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## HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(A limited liability company incorporated in the Republic of Singapore under the Companies Act, Chapter 50 of Singapore)  
(Company registration number: 201100749W)

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## ANNUAL REPORT

For the year ended 31 December 2014

# GENERAL INFORMATION

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

## **DIRECTORS**

Mr. FOK Kin Ning, Canning (Chairman)  
Dr. John Edward Wenham MEREDITH  
Mr. IP Sing Chi  
Mr. Frank John SIXT  
Mr. CHAN Tze Leung, Robert  
Mr. Graeme Allan JACK  
Prof. MA Si Hang, Frederick  
Mrs. SNG Sow-Mei (alias POON Sow Mei)  
Mr. Kevin Anthony WESTLEY

## **SECRETARY**

Ms. LIM Ka Bee

## **REGISTERED OFFICE**

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## **AUDITOR**

PricewaterhouseCoopers LLP

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## DIRECTORS' REPORT

The directors of Hutchison Port Holdings Management Pte. Limited ("Company") present their report to the shareholder, together with the audited accounts of the Company for the year ended 31 December 2014.

### DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Mr. Fok Kin Ning, Canning (Chairman)  
Dr. John Edward Wenham Meredith  
Mr. Ip Sing Chi  
Mr. Frank John Sixt  
Mr. Chan Tze Leung, Robert  
Mr. Graeme Allan Jack  
Prof. Ma Si Hang, Frederick  
Mrs. Sng Sow-Mei (alias Poon Sow Mei)  
Mr. Kevin Anthony Westley

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 of Singapore, none of the directors holding office at the end of the year had any interest in shares in, or debentures of, the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
<b>Hutchison Whampoa Limited</b>				
<b>- Number of ordinary shares</b>				
Mr. Fok Kin Ning, Canning	-	-	6,010,875	6,010,875
Dr. John Edward Wenham Meredith	37,940	37,940	14,436	14,436
Prof. Ma Si Hang, Frederick	10,000	-	173,330	123,330
Mr. Frank John Sixt	-	-	200,000	200,000
<b>Hutchison Telecommunications (Australia) Limited</b>				
<b>- Number of ordinary shares</b>				
Mr. Fok Kin Ning, Canning	100,000	100,000	5,000,000	5,000,000
Mr. Frank John Sixt	-	-	1,000,000	1,000,000

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
<b>Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH")</b>				
<b>- Number of ordinary shares</b>				
Mr. Fok Kin Ning, Canning	-	-	1,202,380	1,202,380
<b>- American Depositary Shares</b>				
Mr. Frank John Sixt	-	-	17,000*	17,000*
<b>Hutchison Harbour Ring Limited</b>				
<b>- Number of ordinary shares</b>				
Mr. Fok Kin Ning, Canning	-	-	N/A#	5,000,000
<b>PHBS Limited</b>				
<b>- 6.625% Guaranteed Perpetual Capital Securities</b>				
Prof. Ma Si Hang, Frederick	-	-	A nominal amount of US\$400,000	A nominal amount of US\$400,000
<b>Cheung Kong Infrastructure Holdings Limited</b>				
<b>- Number of ordinary shares</b>				
Mr. Kevin Anthony Westley	-	-	4,000	4,000
<b>Hutchison Whampoa International (09/19) Limited</b>				
<b>- 5.75% Notes due 2019</b>				
Mr. Fok Kin Ning, Canning	-	-	A nominal amount of US\$4,000,000	A nominal amount of US\$4,000,000
<b>Hutchison Whampoa International (10) Limited</b>				
<b>- Subordinated Guaranteed Perpetual Capital Securities</b>				
Mr. Fok Kin Ning, Canning	-	-	A nominal amount of US\$5,000,000	A nominal amount of US\$5,000,000
Mr. Frank John Sixt	-	-	A nominal amount of US\$1,000,000	A nominal amount of US\$1,000,000

\* Each representing 15 HTHKH ordinary shares

# Hutchison Harbour Ring Limited ceased to be a related company of the Company with effect from 6 November 2014

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
<b>Hutchison Whampoa International (12) Limited</b>				
<b>- Subordinated Guaranteed Perpetual Capital Securities</b>				
Prof. Ma Si Hang, Frederick	-	-	A nominal amount of US\$300,000	A nominal amount of US\$300,000

### OPTIONS

There were no options granted during the year to anyone to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the year.

