u>
			(Restated)
Loss per share attributable to owners of the Company			
Basic (HK cents)	<i>10</i>	<u>(19.41)</u>	<u>(0.19)</u>
Diluted (HK cents)	<i>10</i>	<u>(19.41)</u>	<u>(0.19)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,208	146
Prepaid land lease payments		82,812	–
Intangible assets	<i>11</i>	345,790	–
Prepayments, deposits and other receivables		1,051	23,375
Goodwill		6,098	6,098
		<u>437,959</u>	<u>29,619</u>
Current assets			
Prepaid land lease payments		1,537	–
Inventories		–	2,395
Trade receivables	<i>12</i>	69,641	64,616
Prepayments, deposits and other receivables		31,658	9,110
Bank and cash balances		389,051	75,705
Current tax assets		1,821	1,826
		<u>493,708</u>	<u>153,652</u>
Current liabilities			
Trade and bills payables	<i>13</i>	8,823	23,168
Accruals, other payables and deposits received		14,223	14,558
Other borrowings	<i>14</i>	35,000	–
Due to controlling shareholder		2,328	–
		<u>60,374</u>	<u>37,726</u>
Net current assets		<u>433,334</u>	115,926
Total assets less current liabilities		<u>871,293</u>	145,545
Non-current liabilities			
Deferred tax liabilities		10	10
		<u>10</u>	<u>10</u>
NET ASSETS		<u><u>871,283</u></u>	<u><u>145,535</u></u>
Capital and reserves			
Share capital	<i>15</i>	4,257	4,002
Reserves		867,026	141,533
TOTAL EQUITY		<u><u>871,283</u></u>	<u><u>145,535</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL

The Company was incorporated in Bermuda as an investment holding company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is 12th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company, through its major subsidiaries, is principally engaged in the (i) processing and trading of food products which mainly include frozen and functional food products; (ii) sharing of profit stream from gaming business in Macau; and (iii) development and operation of integrated resort on the Island of Saipan.

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

In current year, the Group has applied the following new and revised HKFRSs and Hong Kong Accounting Standards ("**HKASs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC*)-Interpretation 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

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

New and revised HKFRSs issued but not yet effective

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

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

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

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3. TURNOVER

The Group's turnover is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of food products	542,979	544,824
Revenue from sharing of profit stream	15,288	–
	<u>558,267</u>	<u>544,824</u>

4. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Commission income	1,910	1,426
Storage income	1,811	2,269
Bank interest income	27	126
Gain on initial recognition (<i>Note 11</i>)	929	–
Sundry income	22	175
	<u>4,699</u>	<u>3,996</u>

5. SEGMENT INFORMATION

The Group has three (2013: one) reportable operating segments namely: (i) processing and trading of food products which mainly include frozen and functional food products (“**Frozen and functional food products**”); (ii) sharing of profit stream from gaming business in Macau (“**Profit stream**”); and (iii) development and operation of integrated resort on the Island of Saipan (“**Integrated resort**”).

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately for the purpose of resources allocation and performance assessment.

The accounting policies of the operating segment are the same as those used in the preparation of the consolidated financial statements. Segment profit or losses do not include finance costs arising from bank and other borrowings and unallocated corporate income and expenses. Segment assets do not include goodwill and unallocated corporate assets. Segment liabilities do not include deferred tax liabilities and unallocated corporate liabilities.

Information about reportable segment revenue and results, assets and liabilities and other segment information is as follows:

	Frozen and functional food products		Profit stream		Integrated resort		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Segment revenue and results								
Years ended 31 December								
Revenue from external customers	542,979	544,824	15,288	–	–	–	558,267	544,824
Segment losses	(42,998)	(11,252)	(1,281,262)	–	(180,620)	–	(1,504,880)	(11,252)
Segment assets and liabilities								
As at 31 December								
Segment assets	78,529	176,602	200,000	–	300,478	–	579,007	176,602
Segment liabilities	16,367	36,504	–	–	6,338	–	22,705	36,504
Other segment information								
Amounts included in the segment profit or losses or segment assets:								
Bank interest income	(24)	(126)	–	–	(2)	–	(26)	(126)
Net exchange gains	(295)	(290)	–	–	–	–	(295)	(290)
Depreciation	94	93	–	–	102	–	196	93
Loss on property, plant and equipment written off	49	–	–	–	–	–	49	–
Amortization of prepaid land lease payments	–	–	–	–	196	–	196	–
Amortization of prepaid casino resort developer license payments	–	–	–	–	45,070	–	45,070	–
Allowance for trade receivables	13,664	2,200	–	–	–	–	13,664	2,200
Allowance for inventories	1,659	1,846	–	–	–	–	1,659	1,846
Loss on termination of management rights on an operating lease agreement (“Sincere Gold Agreement”)	6,667	–	–	–	–	–	6,667	–
Impairment loss for right of sharing of profit stream	–	–	1,296,550	–	–	–	1,296,550	–
Additions to segment non-current assets	6,258	2	1,454,550	–	318,963	–	1,779,771	2

Reconciliations of reportable segment profit or losses, assets and liabilities:

	Year ended 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit or losses		
Profit or losses of reportable segment	(1,504,880)	(11,252)
Unallocated amounts:		
Unallocated corporate income and expenses	<u>(53,471)</u>	<u>(3,699)</u>
Consolidated loss before tax	<u>(1,558,351)</u>	<u>(14,951)</u>
	As at 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Total assets of reportable segment	579,007	176,602
Unallocated amounts:		
Goodwill	6,098	6,098
Unallocated corporate assets	<u>346,562</u>	<u>571</u>
Consolidated total assets	<u>931,667</u>	<u>183,271</u>
Liabilities		
Total liabilities of reportable segment	22,705	36,504
Unallocated amounts:		
Deferred tax liabilities	10	10
Unallocated corporate liabilities	<u>37,669</u>	<u>1,222</u>
Consolidated total liabilities	<u>60,384</u>	<u>37,736</u>

Geographical information:

	Revenue		Non-current assets	
	Year ended 31 December		As at 31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	505,764	460,651	–	–
Hong Kong	22,144	58,503	6,363	29,619
Canada	15,071	25,670	–	–
Macau	15,288	–	158,000	–
Saipan	–	–	<u>273,596</u>	–
Consolidated total	<u>558,267</u>	<u>544,824</u>	<u>437,959</u>	<u>29,619</u>

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December 2014 <i>HK\$'000</i>
Frozen and functional food products	
Customer A	125,308
Customer B	84,875
Customer C	80,575

	Year ended 31 December 2013 <i>HK\$'000</i>
Frozen and functional food products	
Customer A	120,062
Customer D	78,587
Customer E	56,289

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest expenses on other borrowings wholly repayable within one year	6,733	–

7. LOSS BEFORE TAX

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Directors' emoluments		
Directors' fees	1,740	474
Salaries, wages and other benefits and retirement benefit scheme contribution	–	521
	1,740	995
Auditor's remuneration	580	480
Staff costs including directors' emoluments		
Salaries, bonus and allowances	21,600	5,627
Retirement benefits scheme contributions	282	201
	21,882	5,828
Cost of inventories sold	537,155	533,281
Depreciation	209	93
Amortization of prepaid land lease payments	196	–
Amortization of prepaid casino resort developer license payments	45,070	–
Impairment loss for right of sharing of profit stream (<i>Note 11</i>)	1,296,550	–
Loss on property, plant and equipment written off	49	–
Net exchange gains	(295)	(290)
Other operating lease charges on Sincere Gold Agreement	2,208	3,000
Loss on termination of management rights on Sincere Gold Agreement	6,667	–
Operating lease charges on land and buildings	1,501	978
Equity-settled share-based payments	34,973	–
Allowance for trade receivables	13,664	2,200
Allowance for inventories (included in cost of sales)	1,659	1,846

8. INCOME TAX EXPENSES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	–	30
Tax refund for prior years	–	(10)
Over-provision in prior years	–	(18)
	<hr/>	<hr/>
	–	2
Deferred tax	–	–
	<hr/>	<hr/>
	–	2
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2013. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2014 as the Group sustained a loss for taxation purposes during the year.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the loss before tax is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss before tax	(1,558,351)	(14,951)
	<hr/>	<hr/>
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	(257,128)	(2,467)
Tax effect of income not taxable and expenses not deductible	221,810	774
Tax effect of tax losses not recognised	35,318	1,723
Tax refund for prior years	–	(10)
Over-provision in prior years	–	(18)
	<hr/>	<hr/>
	–	2
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDEND

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

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$1,558,351,000 (2013: loss of approximately HK\$14,953,000) and the weighted average number of approximately 8,028,678,905 ordinary shares (2013: approximately 8,004,925,480 ordinary shares, as restated for the effect of the share subdivision effected on 11 April 2014. Details of the share subdivision are set out in note 15 to the consolidated financial statements) in issue during the year.

Diluted loss per share

Diluted loss per share attributable to owners of the Company for the year ended 31 December 2014 is the same as the respective basic loss per share because conversion of convertible notes and share option would decrease the loss per share, therefore, is anti-dilutive.

Diluted loss per share attributable to owners of the Company for the year ended 31 December 2013 is the same as the respective basic loss per share because the Company did not have any dilutive potential ordinary shares during the year.

11. INTANGIBLE ASSETS

	Right of sharing of profit stream from Macau gaming business <i>HK\$'000</i> <i>note (a)</i>	Casino resort developer license <i>HK\$'000</i> <i>note (b)</i>	Total <i>HK\$'000</i>
Additions during the year	1,454,550	232,860	1,687,410
Impairment during the year	(1,296,550)	–	(1,296,550)
Amortization during the year	–	(45,070)	(45,070)
As at 31 December 2014	<u>158,000</u>	<u>187,790</u>	<u>345,790</u>

- (a) On 19 March 2014 (the “**Completion Date**”), the Company completed the acquisition (the “**Acquisition**”) of the entire issued share capital of and shareholder’s loan to Excel Earth Limited (“**Excel Earth**”) and obtained the profit guarantee given by the vendor (the “**Profit Guarantee**”). The principal asset of Excel Earth is its interests under, and entitlements to, the transfer of five percent (5%) of the distributable profit of Hang Seng Sociedade Unipessoal Limitada, for each twelve-month period (the “**Profit Transfer**”), which has commenced on 1 January 2014. The Acquisition was satisfied by issuing the zero coupon convertible notes at the conversion price of HK\$0.05 per conversion share (as adjusted from HK\$1.00 per conversion share by the effect of the share subdivision, details of the share subdivision are set out in note 15 to the consolidated financial statements) in the aggregate principal amount of HK\$400 million due on the sixteenth anniversary of the Completion Date (the “**Convertible Notes**”) to the vendor in accordance with the terms and conditions of the acquisition agreement. Details of the Acquisition have been disclosed in the circular of the Company dated 8 January 2014.

