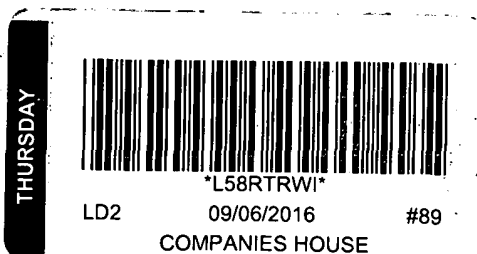


# **Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

## **Annual Report and Audited Financial Statements**

**For the year ended  
31 December 2015**



# **Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

## **Annual Report and Audited Financial Statements for the year ended 31 December 2015**

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# **Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

## **Management and Administration**

### **Designated Members**

Pantheon Capital (Asia) Limited

Pantheon Ventures (UK) LLP

### **Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

PricewaterhouseCoopers

21/F Edinburgh Tower

15 Queen's Road

Central, Hong Kong

### **Bankers**

HSBC

1 Queen Road

Central, Hong Kong

Lloyds Bank

Faryners House

25 Monument House

London

EC3R 8BQ

### **Solicitors**

Simmons & Simmons

13th Floor, One Pacific Place

88 Queensway

Hong Kong

### **Registered Office**

4th Floor

10 Finsbury Square

London

EC2A 1AF

### **Principal business address**

Suite 3001-2, 30th Floor

Two Exchange Square

8 Connaught Place

Central, Hong Kong

# **Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

## **Members' Report**

The members present their annual report and audited financial statements of Pantheon Ventures (HK) LLP (the "Partnership") for the year ended 31 December 2015.

### **Principal activities and review of the business**

The Partnership is a registered investment advisor advising on securities to group and related entities under the Hong Kong Securities and Futures Ordinance effective from 30 June 2010.

### **Results and allocation to members**

The results for the year are shown in the profit and loss account on page 6.

Members remuneration charged as an expense was HK\$146,350,141 (2014: HK\$139,522,085). Any profits are shared among the members in accordance with the Partnership Agreement dated 30 June 2010 as amended from time to time.

The results and the financial position at year end were considered satisfactory by the members.

### **Financial risk management**

The Partnership operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The Partnership has no significant exposure to price, credit or interest rate risk.

### **Financial position**

The Partnership's balance sheet as detailed on page 7 shows a satisfactory position. Members' other interests amount to HK\$36,339,468 (2014: HK\$30,079,498).

### **Property, plant and equipment**

Details of the movements in property, plant and equipment of the Partnership are set out in note 6 to the financial statements.

### **Members**

The designated members of Pantheon Ventures (HK) LLP during the year are as follows:

Pantheon Capital (Asia) Limited  
Pantheon Ventures (UK) LLP

Pantheon Ventures (UK) LLP is the controlling member.

### **Policy for members' drawings, subscriptions and repayments of members' capital**

Distribution of the profits is governed by the Partnership Agreement, taking into account the anticipated needs of the Partnership, and in proportion to member shares. Certain members have contributed to the capital of the Partnership certain sums as an initial capital contribution, the amount of which is agreed upon their admission to the Partnership. Capital contributed is of an equity nature. In the event of a member ceasing to be a member of the Partnership, their entitlement to repayment of their capital contribution outstanding at that time will be subject to the absolute discretion of the Partnership.

### **Independent auditors**

PricewaterhouseCoopers LLP have been re-appointed as auditors of the Partnership and will therefore continue to hold office pursuant to section 487(2) of the Companies Act 2006.

# **Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

## **Members' Report (continued)**

### **Statement of Members' Responsibilities**

The members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Partnership financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law as applied to limited liability partnerships and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued on 15 July 2014, the members 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 Partnership and of the profit or loss of the Partnership for that period.

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

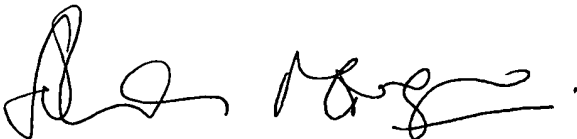
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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

### **Statement of disclosure of information to auditors**

The members have taken all steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information. So far as the members are aware, there is no relevant audit information of which the Partnership's auditors are unaware.

