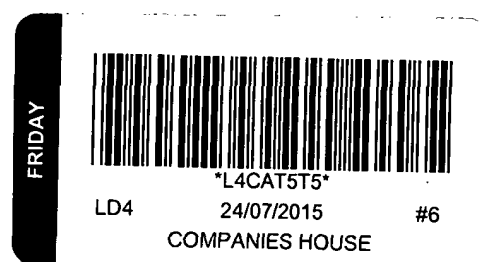


COMPANY REGISTRATION NUMBER 02772976

DSG HOLDINGS (UK) LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2014



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Statutory Auditor
1 Lumley Street
Mayfair
London
W1K 6TT

DSG HOLDINGS (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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DSG HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company.

RESULTS AND DIVIDENDS

The loss for the year amounted to \$8,280. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of finance and related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

DIRECTORS

The directors who served the company during the year were as follows:

K S To
M W Ho
C Ton
A C Wright

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DSG HOLDINGS (UK) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

AUDITOR

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
The Old Pump House
35 Kensington Court Place
London
W8 5BJ

Signed on behalf of the directors



M W Ho

Director

Approved by the directors on ...14.12.2015

DSG HOLDINGS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DSG HOLDINGS (UK) LIMITED

YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of DSG Holdings (UK) Limited for the year ended 31 December 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 11 to the financial statements.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

DSG HOLDINGS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DSG HOLDINGS (UK) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2014

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



STEPHEN TERENCE COSTAR (FCCA)
(Senior Statutory Auditor)
For and on behalf of
SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Statutory Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

14.1.2015

DSG HOLDINGS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
TURNOVER		—	—
Administrative income and expenses		<u>35,844</u>	<u>(97,314,330)</u>
OPERATING (LOSS)/PROFIT	2	(35,844)	97,314,330
Income from fixed asset investments	4	—	1,213,000
Interest receivable	5	<u>27,564</u>	<u>28,619</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,280)	98,555,949
Tax on (loss)/profit on ordinary activities	6	—	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(8,280)</u>	<u>98,555,949</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 13 form part of these financial statements.

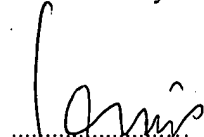
DSG HOLDINGS (UK) LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 \$	2013 \$
FIXED ASSETS			
Investments	8	<u>4</u>	<u>4</u>
CURRENT ASSETS			
Debtors due within one year	9	17,667,178	6,932,176
Debtors due after one year	9	17,623,003	28,504,774
Cash at bank		<u>3,854</u>	<u>1,746</u>
		<u>35,294,035</u>	<u>35,438,696</u>
CREDITORS: Amounts falling due within one year	10	<u>5,439</u>	<u>141,820</u>
NET CURRENT ASSETS		<u>35,288,596</u>	<u>35,296,876</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,288,600</u>	<u>35,296,880</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	495,000	495,000
Profit and loss account	14	<u>34,793,600</u>	<u>34,801,880</u>
SHAREHOLDERS' FUNDS	15	<u>35,288,600</u>	<u>35,296,880</u>

These accounts were approved by the directors and authorised for issue on ~~14/07/2015~~, and are signed on their behalf by:


M W Ho

Company Registration Number: 02772976

The notes on pages 8 to 13 form part of these financial statements.

DSG HOLDINGS (UK) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Note	\$	\$
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	16	(25,456)	(22,824,326)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	27,564	1,241,619
ACQUISITIONS AND DISPOSALS	16	–	142,640,340
EQUITY DIVIDENDS PAID		–	(121,057,000)
INCREASE IN CASH	16	<u>2,108</u>	<u>633</u>

The notes on pages 8 to 13 form part of these financial statements.

DSG HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements are denominated in US Dollars, the currency of which majority of the company's transactions are denominated.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Foreign currencies

Assets and liabilities in foreign currencies are translated into dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rate of ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2014	2013
	\$	\$
Directors' remuneration	—	—
Profit on disposal of fixed assets	—	(97,322,006)
Auditor's remuneration	<u>2,696</u>	<u>2,673</u>
	2014	2013
	\$	\$
Auditor's remuneration - audit of the financial statements	<u>2,696</u>	<u>2,673</u>

3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

4. INCOME FROM FIXED ASSET INVESTMENTS

	2014	2013
	\$	\$
Income from other fixed asset investments	<u>—</u>	<u>1,213,000</u>

DSG HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

5. INTEREST RECEIVABLE

	2014	2013
	\$	\$
Bank interest receivable	5,211	6,266
Interest from group undertakings	<u>22,353</u>	<u>22,353</u>
	<u>27,564</u>	<u>28,619</u>

6. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2013 - 23.25%).

