



Regent Pacific Group Limited

*(Incorporated in the Cayman Islands with
limited liability)*

Stock Code: 575

2014 ANNUAL
REPORT

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PERFORMANCE OVERVIEW

A summary of the financial performance and other notable events for 2014 include:

- Loss attributable to shareholders of the Company of US\$8.56 million, which was mainly due to: (i) the marked-to-market losses of US\$11.66 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss, which is a non-cash item; (ii) the shared loss of associates by equity accounting of US\$10.60 million; and (iii) the loss on deemed disposal of the interest in an associate, Plethora Solutions Holdings plc ("**Plethora**"), of US\$6.02 million while being offset, somewhat, by: (iv) the unrealised gain from bargain purchase of Plethora of US\$25.81 million due to the Group having re-classified Plethora, consistent with applicable accounting standards, as an associate of the Group from 1 January 2014
- Shareholders' equity of US\$48.75 million or net asset value per share of Hong Kong cents 10.84 (US cents 1.40), a decrease of 17.27% as compared with that as at 31 December 2013, which was mainly due to the loss attributable to shareholders of the Company of US\$8.56 million stated above
- With effect from 1 January 2014 and in recognition of the Company's significant investment in Plethora as an associate of the Group, Jamie Gibson was appointed as an executive director and CEO of Plethora and tasked primarily with driving Plethora's commercialisation of its central product, PSD502™. Following this appointment, the Company has equity accounted for its investment whereby the Group's consolidated financial statements reflect its share (currently 12.75%) of the net loss of Plethora
- The further investment of GBP 2.28 million (or approximately US\$3.70 million or HK\$28.64 million) for 25.30 million new Plethora shares, together with attaching warrants, in Plethora pursuant to a subscription agreement entered into with Plethora on 29 August 2014, a discloseable transaction of the Group as announced on 1 September 2014
- Helping Plethora secure the appointment of: (i) Pharnaserve (North West) Limited in March 2014 to undertake the manufacturing development leading to the successful introduction of the new six dose canister of PSD502™ for premature ejaculation; and (ii) Recordati in September 2014, a European pharmaceutical group, to commercialise PSD502™ in Europe, Russia, the Commonwealth of Independent States, Turkey and certain countries of North Africa pursuant to a licensing agreement, both being key final steps in making the product available for a successful launch in multiple territories
- Maintaining and actively monitoring its existing and significant investments in Venturex Resources Limited, Trinity Exploration & Production plc, Condor Gold plc and Endeavour Mining Corporation
- Receipt of US\$2.80 million (or approximately HK\$21.71 million) from Binary Holdings Ltd. ("**Binary**", formerly known as "Regent Markets Holdings Ltd."), currently a 49.90% owned associated company of the Company, by way of dividends throughout the year (see further below in respect of the contemplated disposal)
- In respect of the previously disclosed litigation commenced by the Group against, among others, Blue Pacific Coal Pte. Ltd. and its controllers in Singapore, the Company can disclose that High Court Suit No. 666 of 2014 has been settled. The terms of the settlement are confidential
- Strong financial position with no debt with over US\$19.59 million in cash, listed and unlisted securities



Subsequent to year end, the Group has undertaken the following notable event:

- On 16 January 2015 and on 4 March 2015, the Company announced its intention to dispose of up to 938,978 shares in Binary, being a majority of its shareholding in Binary (currently a 49.90% owned associated company of the Company), for an aggregate consideration of US\$15 million (or approximately HK\$117 million) in cash, before interest, representing a realised “cash-on-cash” return of 12.92 times the Company’s original cash investment of approximately US\$1,881,719 (or approximately HK\$14,677,408), which is a remarkable result achieved in a period of approximately 15 years, inclusive of dividends received. The disposal is a major and connected transaction of the Group, pursuant to which an announcement was made, a circular was dispatched and Extraordinary General Meeting (“EGM”) will be held on 2 April 2015 pursuant to which shareholders’ approval at the EGM is required for the closing of the disposal of 938,978 shares in Binary

Going forward, we will continue to closely monitor the markets and manage our investments as we do in the ordinary discharge of our business as well as drive growth by focussing on the enhancement of our core businesses and by continuing to pursue accretive acquisition and investment opportunities.



CHAIRMAN'S STATEMENT

Dear Shareholders,

2014 was another challenging year for the global economy, together with commodities and financial markets.

While an improvement on our 2013 results, our financial results for 2014 were again adversely affected by substantially lower commodity prices, with global miners facing significant headwinds in their quest to improve margins and profitability. The outlook for the global resources industry remains a very challenging one and supports the Company's continual, but deliberate move into healthcare and life sciences investments, investments that are less sensitive to macroeconomic fundamentals and fluctuations.

Global activity has broadly strengthened and global economic growth in 2015-2016 is projected to be between 3.5% and 3.7%. Advanced economies are expected to provide much of the impetus for growth, driven by a reduction in fiscal tightening and still highly accommodative monetary conditions. The United States is expected to continue its recovery and the resurgent strength of its currency is testament to this. However, we are mindful of signs of maturation in the expansionary phase in the US, that could well lead to a moderation in profitability, coupled with a variety of cost pressures. European economies have more scope to recover, but slowing exports to emerging markets and a lack of cohesive policies around tackling deflationary pressures remain a concern. China will continue its "soft fall", as government stimuli is likely to have less effect and monetary policy will likely become tighter. Other major emerging markets would appear well placed to continue to grow, with the rate of growth to vary, depending on the pace of reforms. New geographies for growth in parts of Asia, offer opportunities to build sustainable growth models, but they also bring challenges on economic, legal, and institutional fronts. The main upside risk is a greater boost from lower oil prices, although there is uncertainty about the persistence of the oil supply shock. Further upsides relate to the ability of policy and business to invest in people, raise productivity, and rebuild trust and confidence. Downside risks relate to intensifying political and economic risks, shifts in sentiment and volatility in global financial markets, especially in emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters. Stagnation and low inflation are still concerns in the euro area and in Japan.

While we expect commodity markets to remain volatile, we remain confident that on a fundamental and longer-term basis, demand will be underpinned by urbanization of emerging economies and recovery of developed economies. The Group's existing investments in natural resources, energy related investments are continuing to suffer through a, well reported, weaker commodity price environment, while the Group's exposure to gold and other precious metals is currently enjoying renewed enthusiasm in the space, helped by recently announced European stimuli. While China remains a major driver for commodities demand, the natural resources space remains a challenging one and, as such, the Group has re-focused its investment strategy into healthcare and life sciences investments, investments that are less sensitive to macroeconomic fundamentals and fluctuations.

On this note, the Group remains excited about the prospects of these investments, Plethora in particular, as it further executes its strategy to bring its headline product, PSD502™, a treatment for premature ejaculation, to market via strategic partners with the sales, marketing and distribution infrastructure to maximise the commercial potential from the product.

Plethora has now secured regulatory approval across the EU to commercialise its product and, to that end, has now secured a licensing agreement with Recordati in September 2014, an international pharmaceutical group whose shares are listed on the Italian Stock Exchange with a market capitalisation of over EUR 3 billion, to commercialise PSD502™ in Europe, Russia, the Commonwealth of Independent States, Turkey and certain countries of North Africa a key final steps in making the product available for a successful launch in multiple territories.



CHAIRMAN'S STATEMENT

The Company also anticipates that Plethora will make further announcements during the year in relation to new strategic commercial marketing partners appointed to exploit the product in other territories around the globe. While further clinical and regulatory work remains to be carried out in relation to obtaining approval in the United States, a defined pathway has been agreed with the regulator, which should facilitate a launch in early 2017.

As previously mentioned, we held a belief that there was hidden value within Binary and during the first quarter of 2015, the Company announced that it was to dispose of its approximately 46.95% stake, for an aggregate consideration of US\$15 million (or approximately HK\$117 million) in cash, before interest, representing a realised "cash-on-cash" return of 12.92 times the Company's original cash investment of approximately US\$1.89 million (or approximately HK\$14.68 million), which is a remarkable result achieved in a period of approximately 15 years, inclusive of dividends received.

The Group's balance sheet remains strong and nimble, with cash balances and securities of financial assets at fair value through profit or loss standing at approximately US\$17.46 million, with no external debt.

Our strategy remains the same and our strengthened balance sheet has us well positioned to deliver on this. The Company has every intention of continuing on with its existing business of investing in companies engaged in the healthcare and life sciences sectors. The Company is a company accustomed to making value driven investments in the pursuit of creating shareholder returns. As part of the usual course of business of the Company, it makes investments, both liquid and, where justified, illiquid in nature on a regular basis. In investee companies in which the Company, following due diligence, develops a level of satisfaction with the direction, performance and management of that particular investee company, the Company typically looks to further bolster its investment, often taking strategic positions to better protect its economic interest. We will continue to pursue growth by way of acquisitions and will target small to medium sized companies within our core areas of focus, being the healthcare and life sciences sectors.

On behalf of the Board, I want to thank our shareholders for their continued support and our employees for their hard work in another challenging year.

James Mellon

Co-Chairman

30 March 2015



CEO'S REPORT

The Company recorded a loss attributable to its shareholders of US\$8.56 million, which was mainly attributable to (i) the marked-to-market losses of US\$11.66 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss ("FAFVPL"), which is a non-cash item, (ii) the shared loss of associates by equity accounting of US\$10.60 million, and (iii) the loss on deemed disposal of the interest in an associate, Plethora Solutions Holdings plc ("Plethora"), of US\$6.02 million while being offset, somewhat, by the unrealised gain from bargain purchase of Plethora of US\$25.81 million due to the Group having classified Plethora, consistent with applicable accounting standards, as an associate of the Group from 1 January 2014.

Our financial results for 2014 were driven by a very challenging operating environment for the global resources industry as substantially lower commodity prices weighed on miner's margins and profitability, coupled with strengthening of the US dollar against the currencies in which some of our listed equities are denominated in (i.e. AUD and CAD).

Global activity has broadly strengthened and, barring major geopolitical upheaval, global economic growth in 2015-2016 is projected to be between 3.5% and 3.7%, with much of the impetus coming from advanced economies, with key drivers being a reduction in fiscal tightening and still highly accommodative monetary conditions. The United States looks set to continue to grow, but the expansionary phase may begin to show signs of maturing, causing a moderation in profitability, joined by a variety of cost pressures. European economies have more scope to recover, but there are dark clouds from slowing exports to emerging markets and a dysfunctional policy environment to tackle deflationary pressures. Recent economic data suggests that China will continue its "soft fall", as government stimuli is likely to have less effect and monetary policy will likely become tighter. Other major emerging markets would appear well placed to continue to grow, with the rate of growth to vary, depending on the pace of reforms. New geographies for growth in parts of Asia, offer opportunities to build sustainable growth models, but they also bring challenges on economic, legal, and institutional fronts. The main upside risk is a greater boost from lower oil prices, although there is uncertainty about the persistence of the oil supply shock. Further upsides relate to the ability of policy and business to invest in people, raise productivity, and rebuild trust and confidence. Downside risks relate to intensifying political and economic risks, shifts in sentiment and volatility in global financial markets, especially in emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters. Stagnation and low inflation are still concerns in the euro area and in Japan.

Looking at the Group's existing investments in natural resources, energy related investments are continuing to suffer through a, well reported, weaker commodity price environment, while the Group's exposure to gold and other precious metals is currently enjoying renewed enthusiasm in the space, helped by recently announced European stimuli. While China remains a major driver for commodities demand, improving economic conditions in the developed world can only help to support any fall in commodity demand resulting from the moderating growth period that China now appears to be in. While we expect commodity markets to remain volatile, we remain confident that on a fundamental basis, demand will be underpinned by urbanization of emerging economies and recovery of developed economies.

Fortunately, the Group's healthcare and life sciences investments are far less sensitive to macroeconomic fundamentals and fluctuations and the Group remains excited about the prospects of these investments, Plethora in particular, as it further executes its strategy to bring its headline product, PSD502™, a treatment for premature ejaculation, to market via partners with the sales, marketing and distribution infrastructure to maximize the commercial potential from the product.

In light of the Group's significant investments in listed securities, the Company will continue to closely monitor the markets and manage its investments as it does in the ordinary discharge of its business.



However, in these challenging market and economic conditions, opportunities are presenting themselves as valuations are becoming attractive and with the Group's strong financial position it is actively pursuing acquisitions.

To date, the aggregate value of the Group's existing investment portfolio of listed securities in mining and resources companies, while fluctuating daily with the equity and foreign exchange markets as they are being marked-to-market, are largely tracking in line with the relevant resources indices.

During the year, we successfully:

- appointed, with effect from 1 January 2014, Jamie Gibson as CEO of Plethora in recognition of the Company's significant investment in and contribution to Plethora as an associate of the Group, following which, the Company has equity accounted for its investment whereby the Group's consolidated financial statements reflect its share (currently 12.75%) of the net loss of Plethora
- bolstered our position in Plethora by the further investment of GBP 2.28 million (or approximately US\$3.70 million or HK\$28.64 million) for up to 25.30 million new Plethora shares, together with attaching warrants, in Plethora pursuant to a subscription agreement entered into with Plethora on 29 August 2014, a discloseable transaction of the Group as announced on 1 September 2014
- helped Plethora secure the appointment of: (i) Pharmaserve (North West) Limited ("**PSNW**") in March 2014 to undertake the manufacturing development leading to the successful introduction of the new 6 dose canister of PSD502™ for premature ejaculation; and (ii) Recordati in September 2014, a European pharmaceutical group, to commercialise PSD502™ in Europe, Russia, the Commonwealth of Independent States, Turkey and certain countries of North Africa pursuant to a licensing agreement, both being key final steps in making the product available for a successful launch in multiple territories
- maintaining and actively monitored our existing and significant investments in Venturex Resources Limited ("**Venturex**"), Trinity Exploration & Production plc ("**Trinity**"), Condor Gold plc ("**Condor**") and Endeavour Mining Corporation ("**Endeavour**")
- received US\$2.79 million (or approximately HK\$21.64 million) from Binary Holdings Ltd. ("**Binary**", formerly known as "Regent Markets Holdings Ltd."), currently a 49.90% owned associated company of the Company, by way of dividends throughout the year (see further below in respect of the contemplated disposal).

In respect of the previously disclosed litigation commenced by the Group against, among others, Blue Pacific and its controllers in Singapore, the Company can disclose that High Court Suit No. 666 of 2014 has been settled. The terms of the settlement are confidential.

The Group's associates, Binary, West China Coking & Gas Company Limited ("**West China Coke**") and Plethora, contributed a share of profit of US\$3.63 million, loss of US\$4.06 million and loss of US\$10.18 million respectively to the Group for the year.

We are in a strong financial position with no debt, having cash, listed and unlisted securities of US\$19.59 million as at 31 December 2014.

Shareholders' equity decreased by 17.27% to US\$48.75 million as at 31 December 2014 from US\$58.93 million as at 31 December 2013.

We set out below the review of our associated investments together with the results of our main listed investments:-



BINARY

We are pleased to report that Binary, a 49.90% associated company, had another strong year with over US\$454.29 million bets being sold (2013: US\$462.29 million bets were sold) and generated a net profit of US\$7.73 million (2013: US\$5.71 million). In light of the excellent performance, Binary paid a total dividend of US\$2.80 per share or a total distribution of US\$5.60 million, of which the Company received US\$2.79 million in 8 December 2014.

On 16 January 2015 and on 4 March 2015, the Company announced that it is to dispose of up to 938,978 shares in Binary, being a majority of its shareholding in Binary (currently a 49.90% owned associated company of the Company), for an aggregate consideration of US\$15 million (or approximately HK\$117 million) in cash, before interest, representing a realised "cash-on-cash" return of 12.92 times the Company's original cash investment of approximately US\$1,881,719 (or approximately HK\$14,677,408), which is a remarkable result achieved in a period of approximately 15 years, inclusive of dividends received. The disposal is a major and connected transaction of the Group, pursuant to which an announcement was made, circular dispatched and EGM will be held on 2 April 2015.

WEST CHINA COKE

Our existing 25% associated investment in West China Coke, experienced another difficult operating environment in 2014 whereby the steel market was in over supply, with soft demand and consequently suffered lower prices for its products. West China Coke, produced 495,010 tonnes of coke (2013: 603,673 tonnes) and 26,648 tonnes (2013: 48,404 tonnes) of methanol and other by-products. Total turnover was RMB 769.59 million (2013: RMB 1,328.95 million) (approximately US\$125.06 million (2013: US\$216.37 million)) and its loss was RMB 119.91 million (2013: RMB 74.07 million) (approximately US\$19.49 million (2013: US\$12.05 million)). Theoretically, we should equity account for a loss of US\$4.87 million, but actually, we only equity accounted for a loss of US\$4.06 million for the year ended 31 December 2014 (2013: US\$3.01 million) as the carrying value of the Group's interest in West China Coke has been decreased to/kept at US\$1,000 for the purpose of easy reference only.

PLETHORA

The Group holds 86.80 million shares (or 12.75%) in Plethora Solutions Holdings plc (AIM: PLE). Plethora was founded in 2004 to develop PSD502™, which is for the treatment of premature ejaculation ("PE"), and is headquartered in the UK.

i) Developments in 2014

Progress has been made during the year to develop PSD502™ towards the commercial launch of the product in the European Union ("EU") and other key markets around the world.

In response to advice received from Plethora's marketing consultants, a decision was made to explore the possibility to redesign the existing approved 20 dose canister to a smaller six dose container. This was done to consider the option to reduce the unit cost of each dispensing unit to a more economical and commercially optimal price point. This change would represent a variant to the existing European Medicines Agency ("EMA") approval necessitating a new application to the regulator following tests and stability studies which are subject to fixed regulatory timescales. A feasibility study in relation to the new canister was successfully completed enabling further development work to be carried out in 2014 and during the first quarter of 2015.



PLETHORA (Continued)

i) Developments in 2014 (Continued)

In January 2014, a successful guidance meeting took place with the U.S. Food and Drug Administration ("FDA") to establish a defined pathway to secure regulatory approval to commercialise PSD502™ as a prescribed treatment for PE in the United States ("USA"). The agreed pathway will require supplementary clinical trial to be carried out to facilitate the completion of a new dossier for approval. We estimate that these trials will commence later this year and take approximately five months to complete at cost of approximately US\$5 million.

In March 2014 PSNW was engaged as Plethora's European based manufacturing partner to establish a dedicated production line and assist in the development of a new six dose canister. Tests by PSNW on the first two Good Manufacturing Practices ("GMP") batches of the six dose canister identified variances outside the permitted specifications in the composition of the combined compound, which are the subject of an ongoing investigation. In order to avoid the sunset date of 14 November 2106 for an EU launch, a decision was taken to instruct PSNW and Plethora's existing approved USA based manufacturing partner Catalent, to proceed in the manufacture of a 20 dose product in compliance with the existing EMA approval. The decision to dual source the product was taken to minimize the risk of any delay in the supply of a compliant product for the purposes of launching PSD502™ in the EU for preserving the sunset date and commencing the clinical trials for the completion of the New Drug Application with the FDA. The dual source strategy will also address the need to comply with the sunset date of 14 November 2016 where the EMA market authorization will expire if PSD502™ is not launched in the EU. The Group remains committed to the commercial sale of a six dose canister and is confident that with the assistance of the development teams at both Catalent and PSNW, a solution will be found during the year to overcome the issues affecting the ability to produce a lower dose product for commercial scale.

On 16 September 2014, Plethora entered into its first commercialisation agreement with the pharmaceutical group Recordati S.p.A, ("Recordati") a EUR 1.2 billion turnover fully integrated pharmaceutical group dedicated to the research, development, manufacturing and marketing of pharmaceuticals. The agreement covers the commercialisation of PSD502™ in Europe, Russia and the CIS, Turkey and certain countries in North Africa. The contract facilitated an initial EUR 5 million milestone receipt which was received in November 2014, a EUR 6 million payment upon EMA approval of the new six dose canister and up to EUR 35 million in future milestone payments conditional upon agreed sales targets being achieved. In addition to the milestone payments, percentage royalties will be receivable varying from the mid-teens to the mid-twenties applied to gross sales. The commercial launch of the product is expected to take place by during 2016 to coincide with the availability of the first commercial production batches and Recordati's pre-launch marketing processes.

At the same time, Plethora secured exclusive rights to all the intellectual property rights of PSD502™ including the patent rights and all rights to future royalties at a cost of US\$25 million. Within the consideration payable, US\$250,000 was deferred pending the formal completion of the transfer of the patents and Supplementary Protection Certificates ("SPC") in the name of Plethora. This payment was financed by a GBP 18.2 million equity placement. Following the completion of this agreement, Plethora now has full unfettered control over the development and commercialisation of PSD502™ on a global basis. Plethora's forecasts indicate that the future benefits of this agreement will have a significant positive impact on shareholder value.



PLETHORA (Continued)

i) Developments in 2014 (Continued)

Despite the anticipated benefits, the cost of acquiring these rights have been expensed as a one off exceptional item in the financial statements in order to comply with current International Financial Reporting Standards.

The process to establish the design and structure of the new clinical trials has been completed subject to final FDA approval. Plethora aims to commence the start of the trials later this year. Submission of the new dossier to the FDA is anticipated to be made during Q1 2016. Based on a maximum 10 month assessment period under the protocol defined by the Prescription Drug User Fee Act, a target launch of PSD502™ in the USA is anticipated to take place during the first part of 2017.

Discussions and negotiations are currently taking place with:

- (i) A global pharmaceutical company for "out licensing" the grant of rights by Plethora in respect of PSD502™ for certain countries in LATAM, Asia Pacific (including Australia) and South Africa. The parties have entered into non-binding heads of terms and have moved into discussions on the licence agreement which anticipate an up-front payment to Plethora followed by additional payments upon the achievement of certain milestones plus royalties linked to sales.
- (ii) A multinational pharmaceutical company for 'out licensing' the grant of rights by Plethora in respect of PSD502™ for countries in the Middle East region. The parties have entered into non-binding heads of terms and have moved into discussions on the licence agreement which anticipate an up-front payment to Plethora followed by additional payments upon the achievement of certain milestones plus royalties linked to sales.

Negotiations continue for licensing out PSD502™ with both these pharmaceutical companies and with other strategic commercial marketing partners on normal commercial terms. However, it is not possible to determine with accuracy the timing of completion of such agreements and no assurance can be given that negotiations will lead to a binding licensing agreement(s) as described in (i) and/or (ii) above or at all. The Company hopes to be in a position to make further announcements during the course of 2015 relating to its out licensing activities."

ii) Intellectual property rights

Following the issue of the initial EMA approval for the marketing of PSD502™ in the EU, Plethora has taken action to register SPCs within each relevant country, which provides ongoing patent protection rights through to March 2021, if granted. In addition, data and market exclusivity, which seeks to prevent a generic competitor from referring to the Plethora's dossier to secure approval for an alternative, will provide further protection through to November 2023.