On behalf of the members



John Morgan  
Designated Member of Pantheon Ventures (UK) LLP  
Pantheon Ventures (UK) LLP is a Designated Member of Pantheon Ventures (HK) LLP  
10 March 2016

## **Independent Auditors' Report to the Members of Pantheon Ventures (HK) LLP**

(incorporated in the United Kingdom with Partnership No. OC352464)

### **Report on the financial statements**

#### **Our Opinion**

In our opinion, Pantheon Ventures (HK) LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2015 and of its profit and cash flows 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **What we have audited**

The financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Members' Interests for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the members**

As explained more fully in the Statement of Members' Responsibilities set out on page 3, the members 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent Auditors' Report to the Members of Pantheon Ventures (HK) LLP (continued)**

### **Responsibilities for the financial statements and the audit (continued)**

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the designated members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Audited Financial Statements 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.



Paul Koziarski (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 March 2016

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
<b>Turnover</b>	1c	217,185,963	212,178,801
Administrative expenses		<u>(22,196,399)</u>	<u>(30,626,342)</u>
Profit before income tax		194,989,564	181,552,459
Income tax expense		<u>(32,154,607)</u>	<u>(29,931,075)</u>
<b>Profit for the financial year before members' remuneration and profit share</b>	4	162,834,957	151,621,384
Members' remuneration charged as an expense		<u>(146,350,141)</u>	<u>(139,522,085)</u>
<b>Profit for the financial year available for discretionary division among members</b>		<u>16,484,816</u>	<u>12,099,299</u>

The Partnership has no recognised gains and losses other than those included in the results above and therefore no other comprehensive income has been presented.

All activities derive from continuing operations.

The notes on pages 10 to 19 form an integral part of these financial statements.



# Pantheon Ventures (HK) LLP

(Incorporated in the United Kingdom with Partnership No. OC352464)

## Balance Sheet

At 31 December 2015

	Notes	At 31 December 2015 HK\$	At 31 December 2014 HK\$
<b>Fixed assets</b>			
Tangible assets	8	1,110,885	1,053,435
<b>Current assets</b>			
Debtors (including HK\$1,758,391 (2014: HK\$1,379,155) due after more than one year)	9	26,904,111	63,013,235
Cash at bank and in hand		47,949,567	29,094,960
		<u>74,853,678</u>	<u>92,108,195</u>
<b>Creditors: amounts falling due within one year</b>	10	(39,625,095)	(63,082,132)
<b>Net current assets</b>		<u>35,228,583</u>	<u>29,026,063</u>
<b>Net assets attributable to members</b>		<u><u>36,339,468</u></u>	<u><u>30,079,498</u></u>
<b>Represented by:</b>			
<b>Members' other interests</b>			
Members' capital classified as equity		15,649,492	15,649,492
Members' other interests - other reserves classified as equity		20,689,976	14,430,006
<b>Total members' other interests</b>		<u><u>36,339,468</u></u>	<u><u>30,079,498</u></u>
<b>Amounts due from members</b>		-	(180,164)
Loans and other debts due to members		33,888,417	51,763,048
Members' other interests		36,339,468	30,079,498
<b>Members' total interests</b>		<u><u>70,227,885</u></u>	<u><u>81,662,382</u></u>

The notes on pages 10 to 19 form an integral part of these financial statements.

The financial statements were approved by the members on 10 March 2016 and signed on their behalf by:



John Morgan

Designated Member of Pantheon Ventures (UK) LLP

Pantheon Ventures (UK) LLP is a Designated Member of Pantheon Ventures (HK) LLP

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Statement of Changes in Members' Interests