	2014	2013
	\$	\$
(Loss)/profit on ordinary activities before taxation	<u>(8,280)</u>	<u>98,555,949</u>
(Loss)/profit on ordinary activities by rate of tax	(1,656)	22,914,258
Substantial shareholdings exemption	-	(22,627,366)
Tax Losses carried forward	1,656	-
Group dividend income	-	(282,023)
Group relief	<u>-</u>	<u>(4,869)</u>
Total current tax	<u>-</u>	<u>-</u>

7. DIVIDENDS

Equity dividends

	2014	2013
	\$	\$
Equity dividends paid	<u>-</u>	<u>121,057,000</u>

8. INVESTMENTS

**Investments
other than
loans
\$**

COST

At 1 January 2014 and 31 December 2014	<u>4</u>
--	-----------------

NET BOOK VALUE

At 31 December 2014 and 31 December 2013	<u>4</u>
--	-----------------

DSG HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

8. INVESTMENTS *(continued)*

The above holding reflects a 100% ownership of Elmbay LLC, a Delaware limited liability company, and a 100% ownership of Elmbay Limited, a company incorporated in England and Wales.

	2014	2013
	\$	\$
Aggregate capital and reserves		
Elmbay Limited	144,653	147,617
Elmbay LLC	32,367	29,715
Profit and (loss) for the year		
Elmbay Limited	(2,964)	911,276
Elmbay LLC	2,652	(989,598)

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

9. DEBTORS

	2014	2013
	\$	\$
Amounts owed by group undertakings	17,880,536	18,013,078
Other debtors	17,409,645	17,423,872
	<u>35,290,181</u>	<u>35,436,950</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	\$	\$
Amounts owed by group undertakings	11,096,428	11,096,429
Other debtors	6,526,575	17,408,345
	<u>17,623,003</u>	<u>28,504,774</u>

10. CREDITORS: Amounts falling due within one year

	2014	2013
	\$	\$
Accruals and deferred income	<u>5,439</u>	<u>141,820</u>

11. APB ETHICAL STANDARDS

In common with many other businesses of our size and nature we use our auditors and its network firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

DSG HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from reporting related party transactions between Disposable Soft Goods (UK) plc and its subsidiaries, conferred by Financial Reporting Standard No. 8, on the grounds that the company is a wholly owned subsidiary and the parent company prepares consolidated financial statements which include the company.

13. SHARE CAPITAL

Allotted and called up:

	2014		2013	
	No	\$	No	\$
Ordinary shares of \$0.01559 each	<u>31,751,124</u>	<u>495,000</u>	<u>31,751,124</u>	<u>495,000</u>

14. PROFIT AND LOSS ACCOUNT

	2014	2013
	\$	\$
Balance brought forward	34,801,880	8,297,931
(Loss)/profit for the financial year	(8,280)	98,555,949
Equity dividends	—	(121,057,000)
Reduction of share capital	—	49,005,000
Balance carried forward	<u>34,793,600</u>	<u>34,801,880</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	\$	\$
(Loss)/Profit for the financial year	(8,280)	98,555,949
Equity dividends	—	(121,057,000)
Net reduction to shareholders' funds	(8,280)	(22,501,051)
Opening shareholders' funds	<u>35,296,880</u>	<u>57,797,931</u>
Closing shareholders' funds	<u>35,288,600</u>	<u>35,296,880</u>

DSG HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

16. NOTES TO THE CASH FLOW STATEMENT

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH OUTFLOW
FROM OPERATING ACTIVITIES**

	2014	2013
	\$	\$
Operating (loss)/profit	(35,844)	97,314,330
Profit on disposal of subsidiary	–	(97,322,006)
Decrease/(increase) in debtors	146,769	(22,954,270)
(Decrease)/increase in creditors	(136,381)	137,620
Net cash outflow from operating activities	<u>(25,456)</u>	<u>(22,824,326)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014	2013
	\$	\$
Income from group undertakings	22,353	22,353
Income from other fixed asset investments	–	1,213,000
Interest received	5,211	6,266
Net cash inflow from returns on investments and servicing of finance	<u>27,564</u>	<u>1,241,619</u>

ACQUISITIONS AND DISPOSALS

	2014	2013
	\$	\$
Acquisition of shares in group undertakings	–	(1)
Disposal of shares in group undertakings	–	142,640,341
Net cash inflow from acquisitions and disposals	<u>–</u>	<u>142,640,340</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014	2013
	\$	\$
Increase in cash in the period	<u>2,108</u>	<u>633</u>
Movement in net funds in the period	<u>2,108</u>	<u>633</u>
Net funds at 1 January	<u>1,746</u>	<u>1,113</u>
Net funds at 31 December	<u>3,854</u>	<u>1,746</u>

DSG HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

16. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2014 \$	Cash flows \$	At 31 Dec 2014 \$
Net cash:			
Cash in hand and at bank	<u>1,746</u>	<u>2,108</u>	<u>3,854</u>
Net funds	<u>1,746</u>	<u>2,108</u>	<u>3,854</u>

17. ULTIMATE PARENT COMPANY

The company's parent is DSG-Tek Limited, a company registered in England and Wales.

The ultimate parent company is DSG International Limited, a company registered in the British Virgin Islands. Mr Brandon Wang, director of DSG International Limited, owns 79.40% of the issued share capital of DSG International Limited and therefore is the ultimate controlling party.

The smallest group for which consolidated financial statements are available, which include DSG Holdings (UK) Limited, is Disposable Soft Goods (UK) Limited, a group registered in England and Wales.

Copies of the consolidated financial statements for Disposable Soft Goods (UK) Limited can be obtained from the registered office:

The Old Pump House
35 Kensington Court Place
London
W8 5BJ