In the USA, the patent term is due to expire in March 2015. Upon approval, a patent extension of up to 5 years maybe available to compensate for the delay in the regulatory process. In relation to data exclusivity, FDA approval will facilitate a period of protection for 3 years from the date of notification with the possibility of a further 2 year extension if the combination product can be classified as a new chemical entity.



PLETHORA (Continued)

iii) Summary

Plethora's sale strategic objective is the development and commercialisation of PSD502™. Progress has been made during the year in terms of establishing manufacturing facilities, signing up the first commercialisation agreement and the process of securing regulatory approval in the USA. The successful placing that was completed in September 2014 has enabled Plethora to secure full proprietary control of product and exclusive rights to future economic licensing benefits and place Plethora on a stable financial footing.

In 2015, Plethora anticipates that development expenditure will increase as Plethora completes the process of securing regulatory approval for the new six dose canister in the EU, developing an approved production facility in the UK and USA with its production partners and completing the clinical dossier to be submitted to the FDA.

Plethora is looking forward to working with its new commercial partner Recordati towards the anticipated launch of PSD502™ in the EU other associated territories. The board of Plethora also anticipates further announcements to be made during the year in relation to new partners appointed to exploit the product in other global territories as mentioned previously. While further clinical and regulatory work remains to be carried out in relation to obtaining approval in the USA, a defined pathway has been agreed with the regulator, which should facilitate a launch in early 2017.

On 29 August 2014 Plethora announced a conditional agreement to raise GBP 15.9 million through the placing of 177.0 million ordinary shares at a price of 9p per share. Shortly thereafter, a further GBP 2.3 million was raised through the placing of 25.3 million shares at 9p per share with the Company. The terms of the placings included the issue of warrants to the subscribing shareholders to subscribe for a further 101.1 million shares at an option price of 15p per share. The proceeds of the placings were used to finance the buy-out of the remaining minority participating interests in the intellectual and commercial rights in PSD502™ for \$25 million and fund the ongoing working capital and development needs of Plethora.

Exceptional Item

In September 2014, Plethora entered into termination and release agreements with each of Shionogi, Paul Capital and the original patent holder in relation to residual royalty interests PSD502™, such that Plethora owns the entire economic benefit of all future revenue streams generated from the 'out licensing' of PSD502™ in the future on a global basis (the "Agreements").

As an extension to these Agreements, it was also agreed that all of the intellectual property rights of PSD502™ including the patent rights would be transferred to Plethora as part of the settlement. The total consideration of the Agreements was US\$25 million, of which payment of US\$250,000 to the original patent holder has been deferred pending the formal completion of the transfer of the patents and SPC's in the name of Plethora. The cost of securing these rights has been expensed in the financial statements and has been classified as an exceptional item.

In 2013, Plethora reclassified all its borrowings as convertible debt in line with the revised loan agreements. As a result of these changes, Plethora recognised a gain of GBP 293,000 in the Consolidated Statement of Comprehensive Income, which related to the extinguishment of the existing loans in exchange for the new loans.



Borrowings

At 31 December 2014 Plethora had total borrowings of GBP 7,425,000 (2013: GBP 9,267,000).

All Plethora's loans are repayable on 31 March 2015. Under the terms of the refinancing agreements entered into during March 2013, the loan note holders have an option to convert these loans together with the associated accrued interest and redemption premium into ordinary shares at a rate of 2p per share. On that basis the board of Plethora anticipates that most of Plethora's debt will be repaid on or around 31 March 2015 through the issue of new ordinary shares.

2015 Outlook

The next financial year is expected to be an exciting period for the Plethora to prepare for the initial commercial launch of PSD502™ in the EU and other territories. Plethora expects its manufacturing partner, PSNW, to secure approval from the EMA to commence commercial production based on the 20 dose canister, which will pave the way to a first commercial launch in the EU in the first quarter of 2016. In the meantime Plethora will continue to work with its manufacturing partner to perfect the manufacturing process to develop a 6 dose canister which will release a further EUR 6 million milestone receipt from the Company's commercial partner Recordati on receipt of EMA approval.

A number of discussions are taking place with other potential licensing partners covering other territories outside of Recordati's territory. Plethora anticipates that further announcements regarding new agreements will be made in 2015 which should facilitate the receipt of further upfront payments. An announcement regarding a commercial partner for the US market is not expected to take place until Plethora is further along the process of securing FDA approval.

In relation to the FDA approval process, a new clinical trial will commence and be concluded during 2015, which will allow the new clinical dossier to be submitted in early 2016. In accordance with the protocol prescribed by the Prescription Drug User Fee Act, the FDA will be required to respond to the dossier within a 10 month timescale which would facilitate a commercial launch in the USA in the first part of 2017.



TRINITY

The Company actively monitored and maintained its strategic position in Trinity, representing approximately 4.12% of its issued share capital, which for the twelve months ended 31 December 2014, suffered a marked-to-market loss of 82.10%. This decrease in market value is largely attributable to negative market sentiment resulting from a precipitous decline in global crude oil prices. Between July and December 2014, spot benchmark crude (WTI & Brent) fell by greater than 50%, from over US\$105.00 to below US\$50.00 per barrel due to persistent oversupply from both Organisation of the Petroleum Exporting Countries ("OPEC") and non-OPEC nations combined with sluggish demand growth, most notably in China and Europe.

While Trinity's production has remained relatively flat since 2013 at approximately 3,800 boepd, the company has grown its reserve base through exploration of its east coast properties (Galeota and Trintes) and a recently announced US\$23 million acquisition of natural gas properties on the west coast of Trinidad. The acquisition will allow Trinity to diversify its asset base to include a significant gas field development that has previously been mapped and delineated by an industry major. The project is in close proximity to existing west coast infrastructure and, as such, should ultimately allow Trinity to access a domestic gas market that is currently underserved and in need of significant new volumes to satisfy industrial and power generation demands.

Prior to the acquisition, Trinity's 2P reserves were approximately 49 mmboc and this number should increase substantially once the new gas reserves are fully evaluated. At present, the newly acquired reserves are considered to be "contingent" but could be upgraded to "probable" and "proven" once a gas sales agreement and field development plan are approved and drilling is undertaken. The recent announcement represents a strategic shift for the company which had previously focused on adding reserves and production through exploration and development of its 100% crude oil asset base. Following closing of the transaction, the company will no doubt have to review plans for capital allocation across its portfolio, since there are now multiple projects competing for internal cash flow. Such a review will likely highlight the necessity to source outside capital in the form of joint venture financing, non-core asset sales and/or new equity. Project debt is also a possibility, but not necessarily a preferred source of funding given the exploration component of most of the projects to be undertaken. All of Trinity's projects will now have to be evaluated against a backdrop of lower oil prices, which will likely mean an adjustment in strategy to focus almost exclusively on development of the newly acquired gas assets. The domestic Trinidad market is expected to continue to face a shortage of gas supply in the coming years which should provide Trinity with an opportunity to negotiate attractive off-take pricing that should support the economics of the project.

In an effort to increase near term cash flow, the company also continues to dedicate efforts to low risk onshore and 'work-over' projects that can replace declining well production with minimal capital expenditure.

In 2015, Trinity management will be tasked with a full assessment of the assets now at their disposal and they are expected to reveal a revised finance plan and capital budget that will be designed to maximize the company's growth potential over the next several years.



CONDOR

The Company actively monitored and maintained its strategic position in Condor representing approximately 10.38% of its issued share capital, which for the twelve months ended 31 December 2014, resulted in a marked-to-market loss of 5.95%.

Condor's concession holdings in Nicaragua currently contain an attributable NI 43-101 compliant Mineral Resource of 2.32 Million oz gold at 4.0g/t including a high grade open pit resource of 1.06 Million oz gold at 3.0g/t on its 100% owned La India Project.

In November 2014, Condor announced the results of its Pre-Feasibility Study ("PFS") and updated Preliminary Economic Assessments ("PEA") for La India. The PFS demonstrates a robust and economically viable base case for the project. Notably:

- An Internal Rate of Return ("IRR") of 22% and a post tax Net Present Value ("NPV") of US\$92 million at a discount rate of 5% and gold price of US\$1,250/oz.
- Low Average LOM All-in Sustaining Costs (AISC) of US\$690 per oz gold.
- Low initial capital requirement of US\$110 million (including contingency).
- Maiden Mineral Reserve of 6.9 Mt at 3.0 g/t gold for 675,000 oz.
- 614,000 oz of gold produced over 9 year Life of Mine ("LOM").
- Average annual production of 79,300 oz of gold over the 7 years of maximum production.

In January 2015, the company commenced a 4000m drilling programme to further define the potential of the project. The initial 2000m of drilling has two objectives. Firstly to test the depth extent of high grade gold mineralisation beneath La India open pit reserve and existing underground gold resource, which are currently defined to a maximum combined down-dip depth of only 350m. Secondly, to test the southern strike extent of La India open pit, which is open along strike to the south but dips beneath the surface. The remaining 2,000m of the drilling programme will be subject to the initial drilling results and test existing targets on the La India Project.



ENDEAVOUR

The Company actively monitored and maintained its strategic position in Endeavour representing approximately 1.09% of its issued share capital, which for the twelve months ended 31 December 2014, resulted in a marked to market loss of 18.98%.

Endeavour is a Canadian-based gold mining company focused in West Africa. The company owns four gold mines in Ghana, Burkina Faso, Cote D'Ivoire and Mali which produced 466,000 ounces in 2014 with all in sustaining costs ("AISC") of under \$1,050 per ounce. Endeavour continues to be on a growth trajectory with 2015 production forecast to be between 475,000 and 500,000 ounces of gold production and AISC of between US\$930 and US\$980 per ounce. At a US\$1,200 gold price and using mid-guidance values for gold production, royalties, cash costs, corporate G&A and sustaining capital, Endeavour is expecting to generate an all in sustaining cash margin of approximately US\$120 million in 2015.

The company's significant operating cash flows should allow for internal funding of further exploration and development. It is anticipated that the company's next development project will be the Hounde gold project in Burkina Faso. Key parameters of the Hounde project are;

- Average annual production of 178k gold ounces per year over an 8.1 year life of mine
- LOM production of 1.44 million ounces
- An average gold recovery of 93.3% via a SAG/ball mill (SABC) grinding circuit followed by gravity/CIL plant capable of treating 3.0 million tonnes per annum (nameplate capacity: 9,000 tonnes per day)
- Proven and Probable reserve of 25 million tonnes with an average grade of 1.95 g/t gold
- Initial start-up capital of US\$315 million
- Forecast life of mine direct cash cost of US\$636 per ounce and AISC of US\$775 per ounce (including royalties and rehabilitation and closure)

During the 12 months ended December 31, 2014, the key milestones achieved by Endeavour on their project portfolio included:

- Exceeding full year 2014 production guidance of 400,000 to 440,000 ounces from four producing mines (Agbaou, Youga, Tabakoto & Nzema). This suggests that the company is well positioned to meet or exceed 2015 production guidance of 475,000 to 500,000 ounces.
- Achieving corporate goal of reducing AISC per ounce from over US\$1,100 in 2013 to an average of below US\$1,000 from Q3 2014.
- Successfully ramping up the Agbaou project in Cote D'Ivoire. This is the third project that the company's development team has transitioned from exploration through technical studies, permitting and production. Such performance clearly demonstrates management's ability to design and build projects on time and on budget. Agbaou is now producing at an annualised rate of over 150,000 ounces per year.



VENTUREX

The Company actively monitored and maintained its strategic position in Venturex, representing approximately 33.47% of its issued share capital, which for the twelve months ended 31 December 2014, suffered a marked to market loss of 54.27%.

During 2014, Venturex continued to further optimise the feasibility study on its Pilbara Copper-Zinc Project ("Project"). The optimisation process is being advanced as the medium to long term outlook for growth in both copper and zinc consumption continues to strengthen. The Project metrics, as defined in the feasibility study released in December 2012, include:

- An 8.5 year mine life with strong potential for mine life extensions given only three of six known mineral resources were included in the study
- Annual payable metal production of 16,500 tonnes copper, 30,000 tonnes zinc and 200,000 ounces of silver
- Cash costs of US\$1.57/lb of copper equivalent (net of by-product credits)
- Capital costs which equate to US\$10,500/tonne of annual copper equivalent production.

Venturex is seeking to increase the Project's scale and extend the mine life via continuing exploration on the expansive Pilbara tenement package whilst also investigating capital refinement opportunities.

The key milestones achieved and activities undertaken by Venturex during 2014 included the following:

- Received approval of the Mining Proposal for the development of the Project at the Sulphur Springs Site by the WA Department of Mines and Petroleum. The granting of the Mining Proposal represents the final core government approval making the Project now "development ready". Venturex has stated that the Project can now be advanced to a development decision rapidly on finalisation of funding discussions.
- At the Salt Creek deposit, an additional six deep diamond drill holes were surveyed to verify a single point anomaly. The new spectral data outlined the presence of a new broad alteration halo that is associated with increasing copper grades at depth. This newly recognised proximal alteration halo has not been tested by the current drilling and is completely open at depth in all directions. The data provides a clear future drilling target at the Salt Creek deposit below the limit of the existing drilling.
- Modelling of the new spectral information collected from existing drill holes at the West Balla prospect has indicated the presence of a previously unrecognised, strong footwall alteration halo associated with the existing shallow drill intersections. The newly identified alteration indicates a considerable extension of the deposit westward beyond the limits of the existing shallow drilling in the area.
- Management continues to review enhancement options (including new process technology) for the development of the Project with the target of reducing capital development costs by 25-30%.



REVENUE AND PROFIT

The Company recorded a net loss after tax and non-controlling interests of US\$8.56 million in 2014, compared with a loss of US\$25.64 million in 2013.

The corporate division (total income less fair value loss on financial instruments) recorded a loss of US\$11.01 million (2013: US\$16.02 million).

The Group's associates, Binary, West China Coke and Plethora, contributed a share of profit of US\$3.63 million, a loss of US\$4.06 million and a loss of US\$10.18 million respectively to the Group.

The main elements of the loss are analysed as follows:

	US\$ million
Share of profit from Binary	3.63
Share of loss from West China Coke	(4.06)
Share of loss from Plethora	(10.18)
Gain from bargain purchase of an associate	25.81
Loss on deemed disposal of an associate	(6.02)
Reversal of impairment on loan receivables	0.25
Impairment loss on available-for-sale financial assets	(0.27)
Corporate investment segment	(16.83)
Metals mining segment	(0.91)
Coking coal segment and others	0.02
Total loss attributable to owners of the Company	(8.56)

FINANCIAL POSITION

Shareholders' equity decreased by 17.27% to US\$48.75 million as at 31 December 2014 from US\$58.93 million as at 31 December 2013. The decrease was mainly due to: (i) the loss of US\$8.56 million for the year ended 31 December 2014; (ii) the decrease of the exchange reserve by US\$1.68 million, which were offset against: (iii) the increase in investment revaluation reserve by US\$0.06 million.

The carrying value of investments in Binary of US\$5.71 million, West China Coke of US\$1,000 and Plethora of US\$24.50 million accounted for 11.71%, 0% and 50.26% of shareholders' equity respectively. The Group's assets also comprised: (i) cash and bank balances of US\$3.59 million; (ii) listed and unlisted investments of US\$16.01 million; and (iii) derivative financial instruments of US\$0.94 million; and (iv) other assets and receivables of US\$1.57 million.

The Group's liabilities comprised: (i) payables and accruals of US\$3.27 million; and (ii) derivative financial instruments of US\$0.33 million.



STRATEGIC PLAN

The Board and the Company's senior management play an active role in the Company's strategy development and planning process. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Company, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Company to generate and preserve its long-term value, while agreeing shorter term priorities and objectives. In addition, the risks associated with the current operations and strategy of the Company are currently being tested by way of an internal audit process conducted through an independent service provider, with the aim of identifying ways in which the Company can better identify and manage its risks.

In order to generate or preserve value over the longer term, the Group is committed to:

- divesting of non-core assets and investments to enable the Company to pursue growth opportunities and opportunistic investments in the healthcare and life sciences sectors;
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition; and
- utilise the Company's Hong Kong listing through strong liquidity and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by The Stock Exchange of Hong Kong Limited and best practice.

The Company is committed to creating shareholder value and returns through accretive acquisitions and returning surplus capital to shareholders by way of an effective dividend policy and share repurchase programme.

FUNDING

As at 31 December 2014, the Group had US\$3.59 million in cash and US\$0.41 million on margin deposits held with the Group's brokers for trading of derivatives that represented 7.36% and 0.84% of its total shareholders' equity, which does not take into account the Group's holding of securities of FAFVPL that amounted to US\$13.88 million.

CONTINGENT LIABILITIES

Saved as those disclosed in notes 26 and 34, the Group has no material contingent liabilities as at 31 December 2014.



AUSTRALIAN TAX ON BCI SALE

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013, the Company received orders from the Federal Court of Australia in relation to an assessment issued by the Commissioner of Taxation in the amount of A\$12.8 million following completion of the sale of its securities in BC Iron Limited ("BCI") for gross proceeds of A\$81.6 million (the "Assessment", as referred to in note 26 (Deferred Tax)). The amount of potential tax assessed was expressed to be due and payable on 2 December 2013.

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "Specific Security Deed") in respect of certain of the Company's investments in entities listed on the Australian Securities Exchange, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

Having executed the Settlement Deed and Specific Security Deed, the Company has, together with its external advisers, continued to focus on the merits of the Assessment. From advice received, the Company understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets.

To this end, the Company has received independent valuation advice indicating that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets at the relevant time, the Company has strong and compelling grounds based on current law in Australia to challenge the Assessment in its entirety.

Accordingly, the provision of A\$12.78 million (or approximately US\$10.43 million) in respect of the potential Australian taxation liability in relation to the realised gain on disposal of the Company's investment in BCI was written back in the financial statements for the half-year ended 30 June 2013 (as announced on 23 August 2013) and, prior to 2 December 2013, the Company filed a formal notice of objection with The Commonwealth of Australia, represented by the Commissioner of Taxation, objecting to the Assessment.



AUSTRALIAN TAX ON BCI SALE (Continued)

The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect, should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company's position (with respect to the value ascribed to BCI's real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company's accounts and financial position going forward.

BLUE PACIFIC LITIGATION

As has been disclosed previously, the Company filed a Writ of Summons and Statement of Claim with the High Court of the Republic of Singapore setting out, more particularly, its claims against Blue Pacific Coal Pte. Ltd. (together with its associated parties and controllers, "Blue Pacific") in connection with the failed Indonesian coal transaction with the same, which was terminated in late 2009.

In this respect the Company can disclose that High Court Suit No. 666 of 2014 has been settled. The terms of the settlement are confidential.

Jamie Gibson

Chief Executive Officer

30 March 2015



ENVIRONMENT, COMMUNITY, HEALTH AND SAFETY

Our environment, community, health and safety focus is a significant priority in promoting sustainable practices for social and environmental responsibility. Our core approach is the health and safety of our employees, including: respect for the individual, for each other, for stakeholders and for the cultures that we operate in.

HEALTH AND SAFETY

The Group bases its health and safety strategy on three cornerstone elements:-

- We subscribe to the position that we have a duty of care to provide a safe environment for all of our employees to work.
- We advocate behaviour and standards that comply fully with local occupational health and safety laws. Beyond this, "international best practice" will underpin our activities in all areas.
- We ensure effective communication and education with all employees so as to develop a healthy and safety culture that is bolstered by equal ownership and commitment.

There were no lost time injuries during the financial year for the Company.

COMMUNITY

The Group is committed to fulfilling its obligations and duties as a responsible corporate citizen, ensuring that its behaviour reflects a genuine concern for its stakeholders, including shareholders, employees, their families and the communities and environments in which we live and work.

The Company aims to ensure that the communities in which we operate derive real social and economic benefits from our presence.

There were no reportable community concerns during the financial year.



ENVIRONMENT, COMMUNITY, HEALTH AND SAFETY

ENVIRONMENT

The Group is intrinsically aware of the interaction of its activities and the environment. The Company, through all its employees and representatives, is committed to:-

- Encouraging environmentally sustainable practices in its daily decision making processes, including land use, operations, planning and purchasing.
- Undertaking alternative practices and procedures to minimize negative impacts on the environment.
- Integrating environmental awareness and responsibility throughout its host communities.
- Being mindful, in the operations of the Company, of all appropriate economic, environmental and social concerns.

There are a variety of different challenges in respect to the development of post-mine landscapes that are stable, resistant to erosion, encapsulate mine wastes and provide a suitable surface or water body targeted for specific end land use requirements. These range from the development of sustainable bio diverse ecosystems endemic to the local area, through to suitable agricultural, agro-forestry or aquaculture production systems. The Group is dedicated to achieving these outcomes by:

- undertaking baseline studies to better understand the rehabilitation process and identify key indicators for reclamation success.
- following disturbance, we aim with our partners, to rehabilitate the land to a form and state agreed by stakeholders, including the local community and government. This focuses on the early development of final landforms with direct return of topsoils where possible to minimise costs and maximise the restoration process.
- aiming to conduct progressive rehabilitation, wherever possible, to reduce the impacts on the environment, and minimise the residual impacts of the site or rehabilitation works at the time of mine closure.

There were no reportable environmental incidents during the financial year.



The Directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) are pleased to submit their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014 (the “**Financial Statements**”).

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding, and the Group's principal activities consist of biopharma, resources and corporate investments.

Principal activities of the respective subsidiaries of the Company during the year are set out in note 14 to the Financial Statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2014 are set out in the Consolidated Statement of Comprehensive Income on pages 76 to 77.

No interim dividend was paid for the year ended 31 December 2014 (2013: Following the disposal of the Company's entire holding in BC Iron Limited on 16 January 2013, the Company declared a special dividend of HK\$0.13 in cash per share on 28 January 2013, which was paid on 15 March 2013).

The Directors do not recommend the payment of a final dividend (2013: Nil).