	EQUITY			DEBT	TOTAL MEMBERS' INTERESTS
	Members' Other Interests			Loans and other debts due to members due from members in debtors	Total
	Members' capital classified as equity	Other reserves classified as equity	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$
<b>2014</b>					
Amounts due to members				17,832,251	
Amounts due from members				(1,348,772)	
Balance at 1 January 2014	15,649,492	15,434,988	31,084,480	16,483,479	47,567,959
Members remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	139,522,085	139,522,085
Profit for the year available for discretionary division among members	-	12,099,299	12,099,299	-	12,099,299
Members' interests after profit for the year	15,649,492	27,534,287	43,183,779	156,005,564	199,189,343
Drawings	-	(13,104,281)	(13,104,281)	(104,242,516)	(117,346,797)
Amounts due to members	-	-	-	51,763,048	
Amounts due from members	-	-	-	(180,164)	(180,164)
Balance at 31 December 2014	15,649,492	14,430,006	30,079,498	51,582,884	81,662,382
<b>2015</b>					
Amounts due to members				51,763,048	
Amounts due from members				(180,164)	
Balance at 1 January 2015	15,649,492	14,430,006	30,079,498	51,582,884	81,662,382
Members remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	146,350,141	146,350,141
Profit for the year available for discretionary division among members	-	16,484,816	16,484,816	-	16,484,816
Members' interests after profit for the year	15,649,492	30,914,822	46,564,314	197,933,025	244,497,339
Drawings	-	(10,224,846)	(10,224,846)	(164,044,608)	(174,269,454)
Amounts due to members	-	-	-	33,888,417	
Amounts due from members	-	-	-	-	-
Balance at 31 December 2015	15,649,492	20,689,976	36,339,468	33,888,417	70,227,885

The notes on pages 10 to 19 form an integral part of these financial statements.

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Cash Flow Statement

For the year ended 31 December 2015

	Notes	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
<b>Net cash flow from operating activities</b>	15	57,241,998	21,699,807
Income tax paid		<u>(37,852,323)</u>	<u>(18,250,983)</u>
<b>Net cash generated from operating activities</b>		19,389,675	3,448,824
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets	8	<u>(535,068)</u>	<u>(204,052)</u>
<b>Net cash used in investing activities</b>		(535,068)	(204,052)
<b>Cash flows from financing activities</b>			
Net cash used in financing activities		-	-
Net increase in cash at hand and in bank		18,854,607	3,244,772
Cash and cash equivalents at beginning of the year		<u>29,094,960</u>	<u>25,850,188</u>
Cash and cash equivalents at end of the year		<u>47,949,567</u>	<u>29,094,960</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		<u>47,949,567</u>	<u>29,094,960</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 1 Accounting Policies

#### a The Partnership

Pantheon Ventures (HK) LLP (the "Partnership") is principally engaged in the provision of investment advisory services to its group companies and institutional clients. The Partnership is a registered investment adviser under the Hong Kong Securities and Futures Ordinance effective from 30th June 2010.

The Partnership is a limited liability partnership incorporated in the United Kingdom on 18th February 2010 and domiciled in Hong Kong. The registered office is 4th Floor, 10 Finsbury Square, London, EC2A 1AF and its principal business address is Suite 3001-2, 30th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

#### b Basis of accounting

The financial statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Companies Act 2006 as applied to limited liability partnerships and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued on 15 July 2014.

The financial statements have been prepared under the historic cost convention as modified to include the revaluation of certain financial assets and liabilities. They give a true and fair view and have been prepared on the basis of the Partnership being a going concern.

These are the Partnership's first financial statements prepared in accordance with FRS 102. An explanation of how the transition to FRS 102 has affected the reported Balance Sheet, Statement of Comprehensive Income, Statement of changes in members interests, and Statement of Cash flows is provided in Note 17.

The accounting policies set out below have been applied consistently throughout the year, and are applied consistently from year to year except for the changes explained in note 17.

#### c Turnover

Turnover represents advisory fees charged to Pantheon Ventures (UK) LLP and relates to the continuing activities of the Partnership. It is accounted for on an accruals basis.

#### e Tangible fixed assets

All fixed assets are recorded at cost less accumulated depreciation. Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

- Leasehold improvements - Life of the lease
- Fixtures and fittings - 4-5 years
- Computer equipment - 2, 3 or 4 years

The carrying values of tangible fixed assets are reviewed for impairment annually or when events of changes in circumstances indicate the carrying value may not be recoverable.

#### f Foreign currencies

Items included in the financial statements of the Partnership are measured using the currency of the primary economic environment in which the Partnership operates ("the functional currency"), which is United States dollars (US\$). The financial statements are presented in Hong Kong dollars (HK\$) in accordance with Hong Kong Securities and Futures Commission requirements.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### g Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent free periods is amortised over the life of the lease.