According to paragraph 2(b) of HKFRS 3 (revised) Business Combinations, HKFRS 3 (revised) applies to a transaction or other event that meets the definition of a business combination. This HKFRS does not apply to the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in HKAS 38 Intangible Assets) and liabilities assumed. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

On the Completion Date, the fair value of the Convertible Notes was approximately HK\$1,480 million, based on a valuation report issued by an independent valuer, Roma Appraisals Limited (“**ROMA**”), dated 29 August 2014. Meanwhile, on the Completion Date, Excel Earth had three identifiable assets, namely the intangible asset of the profit stream from Macau gaming business, trade receivables arising from the Profit Transfer (the “**Trade Receivables**”) and the loan receivable (the “**Loan Receivable**”). The fair values of the intangible asset of the profit stream from Macau gaming business, the Trade Receivables and the Loan Receivable, based on another valuation report issued by ROMA dated 29 August 2014, were approximately HK\$1,507 million, HK\$8.7 million and HK\$18 million respectively as at the Completion Date.

As to the intangible asset of the profit stream from Macau gaming business, the income-based approach was adopted in arriving its fair value. Under this approach, it estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

As to the Trade Receivables, they are due on 7 January 2015 without any interest-bearing term whereas the Loan Receivable is collectible on demand without any interest-bearing term.

Applying the figures above, the cost of approximately HK\$1,480 million of the Convertible Notes was allocated to the fair values of approximately HK\$1,507 million, HK\$8.7 million and HK\$18 million of the profit stream from Macau gaming business, the Trade Receivables and the Loan Receivable respectively. The cost of approximately HK\$1,455 million was therefore allocated to the profit stream from Macau gaming business ($\text{HK\$1,480 million} \times \text{HK\$1,507 million} / \text{HK\$1,533.7 million}$); whereas a gain on initial recognition of approximately HK\$929,000 was recognized in profit or loss for the differences of approximately HK\$303,000 ($\text{HK\$8.7 million} - \text{HK\$1,480 million} \times \text{HK\$8.7 million} / \text{HK\$1,533.7 million}$) and HK\$626,000 ($\text{HK\$18 million} - \text{HK\$1,480 million} \times \text{HK\$18 million} / \text{HK\$1,533.7 million}$) arising from initial recognition of the Trade Receivables and of the Loan Receivable respectively.

As a result, the intangible asset of the Group was increased by approximately HK\$1,455 million. The reserve of the Group of approximately HK\$1,480 million was increased arising from the issue of the Convertible Notes being stated at fair value upon initial recognition.

The Convertible Notes were issued at fair value upon initial recognition in accordance with HKAS 39 “Financial Instruments: Recognition and Measurement”. According to Hong Kong Accounting Standard 32 “Financial Instruments: Presentation”, such Convertible Notes are an equity instrument without liability portion because (i) there is no contractual obligation for the Company to deliver cash to settle; and (ii) such Convertible Notes are settled only by issuing a fixed number of shares of the Company. Therefore, the Convertible Notes are an equity instrument only which is recognized initially at fair value of approximately HK\$1,480 million.

The recoverable amount of the intangible asset has been determined on the basis of the value in use calculation using the income-based approach method. Recoverable amount is the higher of fair value less costs to disposal and value in use.

The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and budgeted profit during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this intangible asset. The growth rate is based on long-term average economic growth rate of the geographical area in which this intangible asset is utilized. Budgeted profit is based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 0%. This rate does not exceed the average long-term growth rate of the relevant markets.

The rate used to discount the forecast cash flows from this intangible asset is 13.45%.

Due to changes in market condition and decrease in the revenue in second half of year 2014, the management of Excel Earth has revised its cash flow projections. As a result, during the year ended 31 December 2014, the carrying amount of the intangible asset has been reduced to its recoverable amount through recognition of an impairment loss against intangible asset of approximately HK\$1,296,550,000.

- (b) On 21 April 2014, Best Sunshine International Limited (the “**Applicant**”), a wholly-owned subsidiary of the Company, submitted a preliminary application for the issuance of the casino resort developer license (“**Casino Resort Developer License**”) on the Island of Saipan (the “**Application**”). An initial non-refundable application fee of US\$1,000,000 (equivalent to approximately HK\$7,756,000) (the “**Application Fee**”) has been paid by the Applicant. Further to the abovementioned initial application and the payment of the Application Fee, the refundable deposit (the “**Refundable Deposit**”) of US\$30,000,000 (equivalent to approximately HK\$232,860,000) was paid and the Applicant has submitted a business plan on 5 May 2014 in support of the Application. The Refundable Deposit has been disbursed to the Commonwealth of the Northern Mariana Islands (the “**CNMI**”) Treasurer as the first and fifth year’s annual fee of the Casino Resort Developer License.

12. TRADE RECEIVABLES

The Group’s trading terms with customers mainly comprise credit and cash on delivery. The credit terms generally range from 15 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

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

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Within 1 month	34,435	13,454
More than 1 month but within 3 months	1,054	12,478
More than 3 months but within 6 months	4,601	17,582
More than 6 months but within 1 year	27,341	17,493
More than 1 year	2,210	3,609
	69,641	64,616

As at 31 December 2014, an allowance of approximately HK\$13,664,000 was made for estimated irrecoverable trade receivables (2013: approximately HK\$2,200,000).