DIRECTORS' REPORT

SUMMARY FINANCIAL INFORMATION

The results and the assets and liabilities of the Group for the current year and the last four financial years (extracted from the audited financial statements and reclassified as appropriate) are set out below:

Results:

	2014 US\$'000	2013 US\$'000	2012 US\$'000	2011 US\$'000	2010 US\$'000
Total income					
– Continuing operations	(11,007)	(16,024)	(885)	(24,615)	61,158
– Discontinued operations	—	—	—	—	—
	(11,007)	(16,024)	(885)	(24,615)	61,158
Income less expenses before impairment losses and provision	(17,738)	(29,930)	(20,895)	(45,212)	34,134
Reversal of impairment	250	—	—	—	912
Impairment losses	(267)	(1,710)	(16,024)	(4,863)	(28)
Write down	—	—	—	(4,345)	—
Finance costs – interest on Redeemable Convertible Preference Shares and hire purchase	—	—	—	—	(2)
Operating (loss)/profit	(17,755)	(31,640)	(36,919)	(54,420)	35,016
Gain on disposal of the Ji Ri Ga Lang Coal Project	—	—	4,409	—	—
Gain on disposal of a jointly controlled entity and the Zhun Dong Coal Project	—	—	—	—	19,834
Gain on disposal of the Yinzishan Mining Project	—	—	—	2,401	—
Loss on deemed disposal of an associate	(6,017)	—	—	—	—
Gain from bargain purchase of associate	25,809	—	—	—	—
Share of results of associates	(10,604)	(420)	(1,430)	1,705	2,915
Share of profit of a jointly controlled entity	—	—	—	—	3,007
(Loss)/Profit before taxation	(8,567)	(32,060)	(33,940)	(50,314)	60,772
Tax credit/(payment)	—	6,334	(11,084)	—	(1,000)
(Loss)/Profit for the year	(8,567)	(25,726)	(45,024)	(50,314)	59,772
Non-controlling interests	4	90	170	1,787	20
(Loss)/Profit attributable to shareholders of the Company	(8,563)	(25,636)	(44,854)	(48,527)	59,792



SUMMARY FINANCIAL INFORMATION (Continued)

Assets and liabilities:

	2014 US\$'000	2013 US\$'000	2012 US\$'000	2011 US\$'000	2010 US\$'000
Goodwill	—	—	—	—	12,256
Exploration and evaluation assets	—	—	—	—	9,485
Property, plant and equipment	108	199	294	296	558
Interests in associates	30,206	9,134	11,774	24,727	22,487
Available-for-sale financial assets	2,130	2,334	5,279	9,287	7,025
Current assets	19,871	50,972	134,517	172,175	249,226
Total assets	52,315	62,639	151,864	206,485	301,037
Current liabilities	3,604	3,742	3,374	23,137	28,699
Non-current liabilities	—	—	7,197	—	—
Total liabilities	3,604	3,742	10,571	23,137	28,699
Net assets	48,711	58,897	141,293	183,348	272,338

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and the Group's associates are set out in notes 14 and 15 respectively to the Financial Statements.

GOODWILL

Goodwill of the Group was fully impaired in the prior year as set out in note 12 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 13 to the Financial Statements.



SHARE CAPITAL AND OPTIONS

Details of the Company's share capital and outstanding share options under the Share Option Scheme (2002) are set out below and in note 23 to the Financial Statements.

1. Share Capital

As at 1 January 2014, the total issued ordinary share capital of the Company consisted of 3,485,730,523 shares. During the year ended 31 December 2014 and prior to the date of this report, no new shares were issued and allotted by the Company, and no shares were repurchased by the Company.

2. Share Option Scheme (2002)

The Company's share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), which was adopted with shareholders' approval at the Company's annual general meeting held on 15 November 2002, expired on 15 November 2012, being the tenth anniversary of its commencement date. The provisions of the rules of the Share Option Scheme (2002) shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry.

Details of the Share Option Scheme (2002) and particulars of the options held under the scheme by various participants are set out in note 23 to the Financial Statements.

As at 1 January 2014, under the Share Option Scheme (2002) there were outstanding and vested options entitling the holders to subscribe for an aggregate of 122,366,132 ordinary shares at exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

During the year ended 31 December 2014:

- No new options were granted;
- No vested options were exercised;
- Outstanding options in respect of an aggregate of 11,100,000 shares lapsed on 8 September 2014 upon expiry of the exercise period (being two outstanding options granted 9 September 2004 in respect of an aggregate of 11,100,000 shares at the exercise price of HK\$0.266 per share); and
- No options were cancelled.

Accordingly, as at 31 December 2014, under the Share Option Scheme (2002) there were outstanding options entitling the holders to subscribe for an aggregate of 111,266,132 ordinary shares at exercise prices ranging from HK\$0.300 to HK\$1.152 per share.

Subsequent to the year end date and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.



RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 24 to the Financial Statements. The Company considers that only profits and share premium are distributable to shareholders.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

A general mandate was granted to the Directors at the Company's annual general meeting held on 19 June 2013 to repurchase, on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**"), shares up to a maximum of 348,573,052 shares (the "**2013 Repurchase Mandate**"). Since 19 June 2013, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2013 Repurchase Mandate.

The 2013 Repurchase Mandate expired upon close of the Company's annual general meeting held on 5 June 2014, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2014 Repurchase Mandate**"). Since 5 June 2014 and prior to the date of this report, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2014 Repurchase Mandate.

Save for the above, the Company or its subsidiaries did not purchase, sell or redeem any of their listed securities, whether on the HK Stock Exchange or otherwise, during the year ended 31 December 2014 or subsequent to the year end date and prior to the date of this report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at all times during the year ended 31 December 2014 and prior to the date of this report, the Company has complied with the public float requirement prescribed in the HK Listing Rules for the Company.



DIRECTORS' REPORT

DIRECTORS

The Directors of the Company who held office during the year ended 31 December 2014 and up to the date of this report were:

James Mellon (*Co-Chairman*)*

Stephen Roland Dattels (*Co-Chairman*)*

Jamie Alexander Gibson (*Chief Executive Officer*)

Charles David Andrew Comba[#]

Julie Oates[#]

Stawell Mark Searle[#]

Jayne Allison Sutcliffe*

* Non-Executive Directors

[#] Independent Non-Executive Directors

In accordance with Article 86(3) of the Company's Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any Director so appointed shall retire at the next annual general meeting of the Company but shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In accordance with Article 87, at each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation, providing that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years (which is in compliance with Code Provision A.4.2 of the Corporate Governance Code). A retiring Director shall be eligible for re-election.

No Directors will retire pursuant to Article 86(3) at the forthcoming annual general meeting of the Company (the "**2015 Annual General Meeting**"), and James Mellon, Julie Oates and Mark Searle will retire by rotation pursuant to Article 87 at the 2015 Annual General Meeting. All of them, being eligible, offer themselves for re-election. Details of the Directors proposed to be re-elected, as required under Rule 13.51(2) of The Rules Governing the Listing of Securities on the HK Stock Exchange (the "**HK Listing Rules**"), are set out in the accompanying circular to shareholders. Rotational retirement and re-election of the retiring Directors will be dealt with by a separate resolution for each of the retiring Directors at the 2015 Annual General Meeting.

None of the Directors proposed for re-election at the 2015 Annual General Meeting has any unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment (other than statutory compensation), except that the advisory agreement of James Mellon (who stands for rotational re-election at the 2015 Annual General Meeting) specifies that his appointment as an adviser of the Company may be terminated by either party giving one year's notice (as detailed in the paragraph headed "Non-Executive Directors" in the Corporate Governance Report).

None of the Directors of the Company has any unexpired service contract with the Company or any of its subsidiaries, which was entered into on or before 31 January 2004 and was exempt from the shareholders' approval requirement under Rule 13.68 of the HK Listing Rules but is required to be disclosed in the Company's annual report pursuant to Paragraph 14A of Appendix 16 to the HK Listing Rules.



DIRECTORS (Continued)

Biographical details of the Directors who hold office as at the date of this report are as follows:

- I. **James Mellon**, aged 58, British, was appointed as an Executive Director of the Company in July 1991, and was re-designated as a Non-Executive Director in May 2002, and is currently Non-Executive Co-Chairman of the Board of Directors. He holds a Master's degree in Politics, Philosophy and Economics from Oxford University and, since graduating in 1978, his whole career has been spent in asset management. Mr Mellon worked for GT Management Plc from 1978 to 1984. In July 1984, he joined the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an executive director of Tyndall Holdings Plc responsible for business expansion and corporate development. In 1990, Mr Mellon co-founded and became Chief Executive of Regent Pacific Group. In 1994, he became Chairman of Regent Pacific Group. Mr Mellon has over 20 years' investment experience in Asia. He specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. He is also director of certain subsidiaries of Regent Pacific Group. Mr Mellon is also: (i) a non-executive director of Charlemagne Capital Limited, a non-executive director of Condor Gold plc, the executive chairman of the board of Manx Financial Group plc, the non-executive chairman of the board of Plethora Solutions Holdings plc, the executive chairman of the board of Port Erin Biopharma Limited, the executive chairman of the board of Speymill plc and a non-executive director of West African Minerals Corporation (having formerly been the non-executive chairman of its board and stepped down on 21 May 2014), all of which are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange; (ii) the non-executive chairman of the board of Rivington Street Holdings Limited (which was de-listed from PLUS in the United Kingdom on 3 April 2014); (iii) the non-executive chairman of the board of Speymill Deutsche Immobilien Company plc (which was de-listed from AIM on 31 May 2011); and (iv) a non-executive director of Portage Biotech Inc (which is listed on the Over the Counter Bulletin Board and on the Canadian Stock Exchange). He was formerly: (1) a non-executive director of Brazilian Gold Corporation ("BGC", which was delisted from the Toronto Venture Exchange ("TSX-V") on 25 November 2013), having ceased his directorship upon completion of the 100% acquisition of BGC by Brazil Resources Inc (which is dually listed on TSX-V and OTCQX) by a plan of arrangement on 22 November 2013; (2) a non-executive director of Miraculins Inc (which is listed on TSX-V), having not stood for re-election on 29 May 2014; (3) a non-executive director of Polo Resources Limited (an AIM-listed company, having voluntarily withdrawn its listing from the Bermuda Stock Exchange ("BSX") on 23 May 2014), having resigned on 14 May 2013; (4) a non-executive director of Summit Corporation plc (an AIM-listed company), having resigned on 3 December 2014; (5) a non-executive director of Venturex Resources Limited ("VXR", which is listed on the Australian Securities Exchange ("ASX")), having been appointed on 5 February 2013, representing the Company's interest held in VXR, and resigned on 10 June 2013; and (6) a non-executive director of Webis Holdings plc (an AIM-listed company), having resigned on 19 January 2012.



DIRECTORS' REPORT

DIRECTORS (Continued)

2. **Stephen Roland Dattels**, aged 67, Canadian, was appointed as Non-Executive Co-Chairman of the Board in February 2008. Mr Dattels is an experienced senior mining executive, and was one of the key executives at Barrick Gold Corporation (whose shares are listed on the Toronto Stock Exchange and the New York Stock Exchange) during its formative years before leaving in 1987. He has helped to form and finance a number of mining ventures, including UraMin Inc, an African based uranium company. He has a Bachelor of Arts degree from McGill University, a law degree (cum laude) from the University of Western Ontario and has completed the Program for Management Development at Harvard University. Mr Dattels is also the executive chairman of the board of Kuala Limited (an AIM-listed company), having been appointed on 12 November 2014. He was: (i) a non-executive director of GCM Resources plc (an AIM-listed company), having resigned on 26 June 2013; (ii) a non-executive co-chairman of the board of Polo Resources Limited (an AIM-listed company, having voluntarily withdrawn its listing from BSX on 23 May 2014), having formerly been the joint executive chairman of its board and re-designated as a non-executive on 2 July 2013 and having resigned on 17 October 2013; and (iii) the chief executive and an executive co-chairman of the board of West African Minerals Corporation (an AIM-listed company), having resigned on 17 July 2013.
3. **Jamie Alexander Gibson**, aged 49, British, joined Regent Pacific Group in April 1996 and was appointed as an Executive Director and Chief Operating Officer of the Company in January 2002. In May 2002, he became Chief Executive Officer of the Company. Mr Gibson has spent most of his professional career with the Company specialising in corporate finance, direct equity investments and structuring emerging market investment products. Prior to joining the Company, he worked at Clifford Chance, Coopers & Lybrand and KPMG. Mr Gibson has a law degree from Edinburgh University. He is also director of a number of subsidiaries of Regent Pacific Group, including Amerinvest Coal Industry Holding Company Limited, which in turn holds a 25% equity interest in West China Coking & Gas Company Limited, and an executive director and the Chief Executive Officer of Plethora Solutions Holdings plc (an AIM-listed company), having been appointed on 1 January 2014. Mr Gibson was formerly: (i) a non-executive director of BC Iron Limited ("BCI", an ASX-listed company), having been appointed on 16 July 2012, representing the Company's 23.11 per cent interest then held in BCI, and resigned on 18 December 2012 in anticipation of the Company's contemplated disposal of its entire interest in BCI; and (ii) the alternate director to James Mellon on the board of VXR (as referred to above), having been appointed on 12 March 2013 and resigned on 10 June 2013.
4. **Charles David Andrew Comba**, aged 71, Canadian, has been an Independent Non-Executive Director of the Company since October 2005. He is currently director of two Canadian listed companies, namely: (i) Cogitore Resources Inc (listed on TSX-V); and (ii) First Nickel Inc (listed on the Toronto Stock Exchange). Until his retirement in May 2005, he held senior staff positions as Director Issues Management and more recently as Director of Regulatory Affairs with the Prospectors and Developers Association of Canada. Mr Comba also served the association as a Director prior to joining staff in 1998. He served on or led mineral exploration teams that have made eleven significant discoveries of base and precious metals, primarily for Falconbridge Group companies. Five discoveries were taken to production. After holding Falconbridge Regional Exploration Manager positions in Timmins, Ontario and Sudbury, Ontario, Mr Comba was transferred to Toronto, Ontario in 1990 as Vice President of Exploration Falconbridge Gold Corporation. Subsequent to the sale of FGC to Kinross Gold Corporation he became a director, President and Chief Executive Officer of a Kinross controlled exploration company, Pentland Firth Ventures Limited. Mr Comba obtained two geological degrees from Queen's University Kingston, Ontario, Canada, an MSc (1975) and a Hon BSc (1972). He ceased to be a director of North American Palladium Ltd (listed on the Toronto Stock Exchange and the American Stock Exchange) on 23 June 2014 by mandatory retirement upon the age of 71.



DIRECTORS (Continued)

5. **Julie Oates**, aged 53, British, has been an Independent Non-Executive Director of the Company since September 2004. She trained with PKF (Isle of Man) LLC and qualified in 1987 as a member of The Institute of Chartered Accountants in England and Wales. Mrs Oates later joined the international firm of Moore Stephens, and was appointed partner in the Isle of Man firm in 1997. In 2002, she joined a local trust company as Managing Director and in 2003 established her own accountancy practice. Mrs Oates has experience in both the general practice areas of accounting and business assurance as well as offshore corporate and trust administration. Mrs Oates acts as director for a number of companies and is licensed by the Isle of Man Government Financial Supervision Commission and approved to act as a director of insurance companies by the Isle of Man Government Insurance and Pensions Authority.
6. **Stawell Mark Searle**, aged 71, British, has been an Independent Non-Executive Director of the Company since October 2001. He has over 30 years' experience in the investment management industry. Having trained with Jardine Matheson, the Far Eastern trading house in London, he was seconded to Samuel Montagu where he worked for two years in their Investment Department. Subsequently, Mr Searle joined Investment Intelligence Limited becoming Investment Director responsible for management of a stable of open ended funds. Between 1982 and 1987, he was Managing Director of Richards Longstaff Limited, a privately owned investment consultancy. In the following ten years, he was Investment Director of Gerrard Asset Management. Mr Searle has been a director of a number of closed-ended funds during his career and most recently was a director of Invesco Perpetual European Absolute Return Investment Trust Plc (formerly a listed company on the London Stock Exchange), which was liquidated at the end of October 2009 at the request of a majority of shareholders.
7. **Jayne Allison Sutcliffe**, aged 51, British, was appointed as the Group Corporate Finance Director in August 1991 and was re-designated as a Non-Executive Director in June 2000. Mrs Sutcliffe has spent most of her professional career in the fund management industry specialising in sales and marketing initially at Thornton Management and then at Tyndall Holdings Plc. Mrs Sutcliffe co-founded Regent Pacific Group in 1990 where she established, and was responsible for, the Group's corporate finance activities. She has a Master's degree in Theology from Oxford University. Mrs Sutcliffe is also director of a subsidiary of Regent Pacific Group. She is also the Group Chief Executive of Charlemagne Capital Limited, which is listed on AIM.

None of the Directors has any relationships (either financial or business or family or other material/relevant relationship(s)) with any other Directors, senior management or substantial or controlling shareholders of the Company.

None of the Directors has any connections (either being a director or an employee) with any company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong.



DIRECTORS' REPORT

DIRECTORS (Continued)

The Directors serve on the various committees of the Board as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee (Note 1)	Connected Transactions Committee (Note 2)	Technical Committee (Notes 3 & 4)	Inside Information Committee (Notes 5 & 6)
James Mellon	Member of Audit Committee	Member of Remuneration Committee	Chairman of Nomination Committee	Chairman of Investment Committee			
Stephen Dattels							
Jamie Gibson				Member of Investment Committee	Member of Connected Transactions Committee	Chairman of Technical Committee	Member of Inside Information Committee
David Comba						Member of Technical Committee	
Julie Oates	Chairlady of Audit Committee	Member of Remuneration Committee	Member of Nomination Committee		Chairlady of Connected Transactions Committee		
Mark Searle	Member of Audit Committee	Chairman of Remuneration Committee	Member of Nomination Committee		Member of Connected Transactions Committee		
Jayne Sutcliffe							



DIRECTORS (Continued)

Notes:

1. The Investment Committee oversees the investments of the Group.
2. The Connected Transactions Committee reviews and monitors any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof.
3. The Technical Committee reviews and monitors the compliance of the Company with the requirements of Chapter 18 of the HK Listing Rules (together with associated provisions of the HK Listing Rules).
4. The Technical Committee comprises other members who are not Directors of the Company.
5. The Inside Information Committee reviews and monitors the compliance of the Company with its statutory disclosure obligations under Part XIVA of the Securities and Futures Ordinance of Hong Kong, the HK Listing Rules and other applicable laws and regulations in respect of disclosure and transparency relevant to the Company.
6. The Inside Information Committee comprises other members who are not Directors of the Company.

As first disclosed in the shareholders' circular issued by the Company on 13 November 2003, an arrest warrant was issued by the Korean prosecutor's office on 19 December 2000 against James Mellon, pertaining to his alleged involvement in a conspiracy with Seung-Hyun Jin and Chang-Kon Koh to manipulate the share price of Regent Securities Co, Ltd (which was merged with Ileun Securities Co, Ltd in January 2002 and subsequently renamed Bridge Securities Co, Ltd) in Korea in November/December 2000. As updated in the Company's annual report for the year ended 31 March 2004, the Directors were informed by Mr Mellon that the arrest warrant was renewed in January 2004. As far as the Board is aware, no proceedings have been issued or served against James Mellon since that time and neither have there been any further developments involving the Company and Mr Mellon.

James Mellon has informed the Board that he categorically denies these allegations and has retained leading Korean counsel to act on his behalf in disproving the Korean prosecutor's claims. James Mellon has also informed the Board that on 28 March 2001, he also submitted, via his Korean counsel, a comprehensive sworn affidavit disproving the alleged manipulation. The Board was informed by James Mellon on 15 July 2004 that the arrest warrant was re-issued on 14 January 2004 and would remain valid and effective until 12 March 2010 or such other time as James Mellon returned to South Korea to assist with the investigation. As far, James Mellon's Korean lawyers have been able to discover the warrant may have lapsed and not been subsequently re-issued and they are seeking to clarify this point. James Mellon has confirmed to the Board that he has received no correspondence from the South Korean authorities on this matter since 2002. As noted above, as far as the Board is aware, no proceedings have been issued or served on James Mellon to date. In these circumstances, the Board, including the Independent Non-Executive Directors, considers that Mr Mellon can fulfil his fiduciary duties and perform the requisite duties of skill, care and diligence as a Director of the Company to the standard at least commensurate with the standard established by the laws of Hong Kong and therefore it is entirely appropriate for Mr Mellon to remain on the Board.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

As at 31 December 2014, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the HK Listing Rules:

I. Securities of the Company

a. Ordinary shares of US\$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares*	Approximate % holding**
James Mellon		Beneficial owner	Long position	154,986,181	4.45%
	A	Beneficiary of a trust	Long position	375,821,134	10.78%
Stephen Dattels	B	Beneficiary of a trust	Long position	284,266,097	8.16%
Jamie Gibson		Beneficial owner	Long position	142,319,138	4.08%
David Comba		—	—	—	—
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.07%
Mark Searle		Beneficial owner	Long position	4,000,000	0.12%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.49%
	E	Beneficiary of a trust	Long position	27,965,226	0.80%

* These numbers do not include the number of the shares to be issued upon exercise of the outstanding options held by the Directors under the Share Option Scheme (2002), which are disclosed in sub-paragraph (b) below.

** The total issued ordinary share capital of the Company as at 31 December 2014 consisted of 3,485,730,523 shares. There were no changes in the Company's issued share capital subsequent to the year end date and prior to the date of this report.



DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

I. Securities of the Company (Continued)

b. Options under Share Option Scheme (2002)

Please refer to note 23 to the Financial Statements as to the details of the Share Option Scheme (2002), which expired on 15 November 2012, with the provisions of the rules of the scheme remaining in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry.

As at 31 December 2014, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option [#]	Subscription price per share (HK\$)	Exercise period [#]	Number of shares subject to vested options [#]	Consideration for grant of option (HK\$)
James Mellon	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	13,000,000	10.00
Jamie Gibson	4 April 2006	45,600,000	0.300	4 April 2007 – 3 April 2016	45,600,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	13,000,000	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 – 1 October 2017	5,000,000	10.00

[#] The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

During the year ended 31 December 2014 and prior to the date of this report, no new options were granted to the Directors of the Company under the Share Option Scheme (2002); no vested options were exercised; and no outstanding options were cancelled. An outstanding and vested option held by Jamie Gibson in respect of 11,000,000 shares at the exercise price of HK\$0.266 per share lapsed on 8 September 2014 upon expiry of the exercise period.