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 1 Accounting Policies (continued)

#### h Taxation

In most locations, including the UK, income tax payable on the profits allocated to partners is the personal liability of the partners and hence is not shown in the financial statements. However, a tax provision has been made in these financial statements as the Partnership is liable for Hong Kong profits taxation as a corporation. Such tax liabilities are subsequently made good by each member according to their interest in the Partnership.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the partnership operates and generates taxable income. The partnership's activities are conducted in Hong Kong and so the partnership will be subject to Hong Kong tax laws.

Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed.

#### i Financial instruments

The Partnership has elected to apply IAS 39 "Financial Instruments: Recognition and measurement" (as adopted in the EU) and the disclosure requirements of sections 11 and 12 of FRS 102.

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

##### Financial assets

Financial assets of the Partnership are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and recognised and derecognised on a trade date basis. The Partnership does not have any 'held-to-maturity investments' 'available for sale financial assets' or financial assets 'at fair value through profit or loss'.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (include trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) breach of contract, such as a default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- d) the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 1 Accounting Policies (continued)

#### i Financial instruments

##### Financial liabilities and equity

Debt and equity instruments issued by the Partnership are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Partnership are recognised at the proceeds received, net of direct issue costs.

Members have contributed to the capital of the Partnership certain sums as an initial capital contribution, the amount of which is agreed upon their admission to the Partnership. Capital contributed is of an equity nature. No member shall have the right to withdraw his equity contribution but subject to the terms of the Partnership Agreement, shall have the right to transfer ownership of his equity to another member.

In the event of a member ceasing to be a member of the Partnership, their entitlement to repayment of their capital contribution outstanding at that time will be subject to the absolute discretion of the Partnership.

##### Other financial liabilities

Other financial liabilities (including borrowings and other liabilities) are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit and loss.

### 2 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of assets.

### 3 Financial risk management

#### (a) Financial risk factors

The Partnership's financial assets and liabilities comprise amounts due from/to a fellow subsidiary and cash and cash equivalents.

The main risks arising from the Partnership's financial instruments are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The role of the members includes periodical analysis and formulation of measures to manage the Partnership's exposure to these risks. Generally, the Partnership introduces what members believe to be conservative strategies on its risk management. As the Partnership's exposure to these risks is kept to a minimal, the Partnership has not used any derivatives and other instruments for hedging purposes. The Partnership does not hold or issue derivative financial instruments for trading purposes. The members review and agree policies for managing each of these risks and they are summarised as follows:

#### (i) Market risk

##### Currency risk

The Partnership holds assets denominated in Hong Kong Dollars ("HK\$") and United States Dollars ("US\$"). The Partnership's transactions are principally denominated in US\$. The Partnership is exposed to foreign exchange risk arising from the exposure of HK\$ against US\$. Since the exchange rate between HK\$ and US\$ is pegged, the Partnership considers its exposure to exchange rate risk on HK\$ as low and does not, at present, implement any measures to hedge its exposure to foreign exchange risk profile.

Based on the above, no sensitivity analysis has been presented in these financial statements.

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 3 Financial risk management (continued)

#### (a) Financial risk factors (continued)

##### (i) Market risk (continued)

##### Currency risk (continued)

The foreign currency profile of the Partnership's net assets and liabilities are summarised as follows:

	At 31 December 2015		At 31 December 2014	
	Net assets		Net assets	
	Original currency	HK\$ equivalent	Original currency	HK\$ equivalent
United States Dollars	4,416,357	34,227,429	4,000,677	31,024,651

##### Price risk

The Partnership has no holding in investments and as such, it is not exposed to either equity securities price risk or commodity price risk.

##### Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

As at 31 December 2015 and 2014, the Partnership has no significant interest-bearing assets and liabilities except for the bank deposits of HK\$47,949,567 (2014: HK\$29,094,959) which is short term in nature. The members consider the Partnership has no significant exposure to interest rate risk.

##### (ii) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Partnership's counterparties fail to fulfil their contractual obligations to the Partnership.

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposure to a controlling member. Reputable Banks that have a credit rating of A3 (Moody's) or better are considered acceptable to management and may be used for banking transactions and deposits. Prepayment and other receivables and amounts due from a related company were neither past due nor impaired.

The Partnership is also exposed to credit risk with respect to the transactions with related parties with an aggregate amount receivable of HK\$21,256,428 (2014: HK\$57,627,623). The members consider the credit risk is low as the related parties are financially viable and monthly settlement of receivables is closely monitored.