### DIRECTORS' CONTRACTUAL BENEFITS

No director has received or become entitled to receive a benefit by reason of any contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying accounts and in this report, and except that certain directors receive remuneration as a result of their employment with a related corporation.

### INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

**John Edward Wenham Meredith**  
Director

**Ip Sing Chi**  
Director

6 February 2015

## STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the accounts as set out on pages 6 to 17 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

**John Edward Wenham Meredith**  
Director

**Ip Sing Chi**  
Director

6 February 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

## REPORT ON THE ACCOUNTS

We have audited the accompanying accounts of Hutchison Port Holdings Management Pte. Limited (the "Company") set out on pages 6 to 17, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE ACCOUNTS

Management is responsible for the preparation of accounts that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the accounts of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Company for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## **PricewaterhouseCoopers LLP**

*Public Accountants and Chartered Accountants*  
Singapore, 6 February 2015

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue and other income	3	34,594	74,086
Staff costs		(3,596)	(3,018)
Other operating expenses		(5,478)	(5,508)
Total operating expenses		(9,074)	(8,526)
Profit before tax	4	25,520	65,560
Tax	5	(4,470)	(11,917)
Profit and total comprehensive income for the year		21,050	53,643
Dividend	6	50,000	15,000



## STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	7	10	17
<b>Current assets</b>			
Cash and cash equivalents	8	21,000	59,759
Trade and other receivables	9	12,542	11,837
		33,542	71,596
<b>Current liabilities</b>			
Trade and other payables	10	4,300	6,195
Current tax liabilities		4,049	11,265
		8,349	17,460
<b>Net current assets</b>		25,193	54,136
<b>Net assets</b>		25,203	54,153
<b>EQUITY</b>			
Share capital	11	-	-
Retained profits		25,203	54,153
<b>Total equity</b>		25,203	54,153

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Operating activities</b>			
Net cash generated from operations	12	22,927	64,385
Tax paid		(11,686)	(1,898)
<b>Net cash from operating activities</b>		<u>11,241</u>	<u>62,487</u>
<b>Financing activities</b>			
Dividend paid	6	(50,000)	(15,000)
<b>Net cash used in financing activities</b>		<u>(50,000)</u>	<u>(15,000)</u>
<b>Net changes in cash and cash equivalents</b>		(38,759)	47,487
Cash and cash equivalents at beginning of the year		<u>59,759</u>	<u>12,272</u>
<b>Cash and cash equivalents at end of the year</b>		<u>21,000</u>	<u>59,759</u>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>2014</b>			
Balance at 1 January 2014	-	54,153	54,153
Profit and total comprehensive income for the year	-	21,050	21,050
Transactions with owner:			
Dividend (Note 6)	-	(50,000)	(50,000)
Balance at 31 December 2014	-	25,203	25,203
<b>2013</b>			
Balance at 1 January 2013	-	15,510	15,510
Profit and total comprehensive income for the year	-	53,643	53,643
Transactions with owner:			
Dividend (Note 6)	-	(15,000)	(15,000)
Balance at 31 December 2013	-	54,153	54,153

## NOTES TO THE ACCOUNTS

### 1 GENERAL INFORMATION

Hutchison Port Holdings Management Pte. Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore on 7 January 2011 under the Companies Act, Chapter 50 of Singapore. The Company is an indirect wholly-owned subsidiary of Hutchison Whampoa Limited, which is incorporated in Hong Kong.

The Company acts as the Trustee-Manager of Hutchison Port Holdings Trust ("HPH Trust") and manages HPH Trust's business with the key objective of providing unitholders of HPH Trust with stable and regular distributions as well as long-term distribution per unit growth.

The registered office address of the Company is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The accounts have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of accounts in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. However, there are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the accounts.

#### Adoption of amendments to existing standards

In the current year, the Company has adopted the following amendments which are relevant to the Company's operations and mandatory for annual period beginning 1 January 2014.

Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these amendments has no material effect on the results and financial position of the Company.

#### New standards and amendments are not yet effective

At the date of authorisation of the accounts, the following standards and amendments which were in issue and relevant to the Company but not yet effective and have not been early adopted by the Company.