Save for the above, during the year ended 31 December 2014 and prior to the date of this report, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Share Option Scheme (2002) and subscribed for shares in the Company; and no options were granted or cancelled or lapsed.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

2. Securities of associated corporations

— Ordinary shares of US\$0.01 of AstroEast.com Limited (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding
James Mellon	—	—	—	—	—
Stephen Dattels	B	Beneficiary of a trust	Long position	5,250,000	18.74%
Jamie Gibson	—	Beneficial owner	Long position	225,000	0.80%
David Comba	—	—	—	—	—
Julie Oates	—	—	—	—	—
Mark Searle	—	—	—	—	—
Jayne Sutcliffe	—	Beneficial owner	Long position	150,000	0.54%

Notes:

- A. The 375,821,134 ordinary shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.
- B. The 284,266,097 ordinary shares in the Company and 5,250,000 ordinary shares in AstroEast.com Limited are held by an investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary.
- C. The 2,500,000 ordinary shares in the Company are held by Julie Oates for the beneficial interests jointly with her spouse.
- D. The 1,000,000 ordinary shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.
- E. The 27,965,226 ordinary shares in the Company are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.
- F. AstroEast.com Limited is an indirect 50.99% owned subsidiary of the Company.

Save as disclosed herein, as at 31 December 2014 and as at the date of this report, none of the Directors had/has any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were/are deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

Save as disclosed herein, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) did not grant to any Director of the Company any rights to subscribe for the equity or debt securities of the Company or of any of its associated corporations, or had there been any exercise of such options during the period or prior to the date of this report (including those interests which the Directors were/are deemed or taken to have under such provisions of the SFO).



CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS

On 16 January 2015, the Company announced that it was to dispose of up to 938,978 shares ("**Binary Share(s)**" or "**Sale Share(s)**") in Binary Holdings Ltd. ("**Binary**", formerly known as "Regent Markets Holdings Ltd.", a limited liability company incorporated in the British Virgin Islands and continued in the Cayman Islands), being approximately 46.95 per cent of the total issued share capital of Binary and a majority of the Company's shareholding in Binary (then a 49.90 per cent owned associated company of the Company), for an aggregate consideration of US\$15 million in cash, before interest (the "**Disposal**").

- (a) As part of the Disposal, on 16 January 2015 (after market close in Hong Kong), the Company entered into a sale and purchase agreement (the "**First Sale Agreement**") with: (1) JYS (BVI) Ltd.; (2) Jean-Yves Sireau; (3) Binary; (4) James Mellon; and (5) Capital International (Nominees) Limited ("**CINL**", as the nominee for a pension fund, of which Anderson Whamond is the sole beneficiary) in respect of the disposal by the Company of, in aggregate, 708,584 Binary Shares (the "**First Sale**") to: (a) Jean-Yves Sireau (187,796 Binary Shares, by way of a share transfer); (b) Binary (375,591 Binary Shares, by way of a selective share buy-back); (c) James Mellon (125,197 Binary Shares, by way of a share transfer); and (d) CINL (as the nominee for Anderson Whamond) (20,000 Binary Shares, by way of a share transfer) (collectively the "**First Sale Purchaser(s)**") for US\$15.9748152 per Binary Share, or an aggregate consideration of US\$11,319,498.46, in cash, before interest, which was to be payable by the purchasers (in the amounts relative to the numbers of Sale Shares acquired by the respective purchasers) to the Company in the following manner:
- (i) an amount equal to US\$5,659,749.23 was to be payable and must be paid in cash (in US\$) by 5:00 p.m. on the date of closing of the First Sale (the "**First Sale Closing**"); and
 - (ii) an amount equal to US\$5,659,749.23, together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of the First Sale Closing ("**deferred consideration**"), was to be payable and must be paid in cash (in US\$) within 18 months of the date of the First Sale Closing.

Separate from and in addition to the First Sale, as part of the Disposal, it was the intention of the Company to dispose of up to 230,394 Binary Shares (the "**Third Parties Sale Share(s)**") to third parties (by sale and purchase agreement(s) (the "**Third Parties Sale Agreement(s)**") on exactly the same terms in respect of price and otherwise on substantially similar terms and conditions as set out in the First Sale Agreement), for an aggregate consideration of US\$3,680,501.57 in cash, before interest (if any) on or before the expiry of six months from the date of the First Sale Agreement (or, in any event, such other date as may be agreed among the parties thereto) (the "**First Sale Long Stop Date**"). In the First Sale Agreement, the Company agreed that in the event that the Third Parties Sale Agreement(s) had not been entered into by the Company with third parties in respect of the Third Parties Sale Shares (being 230,394 Binary Shares) on or prior to the First Sale Long Stop Date, each of the First Sale Purchasers should have the right to acquire his/its pro rata share (calculated by dividing the number of Sale Shares allocated to each First Sale Purchaser in the First Sale Agreement by the total number of Sale Shares) of the unsold Third Parties Sale Shares on exactly the same terms in respect of price and otherwise on substantially similar terms and conditions as set out in the First Sale Agreement, within five Business Days (as defined therein) of the First Sale Long Stop Date, unless otherwise agreed between the parties. Should any Third Parties Sale Shares remain unsold thereafter, such unsold Third Parties Sale Shares should remain in the property of the Company, to be held legally and beneficially by it and kept in its possession.



CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

- (b) On 4 March 2015, the Company further announced that it entered into a sale and purchase agreement (the “**Third Parties Sale Agreement**”) on 4 March 2015 (after market close in Hong Kong) with: (1) Euroblue Investments Limited; (2) CINL (as nominee for Anderson Whamond); and (3) five independent individuals in respect of the disposal by the Company of, in aggregate, 230,394 Binary Shares (the “**Third Parties Sale**”), in each case by way of a share transfer, to: (a) Euroblue Investments Limited (187,796 Binary Shares); (b) CINL (as the nominee for Anderson Whamond) (20,000 Binary Shares); and (c) five independent individuals (in aggregate, 22,598 Binary Shares) (collectively the “**Third Parties Sale Purchaser(s)**”) for US\$15.9748152 per Binary Share, or an aggregate consideration of US\$3,680,501.57, in cash, before interest, which was to be payable by the purchasers (in the amounts relative to the numbers of Sale Shares acquired by the respective purchasers) to the Company in the following manner:
- (i) an amount equal to US\$1,840,250.79 was to be payable and must be paid in cash (in US\$) by 5:00 p.m. on the date of closing of the Third Parties Sale (the “**Third Parties Sale Closing**”); and
 - (ii) an amount equal to US\$1,840,250.79, together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of the Third Parties Sale Closing (“**deferred consideration**”), was to be payable and must be paid in cash (in US\$) within 18 months of the date of the Third Parties Sale Closing.

As the Third Parties Sale Agreement was entered into, the Company did not consider it likely that the First Sale Purchasers would be offered their pro rata rights to acquire any remaining Binary Shares (as referred to in Paragraph (a) above). However, in the event that, for whatever reason, the Third Parties Sale Agreement was not to close as planned, it was envisaged that such rights would remain.

As CINL (as nominee for Anderson Whamond) was also participating in the Third Parties Sale Agreement and was doing so in excess of what its pro rata entitlement might have been should the aforementioned shortfall remained as at the First Sale Long Stop Date, each of the First Sale Purchasers executed, on 24 February 2015, a waiver and consent of its participation in the Third Parties Sale.

The Third Parties Sale was conditional upon the First Sale Closing and it was anticipated that the Third Parties Sale Closing would take place immediately or as soon as practicable following the First Sale Closing.

The Disposal (in its entirety) or simply the First Sale constituted a major transaction of the Company under Chapter 14 of the HK Listing Rules. And, the Third Parties Sale alone constituted a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules.

Further, given that James Mellon (Non-Executive Co-Chairman of the Company then holding, by himself and his associates, 15.23 per cent of the total issued share capital of the Company) and Anderson Whamond (formerly a Non-Executive Director of the Company during the period from January 1999 to February 2008 and then a director of Interman Limited, a wholly owned subsidiary of the Company, holding, by himself and his associates, 0.40 per cent of the total issued share capital of the Company), both purchasers (either legally or beneficially) named in either or both the First Sale Agreement and the Third Parties Sale Agreement, as applicable, were connected persons of the Group, the Disposal, together with any purchase by them of any shortfall in the Third Parties Sale Shares not otherwise disposed of under the Third Parties Sale Agreement, also constituted connected transactions of the Company under Chapter 14A of the HK Listing Rules.



CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

Besides, the deferred consideration payable in respect of the First Sale and the Third Parties Sale, attracting daily interest at the rate of 8 per cent per annum until maturity (being 18 months from the date of the relevant closing) would, in the cases of James Mellon and Anderson Whamond, constitute financial assistance under Chapter 14A of the HK Listing Rules and, in other cases, constitute financial assistance to other purchasers under Chapter 14 of the HK Listing Rules.

As noted in the shareholders' circular issued by the Company on 16 March 2015, an independent board committee, comprising the Company's three Independent Non-Executive Directors (namely David Comba, Julie Oates and Mark Searle), was established (and having taken the advice from the Company's independent financial adviser, Altus Capital Limited) to advise the independent shareholders on the First Sale and the Third Parties Sale (together, the Disposal, and including the financial assistance), which were to be presented for the approval of the Company's shareholders at its extraordinary general meeting to be held on 2 April 2015, with James Mellon, Anderson Whamond and Jean-Yves Sireau (and their respective associates), given their interests held in the Disposal, abstaining from voting in respect of the resolutions presented at the meeting. No other shareholders were required to abstain from voting in respect of any of the resolutions.

The First Sale and the Third Parties Sale are expected to be completed on the first Business Day (as defined in the First Sale Agreement and the Third Parties Sale Agreement) following the aforesaid extraordinary general meeting.

Save for the above, no connected transactions (as defined in Chapter 14A of the HK Listing Rules) or significant contracts (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules) of the Company, to which the Company or any of its subsidiaries was/is a party and in which a Director or Directors of the Company had/has/have a material interest, either directly or indirectly, subsisted/subsists as at 31 December 2014 or as at the date of this report or at any time during the year or prior to the date of this report.

Further, the Company established a connected transactions committee on 20 October 2008 to review and monitor any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof. The committee comprises Julie Oates (the Chairlady), Jamie Gibson and Mark Searle.

MANAGEMENT CONTRACTS

No contracts, other than contracts of service with any Director of the Company or any person engaged in the full-time employment of the Company, subsisted/subsists as at 31 December 2014 or as at the date of this report or at any time during the year or prior to the date of this report, whereby any individual, firm or body corporate undertook/undertakes the management and administration of the whole or any substantial part of any business of the Company.

RELEVANT TRANSACTIONS

As at 31 December 2014 and as at the date of this report and at any time during the year and prior to the date of this report, none of the Directors of the Company owed/owes any outstanding amount on any relevant transactions (including loans, quasi-loans and credit transactions) as referred to in the former Companies Ordinance (Chapter 32) and the new Companies Ordinance (Chapter 622) (which took effect on 3 March 2014) of Hong Kong.



DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors, except for the Independent Non-Executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the HK Listing Rules, have declared that they (or their respective associates) are not interested in any business apart from the Company's business, which competes or is likely to complete, either directly or indirectly, with the Company's business save that the following companies may pursue investment opportunities that may compete against the Company:

(1) Circum Minerals Limited

Circum Minerals Limited ("Circum Minerals") is an unlisted natural resources company and an emerging Potash producer.

Stephen Dattels is the chairman of the board of Circum Minerals, and as at the date of this report:

- The Company does not hold any interests in its total issued share capital; and
- Investment companies wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, hold approximately 15.48 per cent of its total issued share capital.

(2) Condor Gold plc

Condor Gold plc ("Condor", AIM: CNR and FSX: W5X) is a UK based gold exploration company dually listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and the Frankfurt Stock Exchange, focused on proving a large commercial reserve on its 100 per cent owned La India Project in Nicaragua.

James Mellon is a non-executive director of Condor, and as at the date of this report:

- The Company holds approximately 8.68 per cent of its total issued share capital; and
- James Mellon (himself and through his associate) holds less than 3 per cent of its total issued share capital, which is not discloseable under the rules of the relevant regulator(s).

(3) Kuala Limited

Kuala Limited ("Kuala", AIM: KUL) is an AIM-listed company, aiming to invest in and/or acquire companies and/or projects within the natural resources and/or energy sector with potential for growth.

Stephen Dattels is the executive chairman of the board of Kuala, and as at the date of this report:

- The Company does not hold any interests in its total issued share capital;
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, holds approximately 16.78 per cent of its total issued share capital; and
- James Mellon (through his associate) holds approximately 7.38 per cent of its total issued share capital.



DIRECTORS' INTERESTS IN COMPETING BUSINESSES (Continued)

(4) Plethora Solutions Holdings plc

Plethora Solutions Holdings plc ("**Plethora**", AIM: PLE) is an AIM-listed company, which is a speciality pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders. Plethora's principal product is a treatment remedy for male premature ejaculation which obtained marketing authorisation from the European Commission on 19 November 2013.

James Mellon is the non-executive chairman of the board of Plethora, and Jamie Gibson is its executive director and chief executive officer, and as at the date of this report:

- The Company holds approximately 12.75 per cent of its total issued share capital and registered warrants in respect of an aggregate of 12,649,745 shares, representing, together (existing issued shares and warrants), approximately 9.19 per cent of its fully diluted share capital;
- James Mellon (himself and through his associates) holds approximately 8.69 per cent of its total issued share capital; and (i) loan stocks in an aggregate amount of £ 1,400,000 which (principal and accrued interest and redemption premium) can be convertible into an aggregate of 115,384,247 shares; (ii) registered warrants in respect of an aggregate of 54,122,158 shares; and (iii) a share award under its Long Term Incentive Plan in respect of 1,000,000 shares, representing, together (existing issued shares and convertibles), approximately 21.22 per cent of its fully diluted share capital; and
- Jamie Gibson does not hold any interests in its total issued share capital, but holds a share award under its Long Term Incentive Plan in respect of 35,000,000 shares, representing approximately 3.23 per cent of its fully diluted share capital.

(5) West African Minerals Corporation

West African Minerals Corporation ("**West African Minerals**", AIM: WAFM) is an AIM-listed company, focusing on investing in natural resources companies and/or physical resources assets.

James Mellon is a non-executive director of West African Minerals (having stepped down from the chairman of its board of directors on 21 May 2014), and as at the date of this report:

- The Company does not hold any interest in its total issued share capital;
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, holds approximately 7.21 per cent of its total issued share capital; and
- James Mellon (himself and through his associate) holds approximately 6.17 per cent of its total issued share capital.

Currently, the existing businesses of above companies do not compete against the Company's existing businesses. Should the Company and any of the above companies come into competition in the future, no Director of the Company shall vote on any board resolution of the Company approving any contract or arrangement or any other proposal in which they or any of their associates have a material interest, nor shall they be counted in the quorum present in the meeting, in each case if, and to the extent, required under Rule 13.44 of the HK Listing Rules.



DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

The Directors are not aware of any persons (other than James Mellon, Stephen Dattels and Jamie Gibson, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options"), who, as at 31 December 2014 or as at the date of this report, had/has beneficial interests or short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were/are deemed or taken to have under such provisions of the SFO).

MAJOR CUSTOMERS AND SUPPLIERS

The major customers and suppliers of the Group provided less than 30% of the total income and purchase expenditure of the Group.

AUDITORS

The Financial Statements were audited by BDO Limited.

There was no change in the Company's Auditor during the preceding three years.

BDO Limited will retire at the 2015 Annual General Meeting and, being eligible, offer itself for re-appointment. An ordinary resolution has been proposed for the 2015 Annual General Meeting for the re-appointment of BDO Limited.

CORPORATE GOVERNANCE REPORT

Shareholders' attention is also drawn to the Corporate Governance Report included in this annual report, in compliance with Appendix 14 to the HK Listing Rules.

On Behalf of the Board

James Mellon

Co-Chairman

30 March 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

REVENUE AND PROFIT

The Company recorded a net loss after tax and non-controlling interests of US\$8.56 million in 2014, compared with a loss of US\$25.64 million in 2013.

The corporate division (total income less fair value loss on financial instruments) recorded a loss of US\$11.01 million (2013: US\$16.02 million).

The Group's associates, Binary Holdings Ltd. ("**Binary**"), West China Coking & Gas Company Limited ("**West China Coke**") and Plethora Solutions Holdings plc ("**Plethora**"), contributed a share of profit of US\$3.63 million, a loss of US\$4.06 million and a loss of US\$10.18 million respectively to the Group.

The main elements of the loss are analysed as follows:

	US\$ million
Share of profit from Binary	3.63
Share of loss from West China Coke	(4.06)
Share of loss from Plethora	(10.18)
Gain from bargain purchase of an associate	25.81
Loss on deemed disposal of an associate	(6.02)
Reversal of impairment on loan receivables	0.25
Impairment loss on available-for-sale financial assets	(0.27)
Corporate investment segment	(16.83)
Metals mining segment	(0.91)
Coking coal segment and others	0.02
Total loss attributable to owners of the Company	(8.56)

FINANCIAL POSITION

Shareholders' equity decreased by 17.27% to US\$48.75 million as at 31 December 2014 from US\$58.93 million as at 31 December 2013. The decrease was mainly due to: (i) the loss of US\$8.56 million for the year ended 31 December 2014; (ii) the decrease of the exchange reserve by US\$1.68 million, which were offset against: (iii) the increase in investment revaluation reserve by US\$0.06 million.

The carrying value of investments in Binary of US\$5.71 million, West China Coke of US\$1,000 and Plethora of US\$24.50 million accounted for 11.71%, 0% and 50.26% of shareholders' equity respectively. The Group's assets also comprised: (i) cash and bank balances of US\$3.59 million; (ii) listed and unlisted investments of US\$16.01 million; (iii) derivative financial instruments of US\$0.94 million; and (iv) other assets and receivables of US\$1.57 million.

The Group's liabilities comprised: (i) payables and accruals of US\$3.27 million; and (ii) derivative financial instruments of US\$0.33 million.



STRATEGIC PLAN

The Board and the Company's senior management play an active role in the Company's strategy development and planning process. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Company, during which meetings with the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Company to generate and preserve its long-term value, while agreeing shorter term priorities and objectives. In addition, the risks associated with the current operations and strategy of the Company are currently being tested by way of an internal audit process conducted through an independent service provider, with the aim of identifying ways in which the Company can better identify and manage its risks.

In order to generate or preserve value over the longer term, the Group is committed to:

- divesting of non-core assets and investments to enable the Company to pursue growth opportunities and opportunistic investments in the healthcare and life sciences sectors;
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition; and
- utilise the Company's Hong Kong listing through strong liquidity and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by The Stock Exchange of Hong Kong Limited and best practice.

The Company is committed to creating shareholder value and returns through accretive acquisitions and returning surplus capital to shareholders by way of an effective dividend policy and share repurchase programme.

The current strategy of the Group can be seen in the latest Company presentation available on the Company's website (www.regentpac.com).

FUNDING

As at 31 December 2014, the Group had US\$3.59 million in cash and US\$0.41 million on margin deposits held with the Group's brokers for trading of derivatives that represented 7.36% and 0.84% of its total shareholders' equity, which does not take into account the Group's holding of securities of FAFVPL that amounted to US\$13.88 million.

GEARING RATIO

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 31 December 2014.

CONTINGENT LIABILITIES

Saved as those disclosed in notes 26 and 34, the Group has no material contingent liabilities as at 31 December 2014.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

CHARGE ON ASSETS

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further disclosed in the Company's half yearly and annual reports for 2013 and half yearly report for 2014, the Company received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A\$12.8 million following completion of the sale of its securities in BC Iron Limited ("BCI") for gross proceeds of A\$81.6 million. The amount of potential tax assessed was expressed to be due and payable on 2 December 2013.

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "**Specific Security Deed**") in respect of certain of the Company's holding of 518,103,930 shares in Venturex Resources Limited ("**Venturex**"), 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the market value are A\$2.59 million (or approximately US\$2.11 million), A\$0.77 million (or approximately US\$0.63 million) and A\$1.52 million (or approximately US\$1.24 million) as at 31 December 2014 respectively, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

None of the Group's other assets was pledged as at 31 December 2014 (2013: Nil).

MANAGEMENT OF RISK

In 2014, the most significant risk affecting the profitability and viability in respect of the Group is the continued success and revenue derived from its listed equity portfolio and in respect of the Group's interest in Plethora. Risks relating to the Group's interests include:

Equity Markets

Global financial markets are continuing to experience significant levels of volatility, driven largely by macro-economic imbalances stemming from the sovereign debt problems in the Europe and the credit tightening in developing countries. As such, the future returns from the Group's equity portfolio are linked to the health of the macro environment for which the Group cannot control. Past returns from the listed equity portfolio cannot be used to judge the Group's future listed equity performance.

Foreign Exchange Risk

The Group operates using US dollars. As such the Group is exposed to foreign currency fluctuations arising from operations of its subsidiaries and associates. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. Currency fluctuations may affect the revenues which the Group realises from its subsidiaries and associates and, in particular, its interest in Plethora. This exposes the Group to increased volatility in earnings as reported in US dollars due to fluctuations in foreign exchange rates. While foreign currencies are generally convertible into US dollars, there is no guarantee that they will continue to be so convertible or that fluctuations in the value of such currencies will not have an adverse effect on the Group.



MANAGEMENT OF RISK (Continued)

Interest Rate Risk

The Group does not have any operating lines of credit or bank facilities. Therefore, the Group was not exposed to interest rate risk in the financial year concerned.

Risks inherent to Plethora

1. the timing and quantum of receipt of upfront, milestone and royalty income from strategic commercial marketing partners, which in itself is dependent on the successful partnering and commercial launch of PSD502™;
2. the management of Plethora's cost base and maintaining adequate working capital and ensuring sufficient funds are made available to complete the ongoing work with PSNW and Catalent and regulatory approval processes and bringing PSD502™ to market;
3. the retention of key employees to complete the commercialisation process;
4. delays and other unforeseen disruptions to the manufacturing and regulatory approval projects which could have an adverse impact on the commercial launch of PSD502™ and future revenues; and
5. the exposure to competition from new generic entrants into the market.

FINANCIAL INSTRUMENTS

The Group will operate both equity market and currency hedges from time to time. Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 December 2014, the amount of these margin deposits was US\$0.41 million (2013: US\$0.89 million). In terms of the total operations of the Group, activities of this nature are of limited materiality.

FOREIGN CURRENCY

The Group had not taken out any currency hedge as the management is not aware of any material foreign currency risk against its investments in financial assets. Currently, the Group has no material financial liabilities denominated in foreign currencies other than US dollars.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

MATERIAL ACQUISITIONS AND DISPOSALS

As previously announced, during the year the Group increased its stake in Plethora to approximately 86.80 million shares through acquisition on the market and participation in a share placement that was completed in September 2014. The Group's shareholding in Plethora was approximately 12.75% as at 31 December 2014.

SEGMENTAL INFORMATION

During the year ended 31 December 2014, biopharma has been included in the Group's industry segment.