Reconciliation of allowance for trade receivables:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 January	2,200	–
Allowance for the year	13,664	2,200
At 31 December	15,864	2,200

The aging analysis of trade receivables as at the end of the reporting period that are past due but neither individually nor collectively considered to be impaired are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
More than 3 months but within 6 months	4,601	17,582
More than 6 months but within 1 year	27,341	17,493
More than 1 year	2,210	3,609
	34,152	38,684

Receivables that were past due but not impaired relate to individual independent customers for whom there was no recent history of default.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong dollars	38,306	11,874
US dollars	31,335	52,742
	69,641	64,616

13. TRADE AND BILLS PAYABLES

The aging analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 month	5,511	7,977
More than 1 month but within 3 months	–	8,553
More than 3 months but within 6 months	–	4,465
More than 6 months but within 1 year	2,970	634
More than 1 year	342	1,539
	8,823	23,168

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong dollars	4,860	7,530
US dollars	3,963	15,638
	<u>8,823</u>	<u>23,168</u>

14. OTHER BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other loans repayable within 1 year	<u>35,000</u>	<u>–</u>

The other loans are denominated in HK\$, unsecured and bear an interest charge at 10% per annum.

15. SHARE CAPITAL

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximize the return to the shareholders through the optimization of the debt and equity balance.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Authorized:		
32,000,000,000 ordinary shares of HK\$0.0005 each (31 December 2013: 800,000,000 ordinary shares of HK\$0.01 each (<i>Notes (i) & (ii)</i>))	<u>16,000</u>	<u>8,000</u>
Issued and fully paid:		
8,514,925,480 ordinary shares of HK\$0.0005 each (31 December 2013: 400,246,274 ordinary shares of HK\$0.01 each)	<u>4,257</u>	<u>4,002</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Movement of the number of shares issued and the share capital during the current year is as follows:

	Number of shares issued '000	Share Capital HK\$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	400,246	4,002
Share subdivision (<i>Note (ii)</i>)	7,604,679	–
Issue of shares on placement (<i>Note (iii)</i>)	510,000	255
	<hr/>	<hr/>
At 31 December 2014	<u>8,514,925</u>	<u>4,257</u>

Notes:

- (i) The authorized share capital of the Company was increased to HK\$16,000,000 by the creation of an additional 800,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company after the ordinary resolution in relation to the increase in authorized share capital was duly approved by the independent shareholders of the Company on 24 January 2014.
- (ii) On 11 April 2014, each prior existing issued and unissued share of HK\$0.01 each in the share capital of the Company has been subdivided into 20 subdivided shares of HK\$0.0005 each (the “**Share Subdivision**” and the shares of HK\$0.0005 each referred to as the “**Subdivided Shares**”). Upon the Share Subdivision become effective, the authorized share capital of the Company are HK\$16,000,000 divided into 32,000,000,000 Subdivided Shares, consisting of 8,004,925,480 Subdivided Shares which are in issue and fully paid or credited as fully paid, and 23,995,074,520 unissued Subdivided Shares.
- (iii) On 2 December 2014, the Company entered into a placing agreement with a placing agent (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to place, on a best-effort basis, to not less than six independent placees up to 510,000,000 new shares at a price of HK\$1.55 per placing share. The placement was completed on 15 December 2014 and the premium on the issue of shares, amounting to approximately HK\$790,245,000, net of share issue expenses of approximately HK\$21,706,000, was credited to the Company’s share premium account.

16. CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: nil).

17. PLEDGE OF ASSETS

As at 31 December 2014, the Group did not have any pledge of assets (2013: nil).

18. COMMITMENTS

Operating lease commitments

At the end of the reporting period, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 year	2,259	579
After 1 year but within 5 years	553	33
	<u>2,812</u>	<u>612</u>

The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

19. EVENTS AFTER THE REPORTING PERIOD

Change in shareholding of controlling shareholder and grant of interest-free unsecured shareholder's loan by controlling shareholder

On 29 January 2015, the Company has been informed by Inventive Star Limited (“**Inventive Star**”), the Company’s controlling shareholder, that it has entered into an agreement to dispose of 140,000,000 shares of the Company at a price of HK\$1.55 per share and an aggregate consideration of HK\$217,000,000 (the “**Disposal**”). On the same day, Inventive Star has proposed to use the net proceeds from the Disposal to finance the development of the Group. The Company as borrower and Inventive Star as lender entered into a loan agreement pursuant to which Inventive Star agreed to grant, subject to completion of the Disposal, an interest-free and unsecured shareholder’s loan in the amount of HK\$216,000,000 to facilitate the business development of the Group.

Amendment to casino license agreement

On 4 March 2015, the parties to the casino license agreement (“**Casino License Agreement**”) finalized and entered into a written amendment to the Casino License Agreement (the “**Second Amendment Agreement**”), pursuant to which Imperial Pacific International (CNMI), LLC, the licensee of the Casino License Agreement, may establish and operate a “Temporary Casino” in Garapan, the Island of Saipan (the “**Temporary Casino**”), subject to necessary regulations promulgated by the Casino Commission for proper regulation of the Temporary Casino and the Saipan casino law.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company is an investment holding company, and the Group is principally engaged in the processing and trading of food products which mainly include frozen and functional food products, the sharing of profit stream from gaming business in Macau and the development and operation of integrated resort on the Island of Saipan.