In addition, credit risk arises from deposits held with the landlord for office premises. The Partnership assesses the credit quality of the landlord, taking into account the past experience and other factors such as reputation in the industry. The Partnership considers the landlord to be well known and reputable in the property and real estate industry and therefore, considers the credit risk is not significant.

The Partnership does not expect any losses from non-performance by counterparties.

The table below shows the credit ratings and bank balances at the reporting date.

Financial institution	External credit rating (Moody's)	2015
		HK\$
The Hong Kong and Shanghai Banking Corporation Limited	Aa2	1,366,233
Lloyds Bank plc	A1	46,583,334
		<u>47,949,567</u>
Financial Institution	External credit rating (Moody's)	2014
		HK\$
The Hong Kong and Shanghai Banking Corporation Limited	Aa2	3,216,068
Lloyds Bank plc	A2	25,878,892
		<u>29,094,960</u>

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 3 Financial risk management (continued)

#### (a) Financial risk factors (continued)

##### (iii) Liquidity risk

Liquidity risk is the risk that the Partnership is unable to meet its obligations as they fall due. The Partnership is exposed to liquidity risk when it encounters difficulty in meeting obligations associated with financial liabilities. The Partnership maintains a significant amount of cash with its banks. The Partnership has its own liquidity capital requirement which is based on the Hong Kong Securities and Futures Commission liquid capital requirement. The Partnership has internal operations and its financial policies designed by management to minimise its liquidity risk. Cash and cash equivalents as at 31 December 2015 and 2014 were sufficient to fund the operations with maturities of three months or less. The table below analyses the Partnership's financial asset and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK\$	Between 1 and 5 years HK\$	Total HK\$
<b>At 31 December 2015</b>			
<b>Financial assets</b>			
Cash and cash equivalents	47,949,567	-	47,949,567
Amounts due from related party undertakings	21,256,428	-	21,256,428
Prepayments and other receivables	3,889,292	-	3,889,292
<b>Total financial assets</b>	<b>73,095,287</b>	<b>-</b>	<b>73,095,287</b>
<b>Financial liabilities</b>			
Amounts due to members	33,888,417	-	33,888,417
Accruals and other liabilities	3,493,351	-	3,493,351
Tax payable	2,243,327	-	2,243,327
<b>Total financial liabilities</b>	<b>39,625,095</b>	<b>-</b>	<b>39,625,095</b>
<b>At 31 December 2014</b>			
<b>Financial assets</b>			
Cash and cash equivalents	29,094,960	-	29,094,960
Amounts due from related party undertakings	57,627,623	-	57,627,623
Prepayments and other receivables	4,006,457	-	4,006,457
<b>Total financial assets</b>	<b>90,729,040</b>	<b>-</b>	<b>90,729,040</b>
<b>Financial liabilities</b>			
Amounts due to members	51,763,048	-	51,763,048
Accruals and other liabilities	3,421,968	-	3,421,968
Tax payable	8,091,270	(194,154)	7,897,116
<b>Total financial liabilities</b>	<b>63,276,286</b>	<b>(194,154)</b>	<b>63,082,132</b>

#### (b) Capital risk management

The Partnership manages Members' contributions. The Partnership's objectives on managing capital are:

- to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to support the Partnership's stability and growth; and
- to provide capital for the purpose of strengthening the Partnership's risk management capability.

The Partnership is a corporation registered under the Hong Kong Securities and Futures Ordinance with regulated activities of advising on securities subject to licensing condition that no client assets are held and that advice is only provided to group and related entities. To meet the licensing requirement, the Partnership has to maintain liquid capital as defined under the Securities and Futures (Financial Resources) Rules of the Securities and Futures Ordinance ("SFO") of not less than HK\$100,000 or an amount as calculated under the requirements of the Financial Resources Requirement (FRR), whichever is higher. During the financial year ended 31 December 2015 and 2014, the Partnership has complied with such minimum capital requirement. The required information is filed with the Securities and Futures Commission on semi-annual basis.

Regulatory liquid capital is monitored by management on a monthly basis. In order to maintain or adjust the capital structure, the Partnership may adjust the amount of profit distributed to members, introduce additional capital injection or sell assets to reduce debt.