For details of the segment information, please refer to note 5 to the Financial Statements.

EMPLOYEES

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 31 December 2014 (2013: 19 employees). The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses and share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Board. In all cases, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board.



CORPORATE GOVERNANCE REPORT

THE CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance, for which the Directors are accountable to the Company, and has applied the principles of The Corporate Governance Code (the “**CG Code**”) in a manner consistent with best practices of a listed issuer. The primary responsibility for performing the corporate governance functions for the Company, as referred to in the terms of reference set out in Code Provision D.3.1 of the CG Code, rests with the Board of Directors (the “**Board**”), with the full support of the Company’s secretary and its executive management.

The Company continues to monitor developments in this area of corporate governance as they relate to listed issuers in Hong Kong.

As far as the Directors are aware, the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2014 and prior to the date of this report.

THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

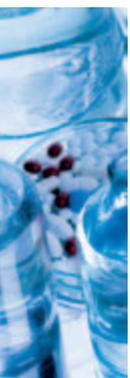
In compliance with Code Provision A.5.4 of The Code on Corporate Governance Practices (the “**Code on CG Practices**”), which was re-stated as Code Provision A.6.4 of the CG Code with effect from 1 April 2012, the Group adopted its code for securities transactions by Directors and employees (the “**Group’s Code**”), on exactly the terms and required standard contained in The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to The Rules Governing the Listing of Securities (the “**HK Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”), on 31 March 2004.

The Group’s Code was last revised on 10 December 2012 (to take effect from 1 January 2013) in order to comply with the amendments made to the Model Code consequential to the introduction of the statutory disclosure regime in respect of inside information under the new Part XIVA of the Securities and Futures Ordinance of Hong Kong (the “**SFO**”).

Having made specific enquiries, all Directors of the Company confirmed that they have complied with the Group’s Code during the year ended 31 December 2014 and prior to the date of this report.

Directors’ interests in securities and options of the Company are set out in detail under the section headed “Directors’ Interests in Securities and Options” in the Directors’ Report.

The Group’s Code is available on the Company’s website: www.regentpac.com.



BOARD OF DIRECTORS

Composition

During the year ended 31 December 2014 and prior to the date of this report, there were no changes in the directorate.

The Board currently consists of seven Directors, namely:

James Mellon (*Non-Executive Co-Chairman of the Board*)

Stephen Roland Dattels (*Non-Executive Co-Chairman of the Board*)

Jamie Alexander Gibson (*Executive Director and Chief Executive Officer*)

Charles David Andrew Comba (*Independent Non-Executive Director*)

Julie Oates (*Independent Non-Executive Director*)

Stawell Mark Searle (*Independent Non-Executive Director*)

Jayne Allison Sutcliffe (*Non-Executive Director*)

The Directors who held office during the year ended 31 December 2014 and up to the date of this report, accompanied by their respective biographical details, are listed in the Directors' Report under the section headed "Directors". It is the opinion of the Directors that the Board has the necessary skills and experience appropriate for discharging their duties as directors in the best interests of the Company. All Directors are aware of the required levels of fiduciary duties and duties of skill, care and diligence under Rule 3.08 of the HK Listing Rules.

In compliance with Code Provision A.3.2 of the CG Code, an updated list of the Company's Directors identifying their role and function are available from the "List of Directors" on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

In accordance with Article 86(3) of the Company's Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any Director so appointed shall retire at the next annual general meeting of the Company but shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. In addition, Article 87 provides that at each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation, providing that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years (which is in compliance with Code Provision A.4.2 of the CG Code). A retiring Director shall be eligible for re-election.

No Directors will retire pursuant to Article 86(3) at the forthcoming annual general meeting of the Company (the "**2015 Annual General Meeting**"), and James Mellon, Julie Oates and Mark Searle will retire by rotation pursuant to Article 87 at the 2015 Annual General Meeting. All of them, being eligible, offer themselves for re-election. Details of the Directors proposed to be re-elected, as required under Rule 13.51(2) of the HK Listing Rules, are set out in the accompanying circular to shareholders. Rotational retirement and re-election of the retiring Directors will be dealt with by a separate resolution for each of the retiring Directors at the 2015 Annual General Meeting.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Composition (Continued)

None of the Directors proposed for re-election at the 2015 Annual General Meeting has any unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment (other than statutory compensation), except that the advisory agreement of James Mellon (who stands for rotational re-election at the 2015 Annual General Meeting) specifies that his appointment as an adviser of the Company may be terminated by either party giving one year's notice (as detailed in the paragraph headed "Non-Executive Directors" below).

None of the Directors of the Company has any unexpired service contract with the Company or any of its subsidiaries, which was entered into on or before 31 January 2004 and was exempt from the shareholders' approval requirement under Rule 13.68 of the HK Listing Rules but is required to be disclosed in the Company's annual report pursuant to Paragraph 14A of Appendix 16 to the HK Listing Rules.

None of the Directors has any relationships (either financial or business or family or other material/relevant relationship(s)) with any other Directors, senior management or substantial or controlling shareholders of the Company.

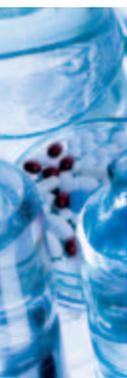
None of the Directors has any connections (either being a director or an employee) with any company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Board meetings and attendance and written resolutions

During the year ended 31 December 2014, the Directors held meetings at least at a quarterly interval and in total four Board meetings were held during the year. The attendance of the respective Directors at the Board meetings are set out below:

Name of Director	Number of meetings held	Number of meetings attended	Number of meetings absent	Attendance rate (%)
James Mellon	4	3	1	75%
Stephen Dattels	4	4	0	100%
Jamie Gibson	4	4	0	100%
David Comba	4	4	0	100%
Julie Oates	4	3	1	75%
Mark Searle	4	4	0	100%
Jayne Sutcliffe	4	2	2	50%

Subsequent to the year end date and prior to the date of this report, the Directors held one Board meeting, which was attended by all Directors.



BOARD OF DIRECTORS (Continued)

Board meetings and attendance and written resolutions (Continued)

Article 116(2) of the Company's Articles of Association provides that Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

Sufficient notices were given to all Directors so as to ensure that each of them had an opportunity to attend the meetings, and an agenda and accompanying board papers were given to all Directors in a timely manner before the appointed date of the Board meetings. Adequate information was also supplied by the management to the Board in a timely manner to enable it to make informed decisions, which were made in the best interests of the Company. Directors are always given opportunity to include matters in the agenda of the Board meetings.

Draft minutes of the Board meetings were circulated to all Directors for their comment and approval, before the final versions of the minutes were signed and initialled by all Directors who attended the meetings. All minutes of Board meetings are kept by the Company Secretary, which are open for inspection by any Director.

Resolutions were also passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary. In any event, the matters in which a substantial shareholder or a Director has a conflict of interest, which the Board has determined to be material, will be considered at a Board meeting but not to be dealt with by way of circulation of written resolutions or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed in a Board meeting). Independent Non-Executive Directors, who, and whose close associates, have no material interest in the transaction will also be asked to attend such Board meeting. Pursuant to Rule 13.44 of the HK Listing Rules and Article 103 of the Company's Articles of Association, interested Directors will be required to abstain from voting on any Board resolution in which they or any of their close associates have a material interest and that they shall not be counted in the quorum present at the relevant Board meeting. Further, the Company established a connected transactions committee (the "**Connected Transactions Committee**") on 20 October 2008 (as detailed below).

General meetings and attendance

The Company held its annual general meeting for Year 2014 on 5 June 2014, which was attended and chaired by Jamie Gibson, the Executive Director of the Company.

Due to other business commitments, James Mellon and Stephen Dattels, the Co-Chairmen of the Board, were unable to attend and chair the annual general meeting, with apologies. The Directors of the Company had appointed Jamie Gibson to take the chair of the meeting.

Shareholders also noted that:

- (i) James Mellon was also the Chairman of the Company's nomination committee (the "**Nomination Committee**");
- (ii) Julie Oates was the Chairlady of the Company's audit committee (the "**Audit Committee**"); and
- (iii) Mark Searle was the Chairman of the Company's remuneration committee (the "**Remuneration Committee**").



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

General meetings and attendance (Continued)

The Chairman or Chairlady of the above board committees were not available to attend the meeting due to other business commitments, with apologies duly noted. They had, in accordance with Code Provision E.1.2 of the CG Code, appointed Jamie Gibson to answer any questions shareholders might raise at the meeting with respect to the respective committees.

In accordance with Code Provision E.1.2 of the CG Code, the Company had invited representatives of its external Auditor, BDO Limited, to attend the annual general meeting to answer questions about the audit of the Company's financial statements, including the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

During the year ended 31 December 2014, the Company did not hold any extraordinary general meeting.

The attendance of the respective Directors at the general meetings are set out below:

Name of Director	Number of meetings held	Number of meetings attended	Number of meetings absent	Attendance rate (%)
James Mellon	1	0	1	0.00%
Stephen Dattels	1	0	1	0.00%
Jamie Gibson	1	1	0	100.00%
David Comba	1	0	1	0.00%
Julie Oates	1	0	1	0.00%
Mark Searle	1	0	1	0.00%
Jayne Sutcliffe	1	0	1	0.00%

As noted from the shareholders' circular issued by the Company on 16 March 2015, an extraordinary general meeting has been convened to be held on 2 April 2015 to approve the disposal by the Company of the shares in Binary Holdings Ltd., which constituted a major and connected transaction of the Company (details of which are set out in the paragraph headed "Connected Transactions and Significant Contracts" in the Directors' Report).

Time commitment

As for the contribution required from a Director to perform his responsibilities to the Company, the Board has determined that:

- (i) Executive Directors are full time employees of the Company and thus must contribute all their working time to managing the Company's affairs; and
- (ii) Non-Executive Directors and Independent Non-Executive Directors should contribute no less than 12 days per annum on the Company's business.



BOARD OF DIRECTORS (Continued)

Time commitment (Continued)

The Board has also determined that an annual review should be conducted on the above contribution requirements and whether each Director has contributed sufficient time performing their responsibilities to the Company during the year. An annual review of the Directors' contribution to the Company was conducted in March 2014, with no exceptions being reported, such that the Directors were able to perform their duties and responsibilities in compliance with the HK Listing Rules and the CG Code.

Subsequent to the year end date, the Board conducted a review of the Directors' contribution to the Company in March 2015, with no exceptions being reported, such that the Directors were able to perform their duties and responsibilities in compliance with the HK Listing Rules and the CG Code.

Further, the Directors have disclosed, on a semi-annual basis, to the Company the number and nature of offices held in public companies and organisations and other significant commitments and, on a timely basis, any changes to their commitments, including the identity of the public companies or organisations and an indication of the time involved.

The Board and management

The Directors receive timely, regular and necessary management and other information to enable them to fulfill their duties, including regular updates of the development in the laws and regulations applicable to the Company. The Board has agreed a procedure for the Directors to have access to independent professional advice at the Company's expense and to the advice and services of the Company Secretary.

Each of the Directors keeps abreast of his/her responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. All Directors are updated from time to time with development in the laws and regulations applicable to the Company.

The Board leads the Company with good governance and strategic direction. It is committed to make decisions in the best interests of the Company. It also reviews the Group's control and accountability framework in line with the HK Listing Rules and the Company's internal charter. Responsibility for day-to-day management of the business lies with the executive management, with the Board agreeing the overall financial plan. Accordingly, the following duties of the Board have been delegated to the management:

- (i) the daily operations of the Company, including the management of all aspects of the Company's principal activities;
- (ii) the financial operations of the Company, including the preparation of the monthly management accounts, interim report and annual report and the timely distribution to the Board;
- (iii) the company secretarial activities, including the preparation and timely dispatch of minutes of Board meetings; and



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

The Board and management (Continued)

- (iv) corporate and regulatory issues, including corporate strategy and planning, internal controls and compliance, providing that the following shall always be subject to approval by a resolution of the Board:
- material capital commitment (material being defined as representing more than 5 per cent of the Company's net assets based on the most recent financial information on hand);
 - issuance, purchase or redemption of securities (including options);
 - significant contracts with any Director (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules) and connected transactions;
 - relevant transactions (which are loans, quasi loans and credit transactions) with any Director as referred to in former Companies Ordinance (Chapter 32) and the new Companies Ordinance (Chapter 622) (which took effect on 3 March 2014) of Hong Kong; and
 - management contracts of service with any Director (as referred to in the former Companies Ordinance (Chapter 32) and the new Companies Ordinance (Chapter 622) (which took effect on 3 March 2014) of Hong Kong) and bank borrowings.

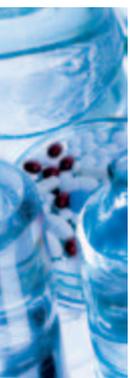
In compliance with Code Provision A.3.2 of the CG Code, details of the composition of the various committees of the Board are set out in the Directors' Report under the section headed "Directors", which are available from the "List of Directors" on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Directors' training

All Directors are mindful that they should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

By emails circulated by the Company Secretary from time to time, Directors are provided with updates on the HK Listing Rules and the relevant statutes, rules and regulations. Updates which were circulated during the year ended 31 December 2014 included:

- The "Financial Statements Review Programme Report 2013" published by the HK Stock Exchange on 21 February 2014;
- The revised "Codes on Takeovers and Mergers and Share Buy-backs" (formerly the "Codes on Takeovers and Mergers and Share Repurchases") published by the Securities and Futures Commission on 3 March 2014 upon the new Companies Ordinance (Chapter 622) of Hong Kong having come into effect;



BOARD OF DIRECTORS (Continued)

Directors' training (Continued)

- The "Consultation Conclusions on Review of Connected Transaction Rules" published by the HK Stock Exchange on 21 March 2014;
- The "Consultation Conclusions on Proposed Changes to Align the Definitions of Connected Person and Associate in the Listing Rules" published by the HK Stock Exchange on 21 March 2014;
- The "Review of Disclosure in Issuers' Annual Reports to Monitor Rule Compliance - Report 2013" published by the HK Stock Exchange on 28 March 2014;
- The letter in relation to the "Guidance on Compliance with the Corporate Governance Code" issued by the HK Stock Exchange on 2 July 2014; and
- The "Consultation Conclusions on Risk Management and Internal Control: Review of the Corporate Governance Code and Corporate Governance Report" published by the HK Stock Exchange on 19 December 2014.

Directors also reported that they have attended various training programmes and seminars during the year ended 31 December 2014 (which were funded by the Company upon request) and confirmed that they have complied with the new Code Provision A.6.5 of the CG Code.

Subsequent to the year end date and prior to the date of this report, updates, among other things, were circulated by the Company Secretary to the Directors on:

- The "Consultation Conclusions on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standard and Proposed Minor/Housekeeping Rule Amendments" published by the HK Stock Exchange on 6 February 2015; and
- The letter in relation to the "Publication of Review of Disclosure in Issuers' Annual Reports to Monitor Rule Compliance – Report 2014" issued by the HK Stock Exchange on 27 March 2015.

Board evaluation

In compliance with Code Provision B.1.9 of the CG Code, the Board has determined that an annual evaluation should be conducted on the Board's performance. An annual performance evaluation was conducted in March 2014, with no exceptions being reported.

Subsequent to the year end date, the Board conducted an evaluation of the Board's performance in March 2015, with no exceptions being reported.

Directors' and officers' liability insurance policy

In compliance with Code Provision A.1.8 of the CG Code, the Company has arranged appropriate directors' and officers' liability insurance policy in respect of legal action against its Directors, which is reviewed and renewed on an annual basis.



INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with the Rules 3.10(1) and 3.10A of the HK Listing Rules, the Board currently comprises three Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, representing more than one-third of the Board.

Code Provision A.4.3

Code Provision A.4.3 of the CG Code provides that serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves for more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be elected.

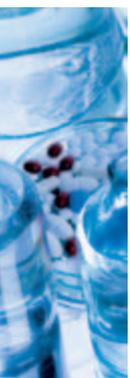
- (1) In accordance with Article 87 of the Company's Articles of Association, Stephen Dattels, Jamie Gibson and David Comba retired by rotation at the Company's last annual general meeting held on 5 June 2014 (the "**2014 Annual General Meeting**"). All of them, being eligible, offered themselves for re-election. In particular regard to Code Provision A.4.3, it was noted that David Comba, who was appointed as an Independent Non-Executive Director on 27 October 2005, would be serving his 9th year in 2014.

At a meeting of the Nomination Committee held in March 2014, James Mellon and Jamie Gibson were of the view that each of David Comba, Julie Oates and Mark Searle were independent under the independence criteria set out in Rule 3.13(1) to (8) of the HK Listing Rules and had proved to be capable of efficiently exercising independent judgement. Accordingly, the Directors considered that David Comba should be re-elected as an Independent Non-Executive Directors at the 2014 Annual General Meeting. Such view was noted at a Board Meeting held in March 2014.

Such reasoning, accompanied by the details of the Directors proposed to be re-elected, as required under Rule 13.51(2) and Code Provision A.4.3, were duly set out in the shareholders' circular issued by the Company on 23 April 2014. It was also noted in the circular that David Comba was a member of the Chapter 18 technical committee of the Company (the "**Technical Committee**").

The Company used to deal with the rotational retirement and re-election of the retiring Directors by a separate resolution for each of the retiring Directors at the Company's annual general meetings.

Accordingly, each of the retiring Directors (including David Comba) was duly re-elected as a Director by a separate resolution at the 2014 Annual General Meeting.



INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Code Provision A.4.3 (Continued)

- (2) At the 2015 Annual General Meeting, James Mellon, Julie Oates and Mark Searle will retire by in accordance with Article 87 of the Company's Articles of Association. All of them, being eligible, offer themselves for re-election. It is noted that:
- (i) Julie Oates, who was appointed as an Independent Non-Executive Director on 28 September 2004, was last re-elected as a Director of the Company at the Company's annual general meeting held for Year 2013 (while she would be serving her 9th year in 2013); and
 - (ii) Mark Searle, who was appointed as an Independent Non-Executive Director on 31 October 2001, was last re-elected as a Director of the Company at the Company's annual general meeting held for Year 2013 (while he has served for more than 9 years). [Note: Prior to 2013, Mark Searle was re-elected as a Director of the Company at the Company's annual general meeting held for Year 2011, which was before Code Provision A.4.3 becoming effective on 1 April 2012.]

At a meeting of the Nomination Committee held in March 2015, James Mellon and Jamie Gibson were of the view that each of David Comba, Julie Oates and Mark Searle were independent under the independence criteria set out in Rule 3.13(1) to (8) of the HK Listing Rules and had proved to be capable of efficiently exercising independent judgement. Among them, Julie Oates had the appropriate professional qualifications and accounting and related financial management expertise under Rule 3.10(2). Accordingly, the Directors considered that Julie Oates and Mark Searle should be re-elected as Independent Non-Executive Directors at the 2015 Annual General Meeting. Such view was noted at a Board Meeting held in March 2015.

Such reasoning, accompanied by the details of the Directors proposed to be re-elected, as required under Rule 13.51(2) and Code Provision A.4.3, are duly set out in the accompanying shareholders' circular. It is also noted in the circular that Julie Oates and Mark Searle serve on the Audit Committee, the Connected Transactions Committee (as referred to below), the Nomination Committee and the Remuneration Committee, while Julie Oates is the Chairlady of the first two committees and Mark Searle is the Chairman of the Remuneration Committee.

Rotational retirement and re-election of the retiring Directors will be dealt with by a separate resolution for each of the retiring Directors at the 2015 Annual General Meeting.



CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Confirmation of independence

Pursuant to paragraph 12B of Appendix 16 to the HK Listing Rules, each of the Independent Non-Executive Directors has confirmed by an annual confirmation: (i) that he/she complies with each of the independence criteria referred to in Rule 3.13(1) to (8); (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as such term is defined in the HK Listing Rules) of the Company; and (iii) that there are no other factors that may affect his/her independence at the same time as the submission of his/her Declaration and Undertaking in Form B of Appendix 5 to the HK Listing Rules.

The Directors consider that all three Independent Non-Executive Directors continue to be independent under the independence criteria referred to in Rule 3.13(1) to (8) and are capable of efficiently exercising independent judgement. Among them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2). Julie Oates and Mark Searle serve on the Audit Committee, the Connected Transactions Committee, the Nomination Committee and the Remuneration Committee, while Julie Oates is the Chairlady of the first two committees and Mark Searle is the Chairman of the remuneration committee. And, David Comba is a member of the Technical Committee.

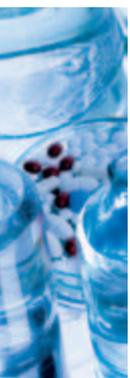
CO-CHAIRMEN AND CHIEF EXECUTIVE OFFICER

James Mellon has been the Non-Executive Chairman of the Board since October 2005, and Stephen Dattels was appointed as the Non-Executive Co-Chairman of the Board on 12 February 2008. The Co-Chairmen provide leadership for the Board. They also ensure that the Board works effectively and discharges its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner.

Jamie Gibson has been the Chief Executive Officer since May 2002 and he is responsible for the day-to-day management of the Company's business.

In order to ensure a balance of power and authority, the roles of the Co-Chairmen of the Board and the Chief Executive Officer are segregated and the division of their responsibilities has been established by the respective written terms of reference, in compliance with Code Provision A.2.1 of the former Code on CG Practices and later the CG Code. The Co-Chairmen, however, have delegated the following duties to the Chief Executive Officer or the Company Secretary so that:

- (i) the Chief Executive Officer is empowered to draw up and approve the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda; and
- (ii) the Company Secretary is empowered to, with the guidance from the Chief Executive Officer, dispatch the notice, agenda and accompanying Board papers to all Directors in a timely manner.



CO-CHAIRMEN AND CHIEF EXECUTIVE OFFICER (Continued)

Pursuant to Code Provision A.2.7 of the CG Code, James Mellon (Non-Executive Co-Chairman of the Board) held a private meeting in March 2014 with the Non-Executive Directors (including the Independent Non-Executive Directors), without the presence of the Executive Director, which was attended by the three Independent Non-Executive Directors (namely David Comba, Julie Oates and Mark Searle), with Stephen Dattels (Non-Executive Co-Chairman of the Board) and Jayne Sutcliffe (Non-Executive Director) absent.

Subsequent to the year end date and prior to the date of this report, the Non-Executive Co-Chairmen of the Board held a private meeting in March 2015 with the Non-Executive Directors (including the Independent Non-Executive Directors), without the presence of the Executive Director, which was attended by all Non-Executive Directors.