Food Processing and Trading Business

During the year, the Group continued to engage in the processing and trading, but on an order-by-order basis, of frozen and functional food products which were sold mainly to the People's Republic of China (“**PRC**”), Hong Kong and Canada. Due to the slow recovery of the global economy, this business segment still encountered slackened demand and intense market competition. There was an overall decrease in turnover of approximately HK\$1,845,000 from approximately HK\$544,824,000 for the year ended 31 December 2013 to approximately HK\$542,979,000 for the year ended 31 December 2014, the gross profit decreased to approximately HK\$4,165,000 for the current year compared with the gross profit of approximately HK\$9,697,000 of the last year as a result of general decrease in sales price and increased operating cost, which was due to persistent increase in the purchase prices of food materials. Segment loss of approximately HK\$42,998,000 was resulted during the year ended 31 December 2014 (year ended 31 December 2013: loss of approximately HK\$11,252,000). Facing the worsening operating environment, allowance for trade receivables of approximately HK\$13,664,000 (year ended 31 December 2013: approximately HK\$2,200,000) and allowance for inventories of approximately HK\$1,659,000 (year ended 31 December 2013: approximately HK\$1,846,000) were recognized for the year ended 31 December 2014.

On 25 September 2014, the parties to the agreement dated 5 October 2010 entered into among Mr. Wong Chi Ho, Mr. Wong King Luen and Pacific Prosper Limited (a wholly-owned subsidiary of the Company) (the “**Sincere Gold Agreement**”) entered into a termination agreement pursuant to which the Sincere Gold Agreement was terminated prior to the expiry of the term thereof. A sum of HK\$17,500,000, being part of the security deposit under the Sincere Gold Agreement, was refunded and a loss of approximately HK\$6,667,000 was recorded due to the termination of the Sincere Gold Agreement. Details of such termination have been disclosed in the announcement of the Company dated 25 September 2014.

The termination of the Sincere Gold Agreement represented one of the Group's steps to minimize the operating costs of this business segment.

Profit Sharing from Macau Gaming Business

On 19 March 2014, the Company completed the acquisition (the “**Acquisition**”) of the entire issued share capital of and shareholder's loan to Excel Earth Limited (“**Excel Earth**”) and obtained the profit guarantee given by the vendor (the “**Profit Guarantee**”). The principal asset of Excel Earth is its interests under, and entitlements to, the transfer of five percent (5%) of the distributable profit of Hang Seng Sociedade Unipessoal Limitada, for each twelve-month-period (the “**Profit Transfer**”), which has commenced on 1 January 2014. Details of the Acquisition have been disclosed in the circular of the Company dated 8 January 2014.

The total consideration for the Acquisition was satisfied by the Company issuing the zero coupon convertible notes in the principal amount of HK\$400 million with fair value of approximately HK\$1,480 million on the completion date of the Acquisition (the “**Convertible Notes**”). The Convertible Notes are equity instrument with no liability portion and their fair value was recognized as convertible notes reserve. Upon completion of the Acquisition, an intangible asset of the profit stream from Macau gaming business of approximately HK\$1,455 million was recorded.

During the period from 1 January 2014 to 31 December 2014, the actual profit stream receivable by Excel Earth was HK\$10,737,194 and it was received on 7 January 2015. The vendor had therefore subsequently paid a shortfall of HK\$13,262,806 to the Company on 9 January 2015 pursuant to the Profit Guarantee. Details of the sharing of the profit stream have been disclosed in the announcement of the Company dated 7 January 2015.

For the year ended 31 December 2014, an accrued revenue of approximately HK\$15,288,000 (year ended 31 December 2013: nil) was derived from the sharing of profit stream from Macau gaming business since completion of the Acquisition on 19 March 2014, with the segment loss of approximately HK\$1,281,262,000 recorded (2013: nil). As there was a drop in rolling turnover generated during second half of year 2014 due to a significant downturn of Macau gaming sector, the expected cash inflow from this business segment decreased and therefore an impairment loss of approximately HK\$1,296,550,000 in respect of intangible asset was recognized.

Integrated Resort Development

On 21 April 2014, Best Sunshine International Limited (the “**Applicant**”), a wholly-owned subsidiary of the Company, submitted a preliminary application for the issuance of the casino resort developer license (the “**Casino Resort Developer License**”) for the Island of Saipan (the “**Application**”). An initial non-refundable application fee of US\$1 million (equivalent to approximately HK\$7.76 million) (the “**Application Fee**”) was paid by the Applicant which was financed by an interest-free and unsecured shareholder’s loan from Inventive Star Limited (“**Inventive Star**”), the controlling shareholder of the Company.

On 5 May 2014, the Applicant submitted a business plan in support of the Application. In accordance with the relevant laws of the Commonwealth of the Northern Mariana Islands (the “**CNMI**”), an applicant who is granted the Casino Resort Developer License shall make an initial investment of at least US\$2 billion (equivalent to approximately HK\$15.52 billion), to include a casino and an integrated resort which will include the construction of 2,000 guest rooms.

A refundable deposit (the “**Refundable Deposit**”) in the amount of US\$30 million (equivalent to approximately HK\$232.8 million) had been paid by the Applicant and disbursed to the CNMI Treasurer as the required annual license payment in the amount of US\$15 million (equivalent to approximately HK\$116.4 million) per year for the first and fifth year of the Casino Resort Developer License as the Application was approved. The Refundable Deposit was partly financed by an interest-free and unsecured shareholder’s loan from Inventive Star and partly by the Company’s internal resources.

