



UAL Ventures (China) Limited
Report and Financial Statements
31 July 2012

Report of the Directors

The directors submit herewith their annual report and the audited financial statements for the year ended 31 July 2012.

PRINCIPAL PLACE OF BUSINESS

UAL Ventures (China) Limited ("the company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 1301, 13/F ING Tower, 308 Des Voeux Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The company is engaged in marketing consultancy and other grant funded business development activities.

As the grant funded programme terminated on 31 October 2009, the activities of the company have since been limited. During the financial year the company de-registered the Beijing branch office.

The financial statements have been prepared on a break up basis and the effect of this is explained in note 1(b) to the financial statements.

FINANCIAL STATEMENTS

The loss of the company for the year ended 31 July 2012 and the state of the company's affairs at that date are set out in the financial statements on pages 5 to 16.

SHARE CAPITAL

Details of the share capital of the company are set out in note 7 to the financial statements.

DIRECTORS

The directors of the company during the year and up to the date of this report were:

Stephen Ashton Reid (appointed on 1 November 2011)

Danielle Genevieve Salvadori (appointed on 1 November 2011)

William Arthur Bridge (resigned on 31 October 2011)

Michael Joseph Matfin (resigned on 31 October 2011)

DIRECTORS' INTERESTS

No other contracts of significance to which the company or any of its holding companies or fellow subsidiaries was a party, and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors (continued)

DIRECTORS' SHARE AND DEBENTURE OPTIONS

At no time during the year was the company, or any of its holding company or fellow subsidiaries a party to any arrangement 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

CHARITABLE DONATIONS

Charitable donations made by the company during the year amounted to nil (2011: nil).


EVENTS AFTER THE REPORTING PERIOD

At the time of signing the financial statements the company was in the process of de-registering the Shanghai branch office.

AUDITORS

KPMG retire, and being eligible, offer themselves for reappointment.

By order of the Board



Hong Kong

21 January 2013



Independent auditor's report

to the shareholders of UAL Ventures (China) Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of UAL Ventures (China) Limited (“the company”) set out on pages 5 to 16, which comprise the statement of financial position as at 31 July 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 the directors, as well as evaluating the overall presentation of the financial statements.

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



Independent auditor's report

to the shareholders of UAL Ventures (China) Limited (continued)

(Incorporated in Hong Kong with limited liability)

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in blue ink, appearing to read 'KPMG'.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 JAN 2013

Statement of Comprehensive Income

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2012 \$	2011 \$
Turnover	2	-	18,858
Gross profit		<u>-</u>	<u>18,858</u>
Other income	2	611	599
Administrative expenses		(26,751)	(2,923)
Gift aid payments		-	-
(Loss)/ profit for the year before tax	3	(26,140)	16,534
Income tax expense	4	-	(3,418)
(Loss)/ profit and total comprehensive income for the year		<u>(26,140)</u>	<u>13,116</u>

The notes on pages 9 to 16 form part of these financial statements.

Statement of Financial Position

At 31 July 2012

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2012 \$	2011 \$
Assets			
Cash and bank balances		552,187	641,105
		<u>552,187</u>	<u>641,105</u>
Liabilities			
Amounts due to a holding company	6	506,398	511,216
Accruals		67,119	121,661
Current tax		-	3,418
		<u>573,517</u>	<u>636,295</u>
Net (Liabilities)/ Assets		<u>(21,330)</u>	<u>4,810</u>
Capital and Reserves			
Share capital		1	1
Reserves		(21,331)	4,809
Shareholders' (Deficit)/ Equity	7	<u>(21,330)</u>	<u>4,810</u>

Approved and authorised for issue by the board of directors on 21 January 2013.



Director



Director

The notes on pages 9 to 16 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

	<i>Notes</i>	<i>Share Capital</i>	<i>Reserves</i>	<i>Total</i>
		\$	\$	\$
<i>Balance at 1 August 2010</i>		1	(8,307)	(8,306)
Changes in equity:				
Total comprehensive income for the year		-	13,116	13,116
<i>Balance at 31 July 2011 and 1 August 2011</i>		<u>1</u>	<u>4,809</u>	<u>4,810</u>
Changes in equity:				
Total comprehensive income for the year		-	(26,140)	(26,140)
<i>Balance at 31 July 2012</i>		<u>1</u>	<u>(21,331)</u>	<u>(21,330)</u>

The notes on pages 9 to 16 form part of these financial statements.

Cash Flow Statement

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before tax		(26,140)	16,534
Adjustments for:			
Interest income	2	(611)	(599)
Net foreign exchange gain	3	(31,759)	(7,114)
Operating (loss)/ profit before changes in working capital		<u>(58,510)</u>	<u>8,821</u>
Movement in working capital elements:			
Decrease in amounts due to a holding company		(4,818)	(19,081)
(Decrease)/ increase in accruals		<u>(54,542)</u>	<u>6,461</u>
Cash used in operations		<u>(117,870)</u>	<u>(3,799)</u>
Profits tax paid		<u>(3,418)</u>	<u>-</u>
Net cash used in operating activities		<u>(121,288)</u>	<u>(3,799)</u>
CASH FLOW FROM INVESTING ACTIVITY			
Interest received	2	<u>611</u>	<u>599</u>
Net cash generated from investing activity		<u>611</u>	<u>599</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(120,677)	(3,200)
Cash and cash equivalents at the beginning of year		641,105	637,191
Effects of exchange rate changes on the balance of cash held in foreign currencies		<u>31,759</u>	<u>7,114</u>
Cash and cash equivalents at the end of year		<u><u>552,187</u></u>	<u><u>641,105</u></u>

Note: Cash and cash equivalents represent bank balances and cash in hand.

The notes on pages 9 to 16 form part of these financial statements.