NON-EXECUTIVE DIRECTORS

The letter of appointment of James Mellon (for the position as Non-Executive Co-Chairman of the Board) does not specify a term for his appointment. However, in compliance with Code Provision A.4.1, his appointment may be terminated by either party giving 30 calendar days' notice, and he is also subject to the directors' retirement provisions as set out in the Company's Articles of Association. Further, Mr Mellon's advisory agreement specifies that his appointment as an adviser of the Company may be terminated by either party giving one year's notice.

The letter of appointment of each of the remaining five Non-Executive Directors (including the independent Directors) provides that his/her appointment may be terminated by either party giving 30 calendar days' notice and he/she is also subject to the directors' retirement provisions as set out in the Company's Articles of Association.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 5 November 2004, with its specific written terms of reference which deal with its authority and duties first adopted on 18 March 2005 in compliance with the code provisions in B.1 of the former Code on CG Practices. Its terms of reference were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which were designated to take effect on 1 April 2012. In compliance with Rule 3.25 of the HK Listing Rules, the committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle, and is responsible to review and approve the remuneration packages of the Directors and the employees. The committee is chaired by Mark Searle.

Since its establishment, the Remuneration Committee has adopted the model where the committee should determine, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, being the model referred to in Code Provision B.1.2(c) of the CG Code. No Directors or any of their associates are involved in deciding their own remuneration.



CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (Continued)

During the year ended 31 December 2014 and subsequent to the year end date and prior to the date of this report, the Remuneration Committee did not hold any meetings or pass any written resolutions.

Article 116(2) of the Company's Articles of Association provides that Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

Sufficient notices were given to all committee members so as to ensure each of them had an opportunity to attend the meetings, and an agenda and accompanying board papers were given to all committee members in a timely manner before the appointed date of the committee's meetings. Adequate information was also supplied by the management to the committee in a timely manner to enable it to make informed decisions, which were made in the best interests of the Company. Committee members are always given opportunity to include matters in the agenda of the committee's meetings.

Draft minutes of the committee's meetings were circulated to all members for their comment and approval, before the final versions of the minutes were signed and initialled by all members who attended the meetings. All minutes of committee's meetings are kept by the Company Secretary, which are open for inspection by any member of the committee.

In compliance with Code Provision B.1.3 of the CG Code, the terms of reference of the Remuneration Committee are available on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

NOMINATION COMMITTEE

The Nomination Committee was established on 13 March 2012, with its specific written terms of reference which deal with its authority and duties, in compliance with the code provisions in A.5 of the CG Code which were designated to take effect on 1 April 2012. In compliance with Code Provision A.5.1 of the CG Code, the committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle, and is responsible for the nomination of Directors of the Company and the review of the composition of the Board. The committee is chaired by James Mellon.

During the year ended 31 December 2014, the Nomination Committee held one meeting with respect to: (i) an annual review of the structure, size and composition (including skills, knowledge, experience and diversity of perspectives) of the Board; (ii) an annual review of the "Board Diversity Policy" (as set out in detail below); (iii) an annual review of the independence of the Independent Non-Executive Directors; and (iv) the re-appointment of David Comba (being an Independent Non-Executive Directors serving for his 9th year) at the 2014 Annual General Meeting. The attendance of the respective Directors at the Nomination Committee's meetings are set out below:

Name of Director	Number of meetings held	Number of meetings attended	Number of meetings absent	Attendance rate (%)
James Mellon	1	1	0	100.00%
Mark Searle	1	1	0	100.00%
Julie Oates	1	1	0	100.00%

NOMINATION COMMITTEE (Continued)

Subsequent to the year end date and prior to the date of this report, the Nomination Committee held one meeting, which was attended by all members of the committee, with respect to: (i) an annual review of the structure, size and composition (including skills, knowledge, experience and diversity of perspectives) of the Board; (ii) an annual review of the “Board Diversity Policy” (as set out in detail below); (iii) an annual review of the independence of the Independent Non-Executive Directors; and (iv) the re-appointment of Julie Oates and Mark Searle (being Independent Non-Executive Directors serving for more than 9 years) at the 2015 Annual General Meeting.

Article 116(2) of the Company’s Articles of Association provides that Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

Sufficient notices were given to all committee members so as to ensure each of them had an opportunity to attend the meetings, and an agenda and accompanying board papers were given to all committee members in a timely manner before the appointed date of the committee’s meetings. Adequate information was also supplied by the management to the committee in a timely manner to enable it to make informed decisions, which were made in the best interests of the Company. Committee members are always given opportunity to include matters in the agenda of the committee’s meetings.

Draft minutes of the committee’s meetings were circulated to all members for their comment and approval, before the final versions of the minutes were signed and initialled by all members who attended the meetings. All minutes of committee’s meetings are kept by the Company Secretary, which are open for inspection by any member of the committee.

During the year ended 31 December 2014 and prior to the date of this report, there were no changes in the directorate, either new appointments or resignations.

In compliance with Code Provision B.5.3 of the CG Code, the terms of reference of the Nomination Committee are available on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Board Diversity Policy

In anticipation of the new provisions of the CG Code concerning board diversity taking effect on 1 September 2013, the Nomination Committee adopted the “Board Diversity Policy” of the Company on 20 March 2013, which is set out below.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.



CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (Continued)

Board Diversity Policy (Continued)

The Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of Board effectiveness.

- In reviewing Board composition, the Nomination Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board.
- In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity of the Board.
- As part of the annual performance evaluation of the effectiveness of the Board, Board committees and individual Directors, the Nomination Committee will consider the balance of skills, experience, independence and knowledge of the Company on the Board and the diversity representation of the Board.

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

In order to set meaningful objectives, the Nomination Committee will assess its current diversity levels and identify where gaps exist. Measurable objectives will then be developed which are tailored towards improving diversity in areas where most improvement is needed.

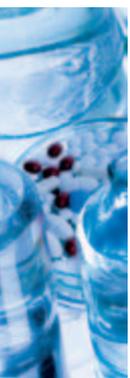
The Company acknowledges that there are a number of different types of measurable objectives which may be implemented to assist in meeting its diversity goals, including:

- procedural and structural objectives: for example, implementing internal review and reporting procedures or ensuring that candidates are interviewed by a diverse selection/interview panel;
- diversity targets: setting specific diversity targets, for example setting targets for the number of women on the Board and implementing timeframes for this to occur by; and
- initiatives and programs: for example, identifying appropriate initiatives and programs and determining how the initiative will operate, who will be responsible for implementing it and setting a timetable for its introduction.

The Nomination Committee will review the policy on Board diversity annually, which will include an assessment of the effectiveness of the policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

An annual review of the Board Diversity Policy was conducted in March 2014. The Nomination Committee was of the view that the Company's Board Diversity Policy was suitable for the size of the Company.

Subsequent to the year end date, the Nomination Committee conducted a review of the Board Diversity Policy in March 2015, which was concluded with the view that the Company's Board Diversity Policy was suitable for the size of the Company.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

The primary responsibility for performing the corporate governance functions for the Company, as referred to in the terms of reference set out in Code Provision D.3.1 of the CG Code, rests with the Board, with the full support of the Company's secretary and its executive management.

During the year ended 31 December 2014 and prior to the date of this report, among other things, the Board, following an internal control review, revised the "Statutory Disclosure Obligations – Policy and Procedures" (which was adopted by the Company on 28 January 2013 to put in place a system to ensure strict compliance with the statutory disclosure regime in respect of inside information under Part XIVA of the SFO and the HK Listing Rules, both of which came into effect on 1 January 2013, and other applicable laws and regulations in respect of disclosure and transparency relevant to the Company).

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2014 have been reviewed by the Audit Committee.

The Audit Committee was established on 11 March 1999 with its specific written terms of reference which deal with its authority and duties. Its terms of reference were subsequently amended in order to incorporate the amendments made from time to time to the code provisions in C.3 of the former Code on CG Practices and were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which were designated to take effect on 1 April 2012. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

In compliance with Rule 3.21 of the HK Listing Rules, the Audit Committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle. The committee is chaired by Julie Oates, who has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

During the year ended 31 December 2014, the Audit Committee held two meetings with respect to: (i) the internal control review, the review and approval of the Company's audited financial statements for the year ended 31 December 2013, the risk management, an annual evaluation of the external and internal auditors of the Company, and an annual evaluation of the performance of the committee; and (ii) the internal control review (including risk management) and the review and approval of the Company's interim financial statements for the six months ended 30 June 2014 respectively, with the presence of the external and internal auditors for the relevant resolutions. The attendance of the respective Directors at the Audit Committee's meetings are set out below:

Name of Director	Number of meetings held	Number of meetings attended	Number of meetings absent	Attendance rate (%)
Julie Oates	2	2	0	100.00%
James Mellon	2	2	0	100.00%
Mark Searle	2	2	0	100.00%



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (Continued)

Subsequent to the year end date and prior to the date of this report, the Audit Committee held one meeting which was attended by all members of the committee, with the presence of the external and internal auditors for the relevant resolutions, with respect to the internal control review, the review and approval of the Company's audited financial statements for the year ended 31 December 2014, the risk management, an annual evaluation of the external and internal auditors of the Company, and an annual evaluation of the performance of the committee.

Article 116(2) of the Company's Articles of Association provides that Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

Sufficient notices were given to all committee members so as to ensure each of them had an opportunity to attend the meetings, and an agenda and accompanying board papers were given to all committee members in a timely manner before the appointed date of the committee's meetings. Adequate information was also supplied by the management to the committee in a timely manner to enable it to make informed decisions, which were made in the best interests of the Company. Committee members are always given opportunity to include matters in the agenda of the committee's meetings.

Draft minutes of the committee's meetings were circulated to all members for their comment and approval, before the final versions of the minutes were signed and initialled by all members who attended the meetings. All minutes of committee's meetings are kept by the Company Secretary, which are open for inspection by any member of the committee.

The Audit Committee discharged their duties in accordance with their terms of reference with no exceptions reported.

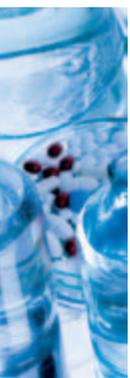
In compliance with Code Provision C.3.4 of the CG Code, the terms of reference of the Audit Committee are available on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

CONNECTED TRANSACTIONS COMMITTEE

The Company established the Connected Transactions Committee on 20 October 2008 to review and monitor any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof. The committee comprises two Independent Non-Executive Directors, namely Julie Oates (the Chairlady) and Mark Searle, and the Executive Director and Chief Executive Officer (Jamie Gibson).

Since its establishment, the Connected Transactions Committee did not hold any meeting.

The terms of reference of the Connected Transactions Committee are available on the Company's website: www.regentpac.com.



CONNECTED TRANSACTIONS COMMITTEE (Continued)

As noted in the announcements dated 16 January and 4 March 2015 and the shareholders' circular dated 16 March 2015 issued by the Company, an independent board committee, comprising the Company's three Independent Non-Executive Directors (namely David Comba, Julie Oates and Mark Searle), was established (and having taken the advice from the Company's independent financial adviser, Altus Capital Limited) to advise the independent shareholders on the disposal of a majority of the Company's shareholding in Binary Holdings Ltd. (formerly a 49.90% owned associated company of the Company) (as set out in more details in the paragraph headed "Connected Transactions and Significant Contracts" in the Directors' Report), which constituted a major and connected transaction of the Company under Chapters 14 and 14A of the HK Listing Rules and was to be presented for the approval of the Company's shareholders at its extraordinary general meeting to be held on 2 April 2015, with interested parties (and their respective associates) abstaining from voting in respect of the resolutions presented at the meeting. The disposal of, in aggregate, 938,978 shares in Binary Holdings Ltd. (being the "First Sale" and the "Third Parties Sale" referred to in the aforesaid announcements and shareholders' circular) is expected to be completed on the first Business Day (as defined in the First Sale Agreement and Third Parties Sale Agreement referred to in the aforesaid announcements and shareholders' circular) following the aforesaid extraordinary general meeting.

INSIDE INFORMATION COMMITTEE

In view of the introduction of the statutory disclosure regime in respect of inside information under the new Part XIVA of the SFO and the consequential amendments made to the HK Listing Rules, which took effect on 1 January 2013, the Company established an inside information committee on 28 January 2013 to review and monitor the compliance of the Company with its statutory disclosure obligations under Part XIVA of the SFO, the HK Listing Rules and other applicable laws and regulations in respect of disclosure and transparency relevant to the Company. The committee comprises Jamie Gibson (the Executive Director and the Chief Executive Director), the Company Secretary, the Chief Financial Officer and the General Counsel.

AUDITOR

Remuneration

The Audit Committee reviewed and approved the auditor's remuneration on the basis that it was fair and reasonable for the size and operations of the Group and such remuneration was in the best interests of the Company. Apart from audit services, the Group's Auditor, BDO Limited, provided non-audit services in respect of taxation and valuation, for which BDO Limited received a fee of approximately US\$36,000 during the year ended 31 December 2014.

Attendance at general meetings

In accordance with Code Provision E.1.2 of the CG Code, at the Company's invitation, representatives of its external Auditor, BDO Limited, attended the 2014 Annual General Meeting to answer questions about the audit of the Company's financial statements, including the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.



CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary of the Company is Fung Yuk Bing (Stella), who is a full time employee of the Group and reports to the Board and the Chief Executive Officer. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

Ms Fung is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Company Secretaries. She has confirmed that she has complied with Rule 3.29 of the HK Listing Rules and has taken no less than 15 hours of relevant professional training during the year ended 31 December 2014.

SHAREHOLDERS' RIGHTS AND COMMUNICATION

Shareholders' communication policy

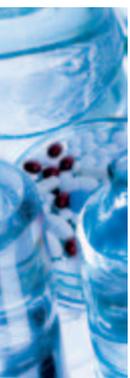
The Company has adopted on 13 March 2012 the following shareholders' communication policy (including the procedures for shareholders: (i) to requisition an extraordinary general meeting; or (ii) to put forward proposals at the Company's general meetings; or (iii) to put enquiries to the Directors), which is available from the "Corporate Documents" on the website of the Company (www.regentpac.com):

(1) Article 58 of the Company's Articles of Association provides that the Board may whenever thinks fit call extraordinary general meetings, and:

- two or more Members holding at the date of deposit of the requisition not less than one-fifth of the paid up capital of the Company carrying the right of voting at general meetings of the Company or
- any one Member which is a clearing house

shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

(2) Shareholders who wish to communicate with the Company, including: (i) to requisition an extraordinary general meeting pursuant to Article 58 of the Company's Articles of Association; (ii) to put forward proposals at the Company's general meetings; or (iii) to put enquiries to the Directors should write to the Chief Executive Officer or the Company Secretary of the Company (contact details set out below), accompanied by the details of their proposals.



SHAREHOLDERS' RIGHTS AND COMMUNICATION (Continued)

Shareholders' communication policy (Continued)

(3) The Chief Executive Officer of the Company is currently Jamie Gibson whose email address is: jamie.gibson@regentpac.com.

The Company Secretary of the Company is currently Stella Fung whose email address is: stella.fung@regentpac.com.

The Company's address and telephone and facsimile numbers are set out on its website.

Procedures for shareholders to propose a person for election as a Director of the Company

The Company has adopted on 13 March 2012 the following procedures for shareholders to propose a person for election as a Director of the Company, which are available from the "Corporate Documents" on the website of the Company (www.regentpac.com) in compliance with Rule 13.51D of the HK Listing Rules:

- (1) Article 86(1) to (3) of the Company's Articles of Association provides that:
 - (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There shall be a maximum of fifteen Directors unless otherwise determined by resolution of the Board. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 87 and shall hold office until their successors are elected or appointed.
 - (2) Subject to the Articles and the Companies Law (Revised) of the Cayman Islands, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.
 - (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Subject to the provisions of these Articles, any Director so appointed shall retire at the next Annual General Meeting but shall then be eligible for election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
- (2) Shareholders who wish to propose a person for election as a Director of the Company should write to the Chief Executive Officer or the Company Secretary of the Company (contact details set out below), accompanied by the detailed resume of the candidate.



SHAREHOLDERS' RIGHTS AND COMMUNICATION (Continued)

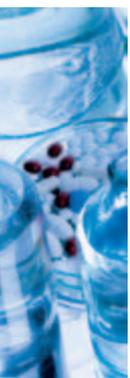
Procedures for shareholders to propose a person for election as a Director of the Company (Continued)

- (3) The Chief Executive Officer should forward the shareholder's proposal, as soon as practicable upon receipt, to the Company's Nomination Committee for consideration.
- (4) If the Nomination Committee considers that the candidate may be appropriate for election as a Director of the Company, the Nomination Committee or the Chairman of the Nomination Committee may conduct an interview with the candidate, either in person or by telephonic or video-conferencing or by whatever means the Nomination Committee considers as appropriate.
- (5) The Nomination Committee should resolve as to whether a recommendation should be given to the Board to approve or decline the election of the candidate as a Director of the Company.
- (6) If the Board agrees with the proposed appointment, it should, if it is to fill a casual vacancy consequential from the retirement or resignation of any Director, resolve the appointment of the new Director pursuant to Article 86(3) or, if it is an addition to the existing Board, propose an ordinary resolution for the appointment of the new Director at the Company's next annual general meeting pursuant to Article 86(2).
- (7) The relevant shareholder should be communicated with the decision of the Board accordingly.
- (8) The Chief Executive Officer of the Company is currently Jamie Gibson whose email address is: jamie.gibson@regentpac.com.
The Company Secretary of the Company is currently Stella Fung whose email address is: stella.fung@regentpac.com.
The Company's address and telephone and facsimile numbers are set out on its website.

Review of shareholders' communication policy

In compliance with Code Provision E.1.4 of the CG Code, the Board has determined that an annual review should be conducted on the effectiveness of the above shareholders' communication policy. An annual review was conducted in March 2014, which concluded that the Company had in place a compliant (under the CG Code) and effective means of communication with its shareholders.

Subsequent to the year end date, the Board conducted a review of the above shareholders' communication policy in March 2015, which concluded that the Company had in place a compliant (under the CG Code) and effective means of communication with its shareholders.



INVESTOR RELATIONS

During the year ended 31 December 2014 and prior to the date of this report, there were no changes made to the Company's Memorandum and Articles of Association.

In compliance with Rule 13.90 of the HK Listing Rules, an updated copy of the Company's amended and re-stated Memorandum and Articles of Association is available on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Right to demand poll

Under Article 66 of the Company's Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, present by a representative duly authorised) or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Where a member is, under the HK Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required under the HK Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- a. by the chairman of such meeting; or
- b. by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- c. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- d. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.



INVESTOR RELATIONS (Continued)

Right to demand poll (Continued)

The Directors have noted that the aforesaid Article 66 is not in compliance with Section 591(2) of the new Companies Ordinance (Chapter 622) of Hong Kong, which took effect on 3 March 2014. Section 591(2) provides that a provision of a company's articles is void in so far as it would have the effect of making ineffective a demand for a poll at a general meeting on any question (other than: (i) the election of the chairperson of the meeting; or (ii) the adjournment of the meeting), which is made:

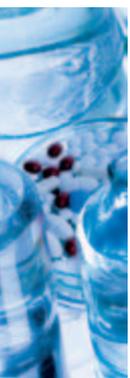
- (a) by at least five members having the right to vote at the meeting;
- (b) by a member or members representing at least 5 per cent of the total voting rights of all the members having the right to vote at the meeting; or
- (c) by the chairperson of the meeting.

Given that the Company is not a Hong Kong incorporated company and that pursuant to Rule 13.39(4) of the HK Listing Rules, the chairman of the Company's general meetings will demand a poll on all resolutions proposed at the meeting, the Directors have not proposed any amendments to Article 66 of the Company's Articles of Association regarding the members' right to demand poll.

Notice periods of general meetings

It is noted that amendments have been made to Appendix 13B to the HK Listing Rules (Additional requirements for the Memorandum and Articles of Association of issuers incorporated or otherwise established in the Cayman Islands) in the "Consultation Conclusions on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standard and Proposed Minor/Housekeeping Rule Amendments" published by the HK Stock Exchange on 6 February 2015, taking effect on 1 April 2015, to align the notice periods for general meetings required for the Cayman Islands incorporated companies with the relevant requirements under the new Companies Ordinance (Chapter 622) (which took effect on 3 March 2014) of Hong Kong, being 21 days for annual general meetings and 14 days for any other general meetings. The existing Article 59 of the Company's Articles of Association complies with these requirements.

In addition, Code Provision E.1.3 of the CG Code requires that the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.



INTERNAL CONTROL

The Audit Committee has engaged an internal audit and consulting firm to undertake a review of the Group's internal control systems, including financial, operational and compliance functions.

Internal audit function

The Group has maintained an internal audit function assisting the Board in maintaining an effective internal control system by evaluating its effectiveness and efficiency and by promoting continuous improvement. The internal audit function of the Group, which is independent of management, reports directly to the Audit Committee regularly and has access to the Chairlady of the Audit Committee if appropriate during the year.

To enhance the objectivity and competency of the internal audit function, the Group outsourced the internal audit function to an internal audit and consulting firm.

The internal audit function performs regular reviews of the Group's internal controls based on a risk-based internal audit plan approved by the Audit Committee. The annual audit plan was arrived at using a risk-based approach to determine the priorities of the internal audit activity.

Annual internal control assessment

During the year ended 31 December 2014, the internal audit function has conducted reviews of the system of internal controls of the Group. Internal control reviews were carried out in accordance with the risk-based internal audit plan.

Findings and recommendations on internal control deficiencies were communicated with management and action plans were developed by management to address the issues identified. Post-audit reviews were scheduled to ensure the action plans were executed as designed.

Key findings of each internal control review assignment were reported to and reviewed by the Audit Committee on a timely basis.



CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING

The financial statements of the Company for the year ended 31 December 2014 have been reviewed by the Audit Committee. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. They are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. An explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives are set out under the section headed "Strategy Plan" in the "Management's Discussion and Analysis of the Group's Performance".

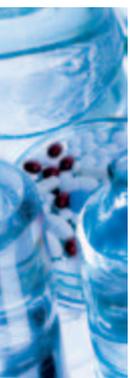
A report of the independent Auditor with respect to the Company's financial statements for the year ended 31 December 2014 is included in this annual report.

On Behalf of the Board

James Mellon

Co-Chairman

30 March 2015



In light of the wholesale and progressive changes made to Chapter 18 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**HK Listing Rules**”) (which came into effect on 3 June 2010), the Company formed a Chapter 18 Compliance Committee (the “**Technical Committee**”), made up of representatives of the technical, legal, accounting and commercial arms of the Company. David Comba and Jamie Gibson, being Directors of Company, are representatives on the Technical Committee.