# Pantheon Ventures (HK) LLP

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## Notes to the financial statements for the year ended 31 December 2015

### 4 Profit for the financial year before members' remuneration and profit share

	2015 HK\$	2014 HK\$
Profit for the financial period before members' remuneration and profit share is stated after charging:		
Staff costs (Note 5)	10,277,751	12,625,393
Depreciation of tangible fixed assets (Note 8)	477,618	469,947
Auditors' remuneration	456,494	460,172
Lease charges	7,211,621	8,130,690
Foreign exchange loss	62,391	92,668

### 5 Staff costs

	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
Wages and salaries	9,660,480	11,907,534
Pension costs	617,271	717,859
	<u>10,277,751</u>	<u>12,625,393</u>

The average number of persons employed by the Partnership during the year was 10 (2014: 13). This is split by Client Services: 0, Investment: 7 and Administration: 3 (2014: Client Services: 1, Investment: 9 and Administration: 3).

### 6 Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits.

	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
Profit for the financial year available for division among members	<u>162,834,957</u>	<u>151,621,384</u>
Profit in respect of the highest paid member during the year	<u>128,570,427</u>	<u>118,029,228</u>
The average number of members during the year was as follows:		
Members	<u>8</u>	<u>8</u>

### 7 Income tax expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
Current income tax - Hong Kong Profits Tax		
Tax for the year	32,243,619	30,011,658
Under provision in respect of previous years	(45,085)	(55,498)
Deferred income tax		
Origination of temporary differences	(43,927)	(25,085)
	<u>32,154,607</u>	<u>29,931,075</u>

# Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

## Notes to the financial statements for the year ended 31 December 2015

### 7 Income tax expense (continued)

	For the year ended 31 December 2015 HK\$	For the year ended 31 December 2014 HK\$
Profit before income tax	194,989,564	181,552,459
Calculated at a taxation rate of 16.5%	32,173,278	29,956,156
Expenses not deductible for taxation purposes	70,341	55,502
Deferred tax assets	(43,927)	(25,085)
Under provision in respect of previous years	(45,085)	(55,498)
Tax expense	<u>32,154,607</u>	<u>29,931,075</u>

### 8 Tangible fixed assets

	Leasehold Improvements HK\$	Fixtures & Fittings HK\$	Office equipment HK\$	Total HK\$
<b>Cost</b>				
At 1 January 2015	2,135,472	60,207	2,042,213	4,237,892
Additions	469,815	-	65,253	535,068
At 31 December 2015	<u>2,605,287</u>	<u>60,207</u>	<u>2,107,466</u>	<u>4,772,960</u>
<b>Accumulated depreciation:</b>				
At 1 January 2015	2,128,602	38,101	1,017,754	3,184,457
Charge for the year	37,782	(52,698)	492,534	477,618
At 31 December 2015	<u>2,166,384</u>	<u>(14,597)</u>	<u>1,510,288</u>	<u>3,662,075</u>
<b>Net book value:</b>				
At 31 December 2015	<u>438,903</u>	<u>74,804</u>	<u>597,178</u>	<u>1,110,885</u>
At 31 December 2014	<u>6,870</u>	<u>22,106</u>	<u>1,024,459</u>	<u>1,053,435</u>

### 9 Debtors

	At 31 December 2015 HK\$	At 31 December 2014 HK\$
Due from Members	-	180,164
Amounts due from related parties*	21,256,428	57,447,459
Prepayments and accrued income	3,889,292	4,006,457
	<u>25,145,720</u>	<u>61,634,080</u>
Due after more than one year		
Other debtors	1,666,241	1,330,932
Deferred tax asset (Note 11)	92,150	48,223
	<u>1,758,391</u>	<u>1,379,155</u>
Total debtors	<u>26,904,111</u>	<u>63,013,235</u>

\*Amounts due from related parties are as follows:

Entity	Amount (HK\$)	Amount (HK\$)
Pantheon Ventures (US) LP	17,667,347	53,026,953
Pantheon Korea Inc.	3,589,081	4,420,506
	<u>21,256,428</u>	<u>57,447,459</u>

Amounts due from related parties are unsecured, interest free and repayable on demand.