Amendments to FRS 19 <sup>1</sup>	Defined Benefit Plans: Employee Contributions
Amendments to FRS 16 and FRS 38 <sup>2</sup>	Clarification of Acceptable Methods of Depreciation and Amortisation
FRS 115 <sup>3</sup>	Revenue from Contracts with Customers
FRS 109 <sup>4</sup>	Financial Instruments
Improvements to FRSs (January 2014)	
Improvements to FRSs (February 2014)	
Improvements to FRSs (November 2014)	

<sup>(1)</sup> Effective for annual periods beginning 1 July 2014

<sup>(2)</sup> Effective for annual periods beginning 1 January 2016

<sup>(3)</sup> Effective for annual periods beginning 1 January 2017

<sup>(4)</sup> Effective for annual periods beginning 1 January 2018

The adoption of standards and amendments listed above is not expected to result in substantial changes to the Company's accounting policies.

## NOTES TO THE ACCOUNTS

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company considers these new and revised FRS are unlikely to result in a substantial change to the Company's accounting policies and presentation of accounts.

#### (a) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of fixed assets is provided at rates calculated to write off their costs to their residual values over their estimated useful lives on a straight line basis as follows:

Furniture and fixtures	Over the lease term of office premise
Computer equipment	5 years

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### (b) Asset impairment

Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying values of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

#### (c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

#### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits.

#### (e) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### (f) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

## NOTES TO THE ACCOUNTS

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Foreign exchange

##### (i) Functional and presentation currency

The accounts are presented in Hong Kong dollar whereas the functional currency of the Company is in United States dollar.

##### (ii) Transactions and balances

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of reporting period. Exchange differences are included in the determination of profit or loss.

#### (h) Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership of assets remains with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

#### (j) Revenue recognition

Management and service fee income is recognised when the service is rendered.

### 3 REVENUE AND OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Revenue		
Management and service fee income	34,345	73,873
Other income		
Interest income	249	213
	34,594	74,086

### 4 PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2014 HK\$'000	2013 HK\$'000
Depreciation of fixed assets	7	17
Operating lease rentals		
Office premise	167	165
Staff costs	3,596	3,018
Directors' fees	4,758	4,758

## NOTES TO THE ACCOUNTS

### 5 TAX

	2014 HK\$'000	2013 HK\$'000
Current tax:		
Current tax on profits for the year	4,470	11,265
Under provision in prior year	-	652
	4,470	11,917

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before tax	25,520	65,560
Tax calculated at Singapore standard rate of income tax of 17% (2013: 17%)	4,338	11,145
Tax exemption	(152)	(159)
Expenses not deductible for tax purposes	283	272
Temporary differences not recognised	1	7
Under provision in prior year	-	652
	4,470	11,917

### 6 DIVIDEND

	2014 HK\$'000	2013 HK\$'000
Interim dividend paid of HK\$50,000,000 (2013: HK\$15,000,000) per ordinary share	50,000	15,000

## NOTES TO THE ACCOUNTS

### 7 FIXED ASSETS

	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Total HK\$'000
2014			
At 1 January 2014	-	17	17
Depreciation	-	(7)	(7)
At 31 December 2014	-	10	10
Cost	124	34	158
Accumulated depreciation	(124)	(24)	(148)
Net book value	-	10	10
2013			
At 1 January 2013	10	24	34
Depreciation	(10)	(7)	(17)
At 31 December 2013	-	17	17
Cost	124	34	158
Accumulated depreciation	(124)	(17)	(141)
Net book value	-	17	17

### 8 CASH AND CASH EQUIVALENTS

	2014 HK\$'000	2013 HK\$'000
Cash at bank	3,346	6,762
Short-term bank deposits	17,654	52,997
	21,000	59,759

Cash and cash equivalents are denominated in the following currencies:

	2014 Percentage	2013 Percentage
Hong Kong dollar	21%	60%
United States dollar	76%	36%
Singapore dollar	3%	4%
	100%	100%



## NOTES TO THE ACCOUNTS

### 9 TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables from HPH Trust	12,527	11,807
Other receivables	15	30
	12,542	11,837

Trade and other receivables are mainly denominated in United States dollar and the carrying amounts approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables.

### 10 TRADE AND OTHER PAYABLES

Trade and other payables are mainly denominated in United States dollar and the carrying amounts approximate their fair values.