This Committee is responsible for reviewing and monitoring the compliance by the Company with the requirements laid down in the revised Chapter 18 of the HK Listing Rules (together with associated provisions of the HK Listing Rules), principally in respect of future transactional work and ongoing reporting compliance.

As part of the amendments to Chapter 18 of the HK Listing Rules, Rule 18.14 now requires “Mineral Companies” (as defined in Chapter 18) to include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of the expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated. While the Company is not currently classified as a “Mineral Company” under Chapter 18, as it has not yet completed a Relevant Notifiable Transaction involving the acquisition of “Mineral Assets” (as defined in Chapter 18), the Company does consider disclosure of these Rule 18.14 items to be appropriate and relevant to shareholders.

In accordance with the above mentioned continuing disclosure obligations of Mineral Companies, in respect of Rule 18.14, there were no relevant exploration, development, expenditure or production activities for the financial year ended 2014.

In discharge of its mandate to review and monitor the compliance by the Company with the requirements laid down in Chapter 18 of the HK Listing Rules, the Technical Committee reviewed and approved the above disclosures.



INDEPENDENT AUDITOR'S REPORT



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永安中心25樓

TO THE SHAREHOLDERS OF REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Regent Pacific Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 76 to 162, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's 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 disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Jonathan Russell Leong

Practising Certificate no. P03246

30 March 2015

Hong Kong



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Revenue/Turnover:	5		
Corporate investment income		(10)	2,670
Other income		216	60
		206	2,730
Fair value loss on financial instruments	6	(11,213)	(18,754)
Total income less fair value loss on financial instruments		(11,007)	(16,024)
Expenses:			
Employee benefit expenses	7	(4,215)	(10,924)
Rental and office expenses		(814)	(880)
Information and technology expenses		(184)	(242)
Marketing costs and commissions		(7)	(9)
Professional and consulting fees		(995)	(1,203)
Other operating expenses		(516)	(648)
Operating loss before impairment loss and provisions		(17,738)	(29,930)
Reversal of impairment on loan receivables		250	—
Impairment loss on available-for-sale financial assets	16	(267)	(510)
Impairment loss on interest in an associate	15	—	(1,200)
Operating loss	6	(17,755)	(31,640)
Gain from bargain purchase of an associate	15	25,809	—
Loss on deemed disposal of an associate	15	(6,017)	—
Share of results of associates	15	(10,604)	(420)
Loss before income tax		(8,567)	(32,060)
Taxation	8	—	6,334
Loss for the year		(8,567)	(25,726)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets	16	(204)	(172)
Reclassification adjustment on impairment on available-for-sale financial assets	16	267	510
Exchange gain on translation of financial statements of foreign operations		69	433
Share of other comprehensive income of associates		(1,751)	26
Other comprehensive income for the year		(1,619)	797
Total comprehensive income for the year		(10,186)	(24,929)
Loss for the year attributable to:			
Shareholders of the Company	9	(8,563)	(25,636)
Non-controlling interests		(4)	(90)
		(8,567)	(25,726)
Total comprehensive income attributable to:			
Shareholders of the Company		(10,182)	(24,839)
Non-controlling interests		(4)	(90)
		(10,186)	(24,929)
Losses per share attributable to shareholders of the			
Company during the year	11	US cent	US cent
– Basic and Diluted		(0.25)	(0.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Non-current assets:			
Property, plant and equipment	13	108	199
Goodwill	12	—	—
Interests in associates	15	30,206	9,134
Available-for-sale financial assets	16	2,130	2,334
		32,444	11,667
Current assets:			
Cash and bank balances	18	3,588	9,055
Financial assets at fair value through profit or loss	17	13,876	37,814
Loan receivables	19	250	—
Prepayments, deposits and other receivables	20	1,217	3,597
Derivative financial instruments	25	940	506
		19,871	50,972
Current liabilities:			
Trade payables, deposits received, accruals and other payables	21	(3,271)	(3,305)
Derivative financial instruments	25	(333)	(437)
		(3,604)	(3,742)
Net current assets		16,267	47,230
Total assets less current liabilities		48,711	58,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Non-current liabilities:			
Deferred tax liabilities	26	—	—
NET ASSETS		48,711	58,897
Capital and reserves attributable to shareholders of the Company			
Share capital	23	34,857	34,857
Reserves	24	13,888	24,070
Equity attributable to shareholders of the Company		48,745	58,927
Non-controlling interests		(34)	(30)
TOTAL EQUITY		48,711	58,897

The financial statements on pages 76 to 162 were approved and authorised for issue by the Board of Directors on 30 March 2015.

James Mellon
Co-Chairman

Jamie Gibson
Executive Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Non-current assets:			
Interests in subsidiaries	14	1,613	1,613
Interest in an associate	15	18,430	2,000
Available-for-sale financial assets	16	2,130	2,334
		22,173	5,947
Current assets:			
Cash and bank balances	18	3,137	8,322
Amounts due from subsidiaries	22	4,206	15,404
Financial assets at fair value through profit or loss	17	13,876	37,561
Prepayments, deposits and other receivables	20	904	3,212
Derivative financial instruments	25	940	506
		23,063	65,005
Current liabilities:			
Trade payables, deposits received, accruals and other payables	21	(2,922)	(2,915)
Amounts due to subsidiaries	22	(14,688)	(14,503)
Derivative financial instruments	25	(333)	(437)
		(17,943)	(17,855)
Net current assets		5,120	47,150
Total assets less current liabilities		27,293	53,097
Non-current liabilities:			
Deferred tax liabilities	26	—	—
Net assets		27,293	53,097
Capital and reserves			
Share capital	23	34,857	34,857
Reserves	24	(7,564)	18,240
Total equity		27,293	53,097

The financial statements on pages 76 to 162 were approved and authorised for issue by the Board of Directors on 30 March 2015.

James Mellon
Co-Chairman

Jamie Gibson
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

2014	Attributable to shareholders of the Company											
	Share capital US\$'000	Accumulated losses US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Capital redemption reserve US\$'000	Investment revaluation reserve US\$'000	Statutory reserve US\$'000	Shares held for share award scheme US\$'000	Foreign currency exchange reserve US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At 1 January 2014	34,857	(266,285)	275,389	2,531	8,228	338	176	—	3,693	58,927	(30)	58,897
Share options forfeited	—	149	—	(149)	—	—	—	—	—	—	—	—
Transactions with shareholders	—	149	—	(149)	—	—	—	—	—	—	—	—
Loss for the year	—	(8,563)	—	—	—	—	—	—	—	(8,563)	(4)	(8,567)
Other comprehensive income												
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	69	69	—	69
Change in fair value of available-for-sale financial assets	—	—	—	—	—	(204)	—	—	—	(204)	—	(204)
Impairment on available-for-sale financial assets	—	—	—	—	—	267	—	—	—	267	—	267
Share of reserve of associates	—	—	—	—	—	—	—	—	(1,751)	(1,751)	—	(1,751)
Total comprehensive income for the year	—	(8,563)	—	—	—	63	—	—	(1,682)	(10,182)	(4)	(10,186)
At 31 December 2014	34,857	(274,699)	275,389	2,382	8,228	401	176	—	2,011	48,745	(34)	48,711

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

2013	Attributable to shareholders of the Company											
	Share capital US\$'000	Accumulated losses US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Capital redemption reserve US\$'000	Investment revaluation reserve US\$'000	Statutory reserve US\$'000	Shares held for share award scheme US\$'000	Foreign currency exchange reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2013	34,857	(240,696)	333,825	3,825	8,228	—	176	(2,216)	3,234	141,233	60	141,293
Distribution of shares awarded	—	(430)	—	(1,786)	—	—	—	2,216	—	—	—	—
Dividend payment	—	—	(58,436)	—	—	—	—	—	—	(58,436)	—	(58,436)
Share-based payment	—	—	—	969	—	—	—	—	—	969	—	969
Share options forfeited	—	477	—	(477)	—	—	—	—	—	—	—	—
Transactions with shareholders	—	47	(58,436)	(1,294)	—	—	—	2,216	—	(57,467)	—	(57,467)
Loss for the year	—	(25,636)	—	—	—	—	—	—	—	(25,636)	(90)	(25,726)
Other comprehensive income												
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	433	433	—	433
Change in fair value of available-for-sale financial assets	—	—	—	—	—	(172)	—	—	—	(172)	—	(172)
Impairment on available-for-sale financial assets	—	—	—	—	—	510	—	—	—	510	—	510
Share of reserve of associates	—	—	—	—	—	—	—	—	26	26	—	26
Total comprehensive income for the year	—	(25,636)	—	—	—	338	—	—	459	(24,839)	(90)	(24,929)
At 31 December 2013	34,857	(266,285)	275,389	2,531	8,228	338	176	—	3,693	58,927	(30)	58,897

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Cash flows from operating activities:			
Loss before income tax		(8,567)	(32,060)
Adjustments for :			
Depreciation of property, plant and equipment	13	94	97
Gain from bargain purchase of an associate	15	(25,809)	—
Interest income on bank deposits		(2)	(83)
Non-cash share-based payments	6	—	969
Reversal of impairment on loan receivables	19	(250)	—
Share of results of associates	15	10,604	420
Unrealised (gain)/loss on derivative financial instruments	25	(115)	983
Unrealised loss on financial assets at fair value through profit or loss	17	11,663	14,674
Loss on disposal of property, plant and equipment		—	1
Loss on deemed disposal of an associate	15	6,017	—
Impairment loss on available-for-sale financial assets	16	267	510
Impairment loss on interest in an associate	15	—	1,200
		(6,098)	(13,289)
Change in working capital			
Increase in loan receivables		250	—
Decrease/(Increase) in prepayments, deposits and other receivables		1,649	(558)
Decrease in financial assets at fair value through profit or loss		249	66,570
Decrease in trade payables, deposits received, accruals and other payables		(34)	(69)
Cash (used in)/generated from operations		(3,984)	52,654
Income tax paid		—	—
Net cash (used in)/generated from operating activities		(3,984)	52,654

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment	13	(2)	(3)
Purchase of available-for-sale financial assets		—	(14)
Investment in an associate	15	(4,404)	—
Proceeds from disposal of available-for-sale financial assets		—	2,787
Interest received on bank deposits		2	83
Decrease/(Increase) in margin deposit placed with broker firms		481	(199)
Dividend received from associates	15	2,795	1,098
Net cash (used in)/generated from investing activities		(1,128)	3,752
Cash flows from financing activities:			
Dividend paid to shareholders	10	—	(58,436)
Net cash used in financing activities		—	(58,436)
Net decrease in cash and cash equivalents		(5,112)	(2,030)
Cash and cash equivalents at the beginning of the year		9,055	11,447
Effects of foreign currency fluctuations		(355)	(362)
Cash and cash equivalents at the end of the year		3,588	9,055
Represented by:			
Cash and bank balances	18	3,588	9,055

NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is at P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange.

The consolidated financial statements are presented in United States Dollars ("US\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("US\$'000") except when otherwise indicated.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on The HK Stock Exchange (the "HK Listing Rules").

The Company is engaged in investment holding, and the principal activities of the Company and its subsidiaries (collectively as defined as the "Group") consist of an investment in a biopharma company, exploration and mining of natural resource, and other corporate investments. The principal place of business of the Group is in Hong Kong.

The financial statements for the year ended 31 December 2014 were approved and authorised for issue by the Board of Directors on 30 March 2015.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of amendments to HKFRSs – first effective on 1 January 2014

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

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

2.1 Adoption of amendments to HKFRSs – first effective on 1 January 2014 (Continued)

Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (“CGU”) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any impaired assets or CGUs.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity’s business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group’s existing accounting policies on provisions.

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

2.2 New/Revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 15	Revenue from Contracts with Customers ⁴
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at financial assets at fair value through profit and loss (“FAFVPL”).

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

2.2 New/Revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 (2014) – Financial Instruments (Continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FAFVPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FAFVPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business, the gain or loss is recognised in full, and conversely when the transaction involves assets that do not constitute a business, the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

NOTES TO THE FINANCIAL STATEMENTS

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

2.2 New/Revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers (Continued)

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements.

2.3 New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The new Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for:

- financial instruments classified as available-for-sale and at fair value through profit or loss, and
- derivative financial instruments

which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interest having a deficit balance.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses. The Group's investment in associates includes goodwill identified on acquisition.

Goodwill is calculated at each stage of the acquisition based on the consideration paid and share of fair value of net assets acquired at the date of each acquisition. If the sum of this consideration is lower than the fair value of the net assets acquired, the difference is recognised in profit or loss as a gain from bargain purchase.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profits/loss of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. United State dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign currency exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign currency exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation on assets is provided to write off their cost less the expected residual value over their estimated useful life, using the straight-line method. The estimated useful lives used for this purpose are as follows:

Furniture and fixtures	5 years
Computer and other equipment	3-5 years

The assets' expected residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss on disposal.

3.7 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Goodwill (Continued)

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit and loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor
- a breach of contract, such as a default or delinquency in interest or principal payment
- granting concession to a debtor because of debtor's financial difficulty, and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss. Objective evidence would include a significant or prolonged decline in fair value of an investment below its cost.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, deposits received, accruals and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period .

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial instruments (Continued)

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vii) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of other assets

At the end of the reporting period, the Group and the Company review the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- interests in subsidiaries and associates

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.12 Other intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with finite useful lives is provided on the straight-line method over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.14 Employee benefits

(i) Bonus payments

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee benefits (Continued)

(ii) Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the Mandatory Provident Fund Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the Peoples' Republic of China (the "PRC" or "China") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 20% of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(iii) Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 April 2005 are recognised in the financial statements. The Group operates equity-settled and cash-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the (i) share options awarded and (ii) ordinary shares expected to vest respectively. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the employee share-based payment reserve in equity if the grant is equity-settled share-based payment transaction. In respect of cash-settled share-based payment transaction, the corresponding increase is recognised as a liability. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of i) share options and ii) ordinary shares expected to vest respectively. Non-market vesting conditions are included in assumptions about the number of i) options ii) ordinary shares that are expected to vest. Estimates are subsequently revised if there is any indication that the number of i) share options and ii) ordinary shares expected to vest differs from previous estimates.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee benefits (Continued)

(iii) *Share-based employee compensation (Continued)*

At the time when the share options are exercised, the amount previously recognised in employee share-based payment reserve will be transferred to share premium. After vesting date, if the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in employee share-based payment reserve will be transferred to retained profit.

(iv) *Shares held for share award scheme*

Where the trustee appointed by the Group purchases the Company's shares from the market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity.

Upon vesting, the related costs of the vested awarded shares recognised are credited to shares held for share award scheme, with a corresponding decrease in share-based payment reserve.

3.15 Non employee share-based payments

Non employee share-based payments are accounted for in the same way as employee share-based payment except that the cost of equity-settled transactions with parties other than employees is measured by reference to the fair value of the goods or services provided.

3.16 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Revenue recognition

Revenue, which is also the Group's turnover, includes dividend income and bank interest income.

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

- (i) consultancy fee income is recognised when the services are provided;
- (ii) interest income is accrued on a time-proportion basis on the principal outstanding at the applicable interest rate; and
- (iii) dividend income is recognised when the right to receive payment is established.

3.18 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group 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 the employees of the Group or an entity related to the Group.
 - (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 key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Related parties (Continued)

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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of interest in associates

The Group assesses whether there are any indicators of impairment for its associates at the end of each reporting period. An impairment exists when the carrying value of the associates or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of available-for-sale financial assets

The Group's management review available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Write-back of tax on realised gain on disposal of the Company's investment in BCI

As disclosed in note 26 to the consolidated financial statements and further detailed under the section headed "Australian Tax on BCI Sale" in the CEO's Report, the Directors of the Company exercised judgement to write back the provision of A\$12.78 million (or approximately US\$11.68 million) in respect of the potential Australian taxation liability in relation to the realised gain on disposal of the Company's investment in BCI in the financial statements for the year ended 31 December 2013. The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect, should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company's position (with respect to the value ascribed to BCI's real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company's accounts going forward.

Provision for income taxes

The Group is subject to income tax in different jurisdictions and significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of financial instruments

The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices and rates.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;;

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its financial instruments at fair value.

For more detailed information in relation to the fair value measurement of the items above, please refer to notes 17 and 31.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Director for his decision about resources allocation to the Group's business components and for his review of the performance of those components. The business components in the internal financial information reported to the Executive Director are determined following the Group's major product and service lines.

The Directors have identified the Group's four product and service lines as operating segments as follows:

Biopharma	:	Research, development, manufacturing, marketing and sale of pharmaceutical products
Coking Coal	:	Production of coking coal
Metals Mining	:	Exploration and mining of metals resources
Corporate Investment	:	Investment in corporate entities, both listed and unlisted

These operating segments are monitored and strategic decisions are made on the basis of segment operating results. There are no sales between the reportable segments.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- finance costs
- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment
- share of results of associates accounted for using the equity method

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but exclude investments in available-for-sale financial assets and interests in associates.

Segment liabilities exclude deferred tax liabilities and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments is set out below:

For the year ended 31 December 2014

	Biopharma US\$'000	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Revenue from external customers	—	—	—	206	206
Segment results	—	(20)	(907)	(16,828)	(17,755)
Gain from bargain purchase of an associate	25,809	—	—	—	25,809
Loss on deemed disposal of an associate	(6,017)	—	—	—	(6,017)
Share of results of associates	(10,178)	(4,057)	—	3,631	(10,604)
Total results	9,614	(4,077)	(907)	(13,197)	(8,567)
Unallocated					—
Consolidated loss before income tax expense					(8,567)

As at 31 December 2014

	Biopharma US\$'000	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Segment assets	—	48	10	19,921	19,979
Available-for-sale financial assets	—	—	—	2,130	2,130
Interests in associates	24,499	1	—	5,706	30,206
Total assets	24,499	49	10	27,757	52,315
Segment liabilities	—	—	—	3,604	3,604
Total liabilities	—	—	—	3,604	3,604

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (Continued)

For the year ended 31 December 2014

	Biopharma US\$'000	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Interest income on bank deposits	—	—	—	2	2
Reversal of impairment on loan receivables	—	—	—	250	250
Net gains on derivative financial instruments	—	—	—	440	440
Depreciation	—	—	—	(94)	(94)
Net losses on financial assets at fair value through profit or loss	—	—	—	(11,653)	(11,653)
Impairment on available-for-sale financial assets	—	—	—	(267)	(267)
Capital expenditure	—	—	—	(2)	(2)

For the year ended 31 December 2013

	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Revenue from external customers	—	—	2,730	2,730
Segment results	(16)	(1,531)	(30,093)	(31,640)
Share of results of associates	(3,012)	—	2,592	(420)
Total results	(3,028)	(1,531)	(27,501)	(32,060)
Unallocated				—
Consolidated loss before income tax expense				(32,060)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (Continued)

As at 31 December 2013

	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Segment assets	99	22	51,050	51,171
Available-for-sale financial assets	—	—	2,334	2,334
Interests in associates	4,278	—	4,856	9,134
Total assets	4,377	22	58,240	62,639
Segment liabilities	2	—	3,740	3,742
Total liabilities	2	—	3,740	3,742

For the year ended 31 December 2013

	Coking Coal US\$'000	Metals Mining US\$'000	Corporate Investment US\$'000	Total US\$'000
Interest income on bank deposits	—	—	83	83
Depreciation	—	—	(97)	(97)
Share-based payments	—	—	(969)	(969)
Net losses on financial assets at fair value through profit or loss	—	—	(18,554)	(18,554)
Net losses on derivative financial instruments	—	—	(200)	(200)
Impairment on available-for-sale financial assets	—	—	(510)	(510)
Impairment on interest in an associate	(1,200)	—	—	(1,200)
Capital expenditure	—	—	(3)	(3)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (Continued)

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
China	—	68	1	4,278
Hong Kong (domicile)	54	70	108	198
Australia	30	(697)	—	—
United States	(35)	1,725	—	—
United Kingdom	157	1,564	30,205	4,856
South East Asia ¹	—	—	—	1
	206	2,730	30,314	9,333

¹ South East Asia includes Singapore and Indonesia

The geographical location of customers is based on the location of exchange on which the Group's investments are traded. The geographical location of the non-current assets is based on the physical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING LOSS

	2014 US\$'000	2013 US\$'000
Operating loss is arrived at after charging:		
Auditors' remuneration		
– charge for the year	232	235
– under provision in prior year	29	30
Depreciation of owned property, plant and equipment (note 13)	94	97
Operating lease charges on property and equipment	718	782
Loss on disposal of property, plant and equipment	—	1
Impairment loss on available-for-sale financial assets (note 16)	267	510
Impairment loss on interest in an associate (note 15)	—	1,200
Realised loss on disposal of financial assets at fair value through profit or loss ^{@ (1)}	—	3,880
Unrealised loss on financial assets at fair value through profit or loss ^{@ (1)}	11,663	14,674
Unrealised loss on derivative financial instruments ^{@ (2)}	—	983
Net foreign exchange loss*	40	—
Share-based payments (equity settled) [#]	—	969
and crediting:		
Interest income on bank deposits and loan receivables*	2	83
Realised gain on disposal of financial assets at fair value through profit or loss ^{@ (1)}	10	—
Realised gain on derivative financial instruments ^{@ (2)}	325	783
Unrealised gain on derivative financial instruments ^{@ (2)}	115	—
Net foreign exchange gain*	—	2,326
Dividend income from listed equities*	28	261
Reversal of impairment on loan receivables (note 19)	250	—

[@] These amounts constitute the fair value loss of US\$11,213,000 (2013: US\$18,754,000) in the consolidated statement of comprehensive income.

[#] Included in share-based payments were: (i) equity settled employee share-based payments of Nil (2013: US\$969,000) in relation to share awards granted to Directors.

* Included in revenue.

⁽¹⁾ During the year ended 31 December 2014, net losses on financial assets at fair value through profit or loss amounted to US\$11,653,000 (2013: US\$18,554,000).

⁽²⁾ During the year ended 31 December 2014, net gain on derivative financial instruments amounted to US\$440,000 (2013: net loss of US\$200,000).