Given that the aggregate amount of the Application Fee and the Refundable Deposit exceeded 8% of the assets ratio of the Company as defined under Rule 14.07(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the payment of the Application Fee and the Refundable Deposit constituted an advance to an entity under Rules 13.13 and 13.15 of the Listing Rules.

As the Application succeeded, it constituted a major transaction for the Company under the Listing Rules and was subject to the announcements, reporting and shareholders’ approval requirements thereunder as the applicable percentage ratios in respect of the payment of the Application Fee and Refundable Deposit were greater than 25% but less than 100% for the purpose of Rule 14.07 of the Listing Rules.

Inventive Star had given a written certificate to the Company to approve the Application in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules and had confirmed that neither it nor any of its associates have any material interest in the Application. Therefore, no general meeting of the Company had been convened for the purpose of approving the Application and the transactions contemplated thereunder.

On 15 July 2014, the Lottery Commission of the CNMI awarded the Applicant the Casino Resort Developer License, conditional upon agreement between the CNMI and the Applicant on license terms and conditions.

On 12 August 2014, Imperial Pacific International (CNMI), LLC (the “**Licensee**”), a wholly-owned subsidiary of the Applicant, and the CNMI entered into a casino license agreement in respect of the Casino Resort Developer License (the “**Casino License Agreement**”) pursuant to which the Casino Resort Developer License was granted to the Licensee subject to the terms and conditions as stipulated therein. Details of the Casino License Agreement have been disclosed in the announcement of the Company dated 13 August 2014.

The Casino Resort Developer License is valid for twenty-five (25) years from the date of the Casino License Agreement with an option of the Licensee to extend such term for an additional fifteen (15) years (the “**Term**”).

The annual fee for the Casino Resort Developer License shall be US\$15 million (equivalent to approximately HK\$116.4 million) (“**Annual Fee**”), payable every year to the CNMI Treasurer on the anniversary of the issue date during the Term. The Annual Fee shall be adjusted every five years based on the cumulative change since the issue date in the Consumer Price Index as announced by the Commonwealth Department of Commerce for the Island of Saipan but shall not be less than US\$15 million (equivalent to approximately HK\$116.4 million).

On 10 November 2014, Mr. Mark A. Brown (“**Mr. Brown**”) was appointed as the President and Chief Executive Officer of the Group’s casino resort project on the Island of Saipan. Mr. Brown established himself as one of the world’s most respected experts in the unique sector of high-end Asian gaming and junket operations and his extensive experience as a president and chief executive officer with both Asia and USA based gaming operations makes him exceptionally suited for the Group’s casino resort project on the Island of Saipan.

On 19 November 2014, the parties to the Casino License Agreement entered into a written amendment to the Casino License Agreement such that any change in ownership of the Licensee shall be considered a transfer of license which requires the express written authorization of the Casino Commission of the CNMI except where the change of ownership or common control is that of the Company (if publicly traded on a top 20 stock exchange (by market capitalization)), provided the current controlling shareholder, Inventive Star, shall not reduce its shareholding in the issued share capital of the Company to below 51%. Details of the Casino Resort Developer License have been disclosed in the circular of the Company dated 22 November 2014.

During the year ended 31 December 2014, the integrated resort on the Island of Saipan was under development stage and no revenue was generated from this segment (2013: nil). Segment loss of approximately HK\$180,620,000 was resulted for the year ended 31 December 2014 (2013: nil), which was mainly arising from initial contribution of US\$10,000,000 (equivalent to approximately HK\$77,600,000) to a community chest on the Island of Saipan that is intended to benefit education, health care, retired public employee and improve the infrastructure, amortization of prepaid Casino Resort Developer License payments of approximately HK\$45,070,000 and project development costs.

Subsequent to year ended 31 December 2014

On 4 March 2015, the parties to the Casino License Agreement finalized and entered into a written amendment to the Casino License Agreement pursuant to which the Licensee may establish and operate a “Temporary Casino” in Garapan, the Island of Saipan (the “**Temporary Casino**”), subject to necessary regulations promulgated by the Casino Commission of the CNMI for proper regulation of the Temporary Casino and the Saipan casino law. It is the Licensee’s current plan to launch the Temporary Casino in 2015. Details of the amendment have been disclosed in the announcement of the Company dated 4 March 2015.

Business Outlook

Food Processing and Trading Business

In view of the continual deteriorating performance of this business and in order to prioritize the resources to develop the integrated resort business on the Island of Saipan, the Company has decided not to focus on developing but downsize this business or identify potential investors to dispose of part or all of the frozen and functional food products business. The termination of the Sincere Gold Agreement in September 2014 represented one of the Group’s steps to minimize the operating costs of this business segment.

The Company shall from time to time monitor the performance of this business segment and the progress of its downscaling.

Profit Sharing from Macau Gaming Business

By virtue of the Profit Transfer and the Profit Guarantee, it is expected that the Group will receive a secured and guaranteed annual income of HK\$25 million on average for the coming 15 years. The applicable guaranteed profit share for the period from 1 January 2015 to 31 December 2017 is HK\$72 million.

Integrated Resort Development

It is the Licensee's current plan and intention to construct and operate on the Island of Saipan a town hotel and an integrated resort with gaming facilities in five phases (the "**Business Plan**"). It is expected that construction work would commence in early 2015 and the town hotel would gradually open from 2016 onwards, followed by the launch of the integrated resort in 2018. Details of the Business Plan have been disclosed in the announcement of the Company dated 24 September 2014.