# Pantheon Ventures (HK) LLP

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## Notes to the financial statements for the year ended 31 December 2015

### 10 Creditors: amounts falling due within one year

	At 31 December 2015 HK\$	At 31 December 2014 HK\$
Due to Members	33,888,417	51,763,048
Taxation	2,243,327	7,897,116
Sundry creditors	3,493,351	3,421,968
	<u>39,625,095</u>	<u>63,082,132</u>

Amounts due to members are subordinated in relation to other secure creditors. In the event of the dissolution of the Partnership, they shall be funded by the assets of the Partnership remaining after payment or due provision for all debts, liabilities and obligations of the Partnership.

### 11 Provision for liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes related to the same fiscal authority. The offset amounts are as follows:

	At 31 December 2015 HK\$	At 31 December 2014 HK\$
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	<u>(183,710)</u>	<u>(194,154)</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered within 12 months	91,560	145,931
Net deferred tax assets	<u>(92,150)</u>	<u>(48,223)</u>

The components of deferred tax assets recognised in the balance sheet and the movements during the year are as follows:

	Accelerated tax depreciation HK\$	Total HK\$
At 1 January 2014	(23,138)	(23,138)
Debited to the income statement	(25,085)	(25,085)
At 31 December 2014	<u>(48,223)</u>	<u>(48,223)</u>
At 1 January 2015	(48,223)	(48,223)
Debited to the income statement	(43,927)	(25,085)
At 31 December 2015	<u>(92,150)</u>	<u>(73,308)</u>

Deferred income tax assets are recognised to the extent that realisation of the related tax benefit through the future taxable profit is probable.

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## Notes to the financial statements for the year ended 31 December 2015

### 12 Commitments under operating leases

At 31 December 2015, the Partnership has lease agreement in respect of land and buildings for which the payments extend over a number of years.

	2015 HK\$	2014 HK\$
<b>Future minimum rentals payable under non-cancellable operating leases expiring:</b>		
Expiring within one year	7,714,579	7,758,385
Expiring within two to five years	9,963,689	10,250,644
	<u>17,678,268</u>	<u>18,009,029</u>

### 13 Other financial commitments and contingencies

There are no other financial commitments or contingencies.

### 14 Pension obligations - defined contribution plan

The Partnership pays contributions to trustee-administrated funds on a mandatory, contractual or voluntary basis. The Partnership has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

### 15 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	2015 HK\$	2014 HK\$
Operating profit	194,989,564	181,552,459
Depreciation charge	477,618	469,947
Decrease/ (increase) in debtors	36,153,051	(37,688,156)
Increase/ (decrease) in creditors	71,383	(3,938,874)
Members payments	(174,449,618)	(118,695,569)
Net cashflow from operating activities	<u>57,241,998</u>	<u>21,699,807</u>

### 16 Controlling Parties

The immediate parent undertaking is Pantheon Ventures (UK) LLP, a limited liability partnership registered in England and Wales.

The ultimate parent undertaking and controlling party is Affiliated Managers Group Inc., a company incorporated in the United States of America.

Affiliated Managers Group Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Affiliated Managers Group Inc. can be obtained from 777 South Flagler Drive, West Palm Beach, Florida 33401 and from their website [www.amg.com](http://www.amg.com).

### 17 Explanation of transition to FRS 102

As stated in note 1, these are the Partnership's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 102 balance sheet at 1 January 2014 (the Partnership's date of transition).

The Members have undertaken an assessment of the impact of adoption of FRS 102 and have concluded there is no impact with regards to the recognition and measurement of assets, liabilities, income and expenses on adoption of FRS 102. Disclosure and presentation has been amended to conform with the requirements of FRS 102.

# **Pantheon Ventures (HK) LLP**

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## **Notes to the financial statements for the year ended 31 December 2015**

### **17 Explanation of transition to FRS 102 (continued)**

#### Transitional Relief

On transition to FRS 102 from the previous UK GAAP, the Partnership has taken advantage of transitional relief as follows:

#### **Rent free period for operating leases**

Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period when the rental was set to a fair market rent. FRS 102 requires these to be spread over the lease period. The Partnership has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. FRS 102 has been applied to new operating leases entered into since 1 January 2014.

#### **Cash flow statement**

The Partnership's cash flow statement represents the presentation requirements of FRS 102, which is different from FRS 1 (previous UK GAAP). In addition the cash flow statement reconciles to cash and cash equivalents. The change in presentation resulted in members payments being reclassified from a cash flow from financing activities to a cash flow from operating activities.