Notes to the financial statements

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and changes in accounting policies

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company is set out below.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the company. There is no material impact on the company's financial statements as a result of these changes and therefore no changes in accounting policies. The company has also not yet applied any new standard or interpretation that is not yet effective for the current accounting period (see note 11).

(b) Basis for preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

These financial statements have been prepared by the directors on a break-up basis on the assumption that the company will not continue in business. On the break-up basis, adjustments have been made to reduce the value of assets to their recoverable amount. Further, assets and liabilities are not distinguished between current and non-current on the statement of financial position. The directors consider that additional write-downs are not necessary.

The preparation of financial statements in conformity with the HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(d) Cash and cash equivalents

Cash and cash equivalent include cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(e) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(f) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and when the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income on the following basis:

- (i) *Service income*
Service fee for the successful delivery of grant funded activities.
- (ii) *Interest income*
Interest income is recognised as it accrues using the effective interest method.

(h) Translation of foreign currencies

Foreign currency transactions are translated at foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated in foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses arising in these cases are dealt with as a movement in the statement of comprehensive income.

(i) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
 - (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
 - (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

2. REVENUE AND OTHER INCOME

	2012	2011
	\$	\$
Revenue:		
Service income	-	18,858
Total revenue	-	18,858
Other income:		
Interest income	611	599
Total income	611	19,457

3. (LOSS)/ PROFIT BEFORE TAX

(Loss)/ profit before tax is arrived after charging:

	2012	2011
	\$	\$
(a) Staff costs:		
Salaries, wages and other benefits	-	259
	-	259
(b) Other items:		
Auditor's remuneration	9,232	6,461
Bank charges	3,994	3,482
Net foreign exchange gains	(31,759)	(7,114)

4. INCOME TAX EXPENSE

(a) Income tax recognised in the profit or loss:

	2012	2011
	\$	\$
Total income tax recognised in the profit or loss	-	3,418

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

4. INCOME TAX EXPENSE (CONTINUED)

(b) The tax charge for the year can be reconciled to the (loss)/ profit per the statement of comprehensive income as follows:

	2012	2011
	\$	\$
(Loss)/ profit before tax	<u>(26,140)</u>	<u>16,534</u>
Tax on (loss)/ profit before tax, calculated at the rates applicable in the tax jurisdiction concerned (2012: 20%; 2011: 20.67%)	(5,228)	3,418
Tax losses carried forward	<u>5,228</u>	<u>-</u>
Income tax expense for the year	<u>-</u>	<u>3,418</u>

(c) Deferred taxation

No deferred taxation has been provided in these financial statements as there is no material timing difference resulting in any taxation effect which is expected with reasonable probability to crystallise in the foreseeable future subsisted at the balance sheet date.

5. DIRECTORS' REMUNERATION

No remuneration of any kind was paid to any directors during the year (2011: \$ nil).

6. AMOUNTS DUE TO A HOLDING COMPANY

The amounts due to a holding company are unsecured, interest-free and have no fixed term of repayment.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

7. SHARE CAPITAL

(a)	<i>Share capital</i> \$	<i>Reserves</i> \$	<i>Total</i> \$
At 1 August 2010	1	(8,307)	(8,306)
Profit for the year	-	13,116	13,116
At 31 July 2011 and 1 August 2011	1	4,809	4,810
Loss for the year	-	(26,140)	(26,140)
At 31 July 2012	1	(21,331)	(21,330)

(b) Share capital	2012 \$	2011 \$
Authorised share capital 10,000 ordinary shares of \$1.00 each	<u>10,000</u>	<u>10,000</u>
Issued share capital 1 ordinary shares of \$1.00 each fully paid	<u>1</u>	<u>1</u>

(c) Capital management

The company manages its capital to ensure that the company will meet its working capital requirements when considering required returns to shareholders and options available in relation to the balance of debt and equity. The management reviews the capital structure and considers the cost of capital and risks associated with each. In view of this, where required, the company will balance its overall capital structure through the payment of dividends and issue of new shares as it sees fit and appropriate.

8. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Financial risk management objectives and policies

The company's major financial instruments include cash at bank and in hand, other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these instruments and the policies on how to mitigate credit, liquidity, interest rate and foreign currency risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

8. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk

The company was not exposed to significant credit risk as the company did not have material receivables from third parties.

(b) Liquidity risk

The company's exposure to liquidity risk reflects its ability to readily access the funds to support its operations. The company's liquidity requirements are continually reviewed and additional facilities put in place as appropriate.

(c) Interest rate risk

The company did not have any material interest bearing assets or liabilities.

(d) Foreign currency risk

The company is not exposed to any significant foreign currency risk as its revenue and expenses are predominantly in Hong Kong dollars and Renminbi. The former currency is pegged to United States dollar and the latter is allowed to float within a small range against a basket of currencies, which is largely pegged to the United States dollars and is relatively stable.

(e) Fair values of financial assets and liabilities

In the opinion of the directors, there is no material difference between the book value and fair value of cash and trade receivables, other payable and accruals in view of their short term nature.

9. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the company entered into the following material related party transactions:

	Notes	2012 \$	2011 \$
Service fee from the University of the Arts London	(i)	-	18,858

(i) Service fee from the University of the Arts London is for the successful delivery of grant funded activities.

Notes to the financial statements (continued)

For the year ended 31 July 2012

(Expressed in Hong Kong dollars)

10. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 July 2012, the directors consider the immediate parent and ultimate controlling party of the company to be Artscom Ventures Limited and University of the Arts London respectively, both of which are incorporated in the United Kingdom. Financial statements for both organisations can be obtained from University of the Arts London, 272 High Holborn, London, WC1N 3LA.

11. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 JULY 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 July 2012 and which have not been adopted in these financial statements.

The company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