It is also the Licensee's current plan to launch the Temporary Casino in 2015 and cash flow is expected to be brought in by this segment in 2015.

The Business Plan and all the development and investment schedules therein, however, represents only current indications of how the Licensee wishes to explore investment opportunities on the Island of Saipan and, pending land availability, are subject to revision and all relevant regulatory and other approvals, including those required under the Listing Rules, having been duly obtained.

The Applicant and the Licensee have been actively looking for quality land on the Island of Saipan for the development of an integrated resort as well as engaging a team of specialists in the relevant fields, including construction planning, design and operational management, to develop and devise the concrete implementation schedules. In this connection, the Applicant and the Licensee have entered into agreements in respect of leases of certain parcels of land. In addition, the CNMI has agreed to actively assist the Licensee in efforts to secure suitable property for the required land.

The Licensee shall review from time to time the business environment and market circumstances and may develop integrated resort(s) beyond the proposal requirements under the Casino License Agreement.

The Company plans to allocate most of its resources for development of the integrated resort(s) pursuant to the Casino Resort Developer License in the near future.

In addition, the Board does not rule out the possibility that the Company may carry out further debt and/or equity fund raising plan(s) to further strengthen the financial position of the Group in the event that suitable fund raising opportunities arise in support of the development of the integrated resort(s) on the Island of Saipan. As at the date of this announcement, the Company has not yet identified any concrete fund raising opportunities.

If there is any further development in relation to the Business Plan or the Casino Resort Developer License, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

Financial Review

Financial Results

For the year ended 31 December 2014, the Group recorded a turnover of HK\$558,267,000, representing an increase of 2.5% as compared to HK\$544,824,000 in last year. Loss attributable to owners of the Company was approximately HK\$1,558,351,000 for the year ended 31 December 2014, compared to a loss of approximately HK\$14,953,000 in the year 2013. Basic and diluted loss per share was HK19.41 cents and HK19.41 cents respectively (2013: basic and diluted loss per share of HK0.19 cents (restated) and HK0.19 cents (restated) respectively).

Significant Investment and Acquisition

Save for the Acquisition, the Application for the Casino Resort Developer License and termination of the Sincere Gold Agreement, the Company did not have any significant investment, acquisition or disposal during the year that should be notified to the shareholders of the Company.

Liquidity and Financial Resources

As at 31 December 2014, total assets of the Group were approximately HK\$931,667,000 (2013: approximately HK\$183,271,000) comprising non-current assets of approximately HK\$437,959,000 (2013: approximately HK\$29,619,000) and current assets of approximately HK\$493,708,000 (2013: approximately HK\$153,652,000). In addition, the Group maintained a strong cash balance of approximately HK\$389,051,000 as at 31 December 2014 (2013: approximately HK\$75,705,000). As at 31 December 2014, the liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 8.18 times (2013: 4.07 times) and the Group's gearing ratio on the basis of the Group's interest bearing liabilities divided by total equity was maintained at low level of 4.0% (2013: nil).

Capital structure

On 24 January 2014, the authorized share capital of the Company was increased to HK\$16,000,000 by the creation of an additional 800,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company after the ordinary resolution in relation to the increase in authorized share capital was duly approved by the independent shareholders of the Company.

On 19 March 2014, the Acquisition was completed and as a result, Excel Earth became a wholly-owned subsidiary of the Company. The Company had issued the Convertible Notes in the aggregate principal amount of HK\$400 million due on the 192 months from the date of issuance of the Convertible Notes (the "**Maturity Date**") at completion to the vendor as consideration for the Acquisition. The Convertible Notes, denominated in Hong Kong dollars, entitle the holder to convert them into ordinary shares of the Company at any time on or after one year from the date of issuance of the Convertible Notes (the "**Lock-up Period**") up to the Maturity Date at the initial conversion price of HK\$1.00 per ordinary share of the Company. If the Convertible Notes have not been converted, they shall be mandatorily converted into ordinary shares of the Company at the conversion price on Maturity Date. Due to the Lock-up Period, the Convertible Notes were not converted during the year.

On 10 April 2014, shareholders of the Company approved the ordinary resolution in relation to the proposed share subdivision at a special general meeting of the Company, pursuant to which with effect from 11 April 2014, each issued and unissued share of HK\$0.01 each in the share capital of the Company was subdivided into 20 subdivided shares of HK\$0.0005 each (the “**Share Subdivision**”). Upon the Share Subdivision becoming effective, the authorized share capital of the Company was HK\$16,000,000, divided into 32,000,000,000 shares, of which 8,004,925,480 shares with the par value of HK\$0.0005 were in issue and fully paid or credited as fully paid. As a result of the Share Subdivision, adjustments have been made to the conversion price and the number of shares which may fall to be issued upon conversion of the Convertible Notes, the conversion price was adjusted from HK\$1.00 per conversion share to HK\$0.05 per conversion share and the number of conversion shares to be issued upon conversion of the Convertible Notes was adjusted from 400,000,000 conversion shares to 8,000,000,000 conversion shares. The board lot size was changed from 5,000 shares to 10,000 subdivided shares upon the Share Subdivision becoming effective.