### 11 SHARE CAPITAL

	Number of shares	HK\$
Share issued at 31 December 2014 and 2013	1	1

### 12 CASH GENERATED FROM OPERATIONS

Reconciliation of operating profit to net cash generated from operations:

	2014 HK\$'000	2013 HK\$'000
Operating profit	25,520	65,560
Depreciation	7	17
Operating profit before working capital changes	25,527	65,577
Increase in trade and other receivables	(705)	(702)
Decrease in trade and other payables	(1,895)	(490)
Net cash generated from operations	22,927	64,385

## NOTES TO THE ACCOUNTS

### 13 OPERATING LEASE COMMITMENTS

At 31 December 2014, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	160	168
Between two to five years	54	224
	214	392

### 14 RELATED PARTIES TRANSACTIONS

Significant transactions between the Company and related parties during the year ended 31 December 2014 that are carried out in the normal course of business are disclosed below:

#### (i) Income from and expense to related parties

	2014 HK\$'000	2013 HK\$'000
Income:		
Management fees received from HPH Trust (Note a):		
Base fee	22,167	21,188
Performance fee	-	14,004
Divestment fee	12,178	-
Acquisition fee	-	38,681
	34,345	73,873
Expense:		
Rental expenses (Note b)	167	165

#### Notes:

- (a) Management fees were charged in accordance with the trust deed dated 25 February 2011 constituting HPH Trust ("Trust deed"). The base fee was charged at a fixed fee of US\$2,500,000 (equivalent to HK\$19,500,000) per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index. The base fee for the year ended 31 December 2014 is payable in cash. As the December 2014 figure for the Hong Kong Composite Consumer Price Index is yet to be published as at the date of preparation of these accounts, the adjustment to the base fee, if required, will be accounted for in the subsequent financial period.

The Company is entitled to performance fee when HPH Trust's distribution per unit ("DPU") for a particular year satisfies the criteria set in the Trust Deed. HPH Trust issued 2,213,022 units at US\$0.8152 per unit to settle the performance fee in 2013. The units, pursuant to the Company's instruction, be issued directly to a fellow subsidiary at the same price.

Divestment fee was related to the divestment of Asia Container Terminals Holdings Limited by HPH Trust in March 2014. It was calculated based on 0.5% of the enterprise value (as defined in the Trust Deed) of such divestment.

## NOTES TO THE ACCOUNTS

### 14 RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (i) Income from and expense to related parties (Continued)

##### Notes (Continued):

- (a) Acquisition fee was related to the acquisition of the entire issued share capital of Asia Container Terminals Holdings Limited by HPH Trust in March 2013. It was calculated based on 1% of the enterprise value (as defined in the Trust Deed) of such investment.
- (b) Operating lease rental paid to a related company was charged at terms pursuant to the relevant agreement.

#### (ii) Key management compensations

Key management includes directors, the Chief Executive Officer, the Chief Financial Officer and the Deputy Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

	2014 HK\$'000	2013 HK\$'000
Salaries and directors' fees	6,726	7,480

### 15 FINANCIAL RISK AND CAPITAL MANAGEMENT

The major financial instruments of the Company include trade and other receivables, trade and other payables. Details of these financial instruments are disclosed in the respective notes to the accounts. The risk management programme of the Company is designed to minimise the financial risks of the Company. These risks include credit risk and foreign currency risk.

#### (a) Cash management and funding

The management of the Company regularly and closely monitors its overall net cash position and reviews its funding costs and maturity profile.

#### (b) Capital management

The Company's strategy is to ensure optimal returns to shareholder, while maintaining sufficient flexibility to implement growth strategies.

#### (c) Credit exposure

The Company's holdings of cash and cash equivalents and receivables expose the Company to counterparty credit risk. The Company controls its credit risk to non-performance by its counterparties through regular review and monitoring their credit ratings.

#### (d) Foreign currency exposure

Currency risk arises on financial instruments denominated in a currency that is not the functional currency and being of a monetary nature.

The Company does not have significant foreign currency exposure as Hong Kong dollar is pegged to United States dollar.

### 16 APPROVAL OF THE ACCOUNTS

The accounts set out on pages 6 to 17 were approved by the Board of Directors of the Company for issue on 6 February 2015.