On 2 December 2014, the Company entered into a placing agreement (the “**Placing Agreement**”) with United Simsen Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to place to not less than six independent placees up to 510,000,000 new shares at a price of HK\$1.55 per placing share (the “**Placing**”). The condition of the Placing Agreement had been fulfilled and completion of the Placing took place on 15 December 2014, whereby a total of 510,000,000 placing shares had been successfully placed to not less than six placees at the placing price of HK\$1.55 per placing share. After the completion of Placing, the number of issued shares of the Company increased from 8,004,925,480 to 8,514,925,480.

Risk of Foreign Exchange Fluctuation

The business transactions of the Group are mainly carried in Hong Kong dollars and US dollars meaning that it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure and would take prudent measures as and when appropriate.

Treasury Policy

As at 31 December 2014, the Group had no formal treasury policy.

Capital Commitments

As at 31 December 2014, the Group had no material capital commitment (31 December 2013: nil).

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities (31 December 2013: nil).

Pledge of Assets

As at 31 December 2014, the Group did not have any pledge of assets (31 December 2013: nil).

Change of Company Name

On 29 May 2014, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name of the Company were issued by the Registrar of Companies in Bermuda certifying the change of English name of the Company from “First Natural Foods Holdings Limited” to “Imperial Pacific International Holdings Limited” and the adoption of the Chinese name “博華太平洋國際控股有限公司” as the secondary name of the Company to replace the then existing Chinese name “第一天然食品有限公司” which was used for identification purposes only with effect from 22 May 2014.

Segment Information

Details of segment information of the Group for the year ended 31 December 2014 are set out in Note 5 to the consolidated financial statements.

Employees and Remuneration Policies

The total number of staff of the Group as at 31 December 2014 was 35 (31 December 2013: 23). Total staff costs, including Directors’ emoluments, amounted to approximately HK\$21,882,000 (2013: approximately HK\$5,828,000).

Remuneration packages are reviewed annually and determined with reference to market and individual performance. In addition to salary payments, the Group also provides other employment benefits such as mandatory provident fund.

Share Option Scheme

On 27 June 2013, the then existing share option scheme of the Company was terminated and a new share option scheme was adopted (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants, including employee, officer, agent, consultant or representative of any member of the Group (including any executive or non-executive director of any member of the Group) to strive for future development and expansion of the Group. The Share Option Scheme shall be valid and effective for a period of ten years.

During the annual general meeting of the Company held on 20 June 2014, the existing scheme mandate limit in respect of granting of options to subscribe for shares of the Company under the Share Option Scheme was refreshed and renewed provided that the total number of shares of the Company which may be allotted and issued pursuant to the grant or exercises of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised) shall not exceed 10% of the shares of the Company in issue as at 20 June 2014, that was 8,004,925,480 shares of the Company.

On 3 December 2014, the Company granted a total of 70,000,000 share options (the “**Options**”) under the Share Option Scheme to certain eligible grantees (the “**Grantees**”) to subscribe for an aggregate of 70,000,000 shares of the Company subject to acceptance by the Grantees. The details of such grant of Options are as follow:

Date of grant:	3 December 2014
Exercise price of the Options granted:	HK\$1.684 per new share
Number of the Options granted:	70,000,000
Validity period of the Options:	From 3 December 2014 to 2 December 2024 (both dates inclusive)

As at 31 December 2014 and up to the date of this announcement, no Grantee had exercised any Options.

Purchase, Redemption or Sale of Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period under review, and received confirmations from all Directors that they had fully complied with the standards as set out in the Model Code.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Group and the enhancement of shareholders’ value.

During the year ended 31 December 2014, the Company was in full compliance with the Code Provisions set out in Appendix 14 of the Listing Rules (the “**CG Code**”), except for the following deviation:

— *Code Provision A.5.6*

This requires that the nomination committee should have a policy concerning diversity of board members. During the period since this code came into effect on 1 September 2013 to 24 March 2014, the Company had yet to adopt the relevant policy. However, the Board and the Nomination Committee have adopted the board diversity policy on 24 March 2014.

— *Code Provision A.6.7*

This stipulates that independent non-executive directors and other non-executive directors should attend the general meetings. Due to their other important engagements, the independent non-executive Directors of the Company, Mr. Ng Hoi Yue and Mr. Lee Kwok Leung were unable to attend the special general meeting of the Company held on 20 May 2014, Mr. Tso Hon Sai Bosco was unable to attend the special general meeting of the Company held on 10 April 2014 and Mr. Lee Kwok Leung was unable to attend the annual general meeting of the Company held on 20 June 2014 and the special general meeting of the Company held on 24 January 2014.

Dividend

No dividend for the year ended 31 December 2014 (2013: nil) is recommended by the Board.

Audit Committee Review

The Company has an audit committee which was established in accordance with the requirements of the CG Code, for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive Directors. The Group's consolidated financial statements for the year ended 31 December 2014 have been reviewed and approved by the audit committee.

By order of the Board
Imperial Pacific International Holdings Limited
Cai Lingli
Executive Director

Hong Kong, 24 March 2015

As at the date of this announcement, the Board comprises Ms. Cai Lingli and Ms. Xia Yuki Yu as executive directors; and Mr. Ng Hoi Yue, Mr. Tso Hon Sai Bosco and Mr. Lee Kwok Leung as independent non-executive directors.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

In this announcement, save as otherwise stated, figures in US\$ are translated to HK\$ at the exchange rate of US\$1.00 = HK\$7.76 for illustration purpose only. No representation is made that any amount in US\$ or HK\$ would have been or can be converted at the above rate.