NOTES TO THE FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 US\$'000	2013 US\$'000
Salaries, discretionary bonuses and benefits in kind	4,191	9,933
Pension costs - defined contribution plans (note 27)	24	22
Share-based payments on share awards granted to Directors and employees	—	969
	4,215	10,924

a) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2014 is set out below:

Name of director	Fees US\$'000	Salaries and benefits in kind US\$'000	Contribution to defined contribution plans US\$'000	Total US\$'000
Executive Director				
Jamie Gibson	—	1,500	—	1,500
Non-Executive Directors				
James Mellon	25	158	—	183
Stephen Dattels	50	—	—	50
Jayne Sutcliffe	20	—	—	20
Independent Non-Executive Directors				
David Comba	40	—	—	40
Julie Oates	40	—	—	40
Mark Searle	40	—	—	40
Total	215	1,658	—	1,873

NOTES TO THE FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

a) Directors' and senior management's emoluments (Continued)

The remuneration of every Director for the year ended 31 December 2013 is set out below:

Name of director	Fees US\$'000	Salaries and benefits in kind US\$'000	Contribution to defined contribution plans US\$'000	Share awards US\$'000	Total US\$'000
Executive Director					
Jamie Gibson	—	4,055	—	541	4,596
Non-Executive Directors					
James Mellon	25	1,609	—	428	2,062
Stephen Dattels	50	—	—	—	50
Jayne Sutcliffe	20	—	—	—	20
Independent Non-Executive Directors					
David Comba	40	—	—	—	40
Julie Oates	40	—	—	—	40
Mark Searle	40	—	—	—	40
Total	215	5,664	—	969	6,848

No Directors waived or agreed to waive any emoluments in respect of the years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

b) Five highest paid individuals

Of the five highest paid individuals, one (2013: two) was Director of the Company and their remunerations have been included in the Directors' remuneration. The total emoluments payable to the five highest paid individuals for the year are as follows:

	2014 US\$'000	2013 US\$'000
Fees	—	25
Salaries and other emoluments	3,174	3,143
Discretionary bonuses	—	4,558
Pension costs - defined contribution plans	6	4
Share awards granted to Directors and employees	—	969
	3,180	8,699

The above remuneration of the top five individuals fell within the following bands:

		Number of employees	
		2014	2013
HK\$1,500,001 - HK\$2,000,000	(US\$193,431-US\$257,908)	1	—
HK\$2,500,001 - HK\$3,000,000	(US\$322,385-US\$386,862)	1	—
HK\$3,000,001 - HK\$3,500,000	(US\$386,862-US\$451,339)	1	—
HK\$3,500,001 - HK\$4,000,000	(US\$451,339-US\$515,816)	—	1
HK\$4,500,001 - HK\$5,000,000	(US\$580,293-US\$644,770)	—	1
HK\$5,000,001 - HK\$5,500,000	(US\$644,770-US\$709,247)	1	—
HK\$7,500,001 - HK\$8,000,000	(US\$967,156-US\$1,031,632)	—	1
HK\$11,500,001 - HK\$12,000,000	(US\$1,482,972-US\$1,547,449)	1 [#]	—
HK\$15,500,001 - HK\$16,000,000	(US\$1,998,788-US\$2,063,265)	—	1 [#]
HK\$35,500,001 - HK\$36,000,000	(US\$4,577,869-US\$4,642,346)	—	1 [#]
		5	5

[#] Emoluments relate to directors

NOTES TO THE FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

b) Five highest paid individuals (Continued)

No emolument was paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in respect of the years ended 31 December 2014 and 2013.

8. TAXATION

The amount of taxation in the consolidated statement of comprehensive income represents:

	2014 US\$'000	2013 US\$'000
Current tax- overseas		
– tax for the year	—	—
Deferred tax (note 26)		
– current year	—	(6,334)
Income tax expense	—	(6,334)

No provision for Hong Kong profits tax has been made in these financial statements as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the years ended 31 December 2014 and 2013. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

Deferred tax credit for 2013 represented reversal of Australian Capital Gains Tax (“CGT”) on certain Australian equity investments, as set out in note 26.

Share of associates' tax credit for the year ended 31 December 2014 of US\$231,000 (2013: US\$72,000) is included in the consolidated statement of comprehensive income as share of results of associates.

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (Continued)

Reconciliation between the Group's income tax expense and accounting loss at applicable tax rates are as follows:

	2014 US\$'000	2013 US\$'000
Loss before taxation	(8,567)	(32,060)
Less:		
Share of results of associates	10,604	420
Profit/(Loss) before share of results of associates and taxation	2,037	(31,640)
Nominal tax on loss before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned	(512)	(7,052)
Income not subject to taxation	—	(1)
Expenses not deductible for taxation purposes	38	89
Tax effect of tax losses not recognised	474	630
Taxation credit	—	(6,334)

9. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders includes a loss of US\$25,868,000 (2013: US\$11,978,000) which has been dealt with in the financial statements of the Company.

10. DIVIDENDS

(a) Dividends attributable to the year

	2014 US\$'000	2013 US\$'000
Special, paid - Hong Kong cents 13 per share	—	58,436

(b) Dividends attributable to previous year, approved and paid during the year

	2014 US\$'000	2013 US\$'000
Special dividend paid:		
– attributable to the year	—	58,436

NOTES TO THE FINANCIAL STATEMENTS

11. LOSSES PER SHARE

The calculation of basic losses per share is based on the loss attributable to the shareholders for the year of US\$8,563,000 (2013: US\$25,636,000) and on the weighted average of 3,485,730,523 (2013: 3,461,360,934) ordinary shares in issue during the year.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the years ended 31 December 2014 and 2013. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the years ended 31 December 2014 and 2013.

Subsequent to the year end date and prior to the date of this report, no ordinary shares were issued and allotted.

12. GOODWILL

Group

	2014 US\$'000	2013 US\$'000
At 1 January and 31 December		
Gross carrying amount	15,271	15,271
Accumulated impairment	(15,271)	(15,271)
Net carrying amount	—	—

Goodwill arose from the acquisition of subsidiaries and businesses in the coking coal industry in 2007 and was fully impaired in 2011.

Company

The Company has no goodwill.

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fixtures US\$'000	Computer and other equipment US\$'000	Total US\$'000
At 1 January 2013			
Cost	345	213	558
Accumulated depreciation	(144)	(120)	(264)
Net book amount	201	93	294
Year ended 31 December 2013			
Opening net book amount	201	93	294
Additions	—	3	3
Disposals	—	(3)	(3)
Depreciation charge for the year	(55)	(42)	(97)
Depreciation written back on disposals	—	2	2
Closing net book amount	146	53	199
At 31 December 2013			
Cost	345	213	558
Accumulated depreciation	(199)	(160)	(359)
Net book amount	146	53	199
Year ended 31 December 2014			
Opening net book amount	146	53	199
Additions	—	2	2
Disposals	—	(2)	(2)
Depreciation charge for the year	(55)	(39)	(94)
Depreciation written back on disposals	—	2	2
Foreign currency translation adjustment	1	—	1
Closing net book amount	92	16	108
At 31 December 2014			
Cost	345	213	558
Accumulated depreciation	(253)	(197)	(450)
Net book amount	92	16	108

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

The Company has no property, plant and equipment.

14. INTERESTS IN SUBSIDIARIES

Company

	2014 US\$'000	2013 US\$'000
Investments - unlisted shares, at cost	52,316	52,316
Less: Provision for impairment	(50,703)	(50,703)
	1,613	1,613

No impairment has been recognised for investments in subsidiaries during the years ended 31 December 2014 and 2013 as their recoverable amount, which is determined with reference to the net assets value of these subsidiaries, is considered to be above the carrying value.

Particulars of the principal subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Country of incorporation/ continuation/operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activity
			Direct	Indirect	
Alphom Management Limited*	Continued in the Cayman Islands	Ordinary share of US\$1	—	100%	Investment holding
Amerinvest Coal Industry Holding Company (BVI) Limited*	British Virgin Islands	Ordinary share of US\$1	—	100%	Investment holding
Amerinvest Coal Industry Holding Company Limited*	British Virgin Islands	Ordinary shares of US\$10,000	—	100%	Investment holding
AstroEast.com Limited*	Cayman Islands	Ordinary shares of US\$280,222	—	51%	Investment holding
Interman Holdings Limited*	British Virgin Islands	Ordinary shares of US\$41,500	100%	—	Investment holding
Interman Limited**	Isle of Man	Ordinary shares of GBP436,152	—	100%	Investment holding
MinMetallurgical Consultants Limited*	British Virgin Islands	Ordinary share of US\$1	100%	—	Provision of mill expansion services

NOTES TO THE FINANCIAL STATEMENTS

14. INTERESTS IN SUBSIDIARIES (Continued)

Company (Continued)

Name of subsidiary	Country of incorporation/ continuation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activity
			Direct	Indirect	
Regent (Australia) Limited*	Cayman Islands	Ordinary share of US\$1	100%	—	Investment holding
Regent Coal (Holdings) Limited*	Cayman Islands	Ordinary share of US\$1	100%	—	Investment holding
Regent Corporate Finance Limited*	Cayman Islands	Ordinary shares of US\$2	100%	—	Corporate finance
Regent Financial Services Limited	Hong Kong	HK\$5 million	—	100%	Investment holding and provision of administrative and management services to related companies
Regent Fund Management (Asia) Limited*	Continued in the Cayman Islands	Ordinary shares of US\$100	100%	—	Asset management
Regent Fund Management Limited*	Continued in the Cayman Islands	Ordinary shares of US\$150,000	—	100%	Asset management
Regent (Indonesia II) Limited*	Cayman Islands	Ordinary share of US\$1	100%	—	Provision of metallurgical services
Regent Metals Australia Pty Limited*	Australia	Ordinary share of A\$1	—	100%	Investment holding
Regent Metals Holdings Limited*	British Virgin Islands	Ordinary shares of US\$10,000	100%	—	Investment holding
Regent Pacific Group (Hong Kong) Limited	Hong Kong	HK\$5 million	100%	—	Provision of management services
Regent Pilbara II Pty Limited*	Australia	Ordinary share of A\$1	—	100%	Investment holding
Regent Pilbara Pty Limited*	Australia	Ordinary share of A\$1	—	100%	Investment holding
RPG (Bahamas) Limited*	Bahamas	Ordinary shares of US\$134,220	100%	—	Investment holding
RPG Investments I Limited*	Cayman Islands	Ordinary share of US\$1	100%	—	Investment holding

The above table lists out the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

* The statutory financial statements of these subsidiaries for the year ended 31 December 2014 were not audited by BDO Limited.

The statutory financial statements of this subsidiary for the year ended 31 December 2014 was audited by a local audit firm.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES

(i) Movement in interests in associates is summarised in the table below:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
As at 1 January	9,134	11,774	2,000	2,000
Reclassified from FAFVPL (iii) (note 17)	12,026	—	12,026	—
Addition	4,404	—	4,404	—
Gain from bargain purchase (iii)	25,809	—	—	—
Loss on deemed disposal (iii)	(6,017)	—	—	—
Dividend received	(2,795)	(1,046)	—	—
Share of results of associates	(10,604)	(420)	—	—
Impairment loss (iv)	—	(1,200)	—	—
Exchange (loss)/gain on translation of financial statement of associates	(1,751)	26	—	—
As at 31 December	30,206	9,134	18,430	2,000
	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Investment				
– unlisted shares, at cost less impairment	—	—	2,000	2,000
– listed overseas shares, at cost	—	—	16,430	—
Share of net assets - unlisted	16,245	19,672	—	—
Share of net assets - listed	24,499	—	—	—
	40,734	19,672	18,430	2,000
Impairment	(10,538)	(10,538)	—	—
	30,206	9,134	18,430	2,000
Market value of listed investment, overseas	10,015	N/A	10,015	N/A

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(ii) At 31 December 2014, the Group's associates and their carrying value comprised the following:

	2014 US\$'000	2013 US\$'000
Binary	5,706	4,856
West China Coke	1	4,278
Plethora	24,499	—
	30,206	9,134

Share of associates' tax credit for the year ended 31 December 2014 of US\$231,000 (2013: US\$72,000) is included in the consolidated statement of comprehensive income as share of results of associates.

Particulars of the associates as at 31 December 2014 are as follows:

Name of associate	Country of incorporation/ continuation/ operation	Kind of legal entity	Issued and fully paid share capital held in associate	Percentage of equity interest attributable to the Company		Principal activity
				Direct	Indirect	
Binary Holdings Ltd.* (formerly known as Regent Market Holdings Ltd.)	Continued in the Cayman Islands	Limited Liability Exempted Company	Ordinary shares of US\$99,800	49.9%	—	Online options trading platform
West China Coking & Gas Company Limited*	PRC	Sino-foreign Joint Venture Company	Injected capital of RMB79,910,000	—	25%	Production, processing and sale of coal, coke, gas and coal chemicals
Plethora Solutions Holdings plc*	United Kingdom	UK Limited Liability Company	Ordinary shares of GBP867,995	12.75%	—	Development and marketing of products for the treatment and management of urological disorders

* The statutory audited financial statements of the associates were not audited by BDO Limited, but were audited by local audit firms.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

- (iii) Plethora reclassified as an associate from FAFVPL on 1 January 2014

Plethora was incorporated in the United Kingdom and its shares are traded on the Alternative Investment Market (“AIM”) on the London Stock Exchange. Its principal activities are the research, development, manufacturing, marketing and sale of pharmaceutical products for the treatment and management of premature ejaculation.

The Group started accumulating its interest in Plethora from 2011 and accounted for its interest as FAFVPL. As at 31 December 2013 the Group held a 13.85% interest in Plethora at a carrying value of US\$12,026,000, which was based on its last quoted market price on the AIM as at that date.

On 1 January 2014, the Group’s Chief Executive Officer, Jamie Gibson was appointed as the Chief Executive Officer and as an executive director of Plethora. This appointment was on behalf of the Group and consequently the Directors consider the Group has significant influence over the financial and operating decisions of Plethora. Accordingly, from 1 January 2014, the Group has reclassified its interest in Plethora as an associate from FAFVPL.

Under HKAS 28 “Investments in Associates and Joint Ventures”, on the date when Plethora became an associate, the Group is required to identify the difference between cost of the investment and the net fair value of the investee’s identifiable assets and liabilities. Where the Group’s share of net fair value of the identifiable assets and liabilities is greater than the cost or carrying value of the investment, such difference, sometimes referred to as a “bargain purchase”, is taken to profit and loss.

The fair values of identifiable assets and liabilities of Plethora on 1 January 2014 are set out below:

	Fair values recognised on 1 January 2014 US\$’000	Carrying values on 1 January 2014 US\$’000
Intangible asset	253,460	—
Trade and other receivables	822	822
Cash and cash equivalents	5,164	5,164
Trade and other payables	(1,918)	(1,918)
Convertible bonds	(5,677)	(5,677)
Warrants	(9,675)	(9,675)
Deferred tax liability	(25,346)	—
Net assets/(liabilities) acquired	216,830	(11,284)

The fair value of consideration transfer:

	US\$’000
Share of total identifiable net assets at fair value (13.85% interest)	30,031
Gain from bargain purchase of associate	(18,005)
Deemed consideration on acquisition	12,026

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(iii) Plethora reclassified as an associate from FAFVPL on 1 January 2014 (Continued)

The significant difference between the carrying values of the assets and liabilities as reflected by Plethora in its books and the fair values of the same as determined by the Group as at 1 January 2014 is the valuation attributed to an intangible asset or patent referred to as PSD502™, a pharmaceutical product for the treatment of premature ejaculation ("PE"). Plethora has self-developed this product and has not capitalised any of the costs used to develop PSD502™ nor any of the future value this product may derive. The Group, with the assistance of a professional independent valuation expert, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has determined the fair value of PSD502™ to be in the region of GBP 153 million (or approximately US\$253,460,000 at the then exchange rate between GBP and US\$).

The valuation of PSD502™ was based on the "relief from royalty method", whereby the value of the patent is based on the present worth of future economic benefits to be derived from the projected royalty income. This method is a widely accepted and commonly used valuation method to value intangible assets, including patents and trademarks. Key assumptions underlying the valuation were the discount rate, which ranged from 17% to 21%, life of the patent, market size and expected market share, royalty rates that can be achieved, timing of product launch dates and sales volumes. A corresponding deferred tax liability of US\$25.35 million (or GBP 15.30 million) was determined based on the valuation of the patent (PSD502™) using the expected corporate tax rate at which the royalty income from this intangible asset will be taxed at.

As a result of this fair value exercise, the Group determined there was a bargain purchase gain arising from the equity accounting of Plethora of US\$18,005,000. Subsequently, on 10 January 2014, the Group acquired further 4,000,000 ordinary shares of Plethora, which increased the Group's ownership to 14.81% for a consideration of US\$711,000. The Group made a further bargain purchase gain on this purchase of US\$1,370,000. On 15 September 2014, one of the convertible loan notes holders converted its convertible loan notes with principal amount of GBP 200,000 into 14,632,600 ordinary shares of Plethora, which diluted the Group's ownership from 14.81% to 14.31% and gave rise to a loss on deemed disposal of an associate of US\$923,000. On 18 September 2014, the Group subscribed for further 25,299,490 ordinary shares of Plethora at GBP 0.09 per share, together with 12,649,745 fundraising warrants exercisable at GBP 0.15 each for a period up to 19 September 2019, for a consideration of US\$3,693,000, which increased the Group's ownership to 19.07%. The Group made a bargain purchase gain of US\$6,434,000 on this purchase, giving rise to a total gain from bargain purchase for the year of US\$25,809,000. This has been credited as income in the consolidated statement of comprehensive income for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(iii) Plethora reclassified as an associate from FAFVPL on 1 January 2014 (Continued)

By way of a placing and subscription on 19 September 2014, a total of 176,998,486 ordinary shares at GBP 0.09 per share and 88,499,236 fundraising warrants exercisable at GBP 0.15 each were issued by Plethora, which diluted the Group's ownership from 19.07% to 13.73% and gave to a loss on deemed disposal of an associate of US\$2,765,000. On 29 September 2014, Plethora announced that a notice has been received from a convertible loan notes holder to convert convertible loan notes with principal amount of GBP 800,000 into 48,806,575 ordinary shares of Plethora, which diluted the Group's ownership from 13.73% to 12.75% and gave rise to a loss on deemed disposal of an associate of US\$2,329,000. In total, the Group has recognised losses of US\$6,017,000 from deemed disposals of interests (dilution in interest) in Plethora arising from convertible notes holders converting to equity and placement of new shares which has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2014.

(iv) Assessment for impairment of associates

During the year ended 31 December 2014, no impairment loss has been recognised in the profit or loss for the Group's interests in associates. As part of this assessment, the Directors noted that the carrying value of the Group's interest in Plethora exceeded the market value of its equity interest in Plethora. The Directors accordingly carried out an impairment assessment to determine whether the recoverable amount of this associate was greater than its carrying value. To determine the recoverable amount, the Directors carried out a value in use calculation using essentially the same basis/model as used in the exercise to determine the fair value of the associate's net assets in January 2014 (as set out in (iii) above).

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(iv) Assessment for impairment of associates (Continued)

The recoverable amount of the interest in Plethora was calculated based on cash flow forecasts covering a period up to 2025 representing the remaining estimated useful life of the patent. The rate used to discount the forecast cash flows was in the range of 16% to 19%. The key assumptions for the value-in-use calculations were those regarding the discount rates, growth rates and royalty rates in respect of five major regions and the premature ejaculation prevalence rate of 25%. The value in use figure determined as at 31 December 2014 was higher than the carrying value of the interest in the associate, Plethora, and accordingly no impairment loss was considered necessary.

During the year ended 31 December 2013, an impairment loss of US\$1,200,000 was recognised in the profit or loss for the Group's interest in the associate, West China Coke, which is engaged in the coking coal production business. Coking coal produced was mainly sold to its parent company at a price as determined by the parent company, with reference to the coal market price with a discount. Based on an impairment assessment, the recoverable amount, being its value in use, of the relevant asset was less than the carrying amount as a result of a significant increase in costs of production due to unstable of supply raw materials and production lines laying idle as the result of local government's tightened safety requirement on coal mines in the nearby regions. The recoverable amount of the interest in the associate was determined from value-in-use calculations. The key assumptions for the value-in-use calculations were those regarding the discount rates and growth rates, while coking coal and its related products are sold to its parent company for production. Growth rates are assumed to remain constant during the period. Management estimated discount rates using pre-tax rates that reflected current market assessments of the time value of money and the risks specific to the coking coal business. The growth rates were based on coking coal production growth forecasts. Changes in the coking coal prices were based on expectations of the future changes in the market. No further impairment assessment was made for West China Coke in 2014, as the Group's share of its losses for 2014 brought the carrying value of West China Coke to US\$1,000 (2013: US\$4.28 million) as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(v) Summarised financial information of associates

The following table illustrates the summarised aggregate financial information of the Group's material associate, Plethora, prepared in accordance with International Financial Reporting Standards which are equivalent to HKFRSs and adjusted for the effect of the fair value adjustments at the date Plethora became an associate of the Group.

	2014 US\$'000
As at 31 December	
Non-current assets	198,897
Current assets	8,736
Current liabilities	(1,739)
Non-current liabilities	(13,681)
Included in the above amounts are:	
Cash and cash equivalents	7,893
For the year ended 31 December	
Revenue	6,017
Loss for the year	(67,723)
Other comprehensive income for the year	(12,111)
Total comprehensive income for the year	(79,834)
Dividend received from an associate	–
Included in the above amounts are:	
Depreciation and amortisation	(39,732)
Interest income	5
Interest expense	(1,455)
Income tax credit	2,112

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN ASSOCIATES (Continued)

(v) Summarised financial information of associates (Continued)

The following table illustrates the summarised aggregate financial information of the remaining associates which are not material to the Group.

	2014 US\$'000	2013 US\$'000
For the year ended 31 December		
Loss for the year	(15,375)	(12,152)
Other comprehensive income	(853)	104
Total comprehensive income	(16,228)	(12,048)

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
As at 1 January	2,334	5,279	2,334	5,279
Additions	—	14	—	14
Disposals	—	(2,787)	—	(2,787)
Change in fair value	63	338	63	338
Impairment loss (note 6)	(267)	(510)	(267)	(510)
As at 31 December	2,130	2,334	2,130	2,334

NOTES TO THE FINANCIAL STATEMENTS

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Available-for-sale financial assets include the following:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Unlisted securities				
Club debenture, at cost	19	19	19	19
Equity security, at cost	1,706	1,706	1,706	1,706
	1,725	1,725	1,725	1,725
Listed securities				
Equity security, at fair value	405	609	405	609
	2,130	2,334	2,130	2,334

Available-for-sale financial assets included investments in unlisted securities which are measured at cost less impairment as there is no quoted market price in active markets for the investments and the variability in the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group and the Company plan to hold these investments for the foreseeable future.

During the year ended 31 December 2014, a fair value loss of US\$267,000 (2013: US\$510,000) has been recognised in the investment revaluation reserve in equity. Due to the significant decline in the fair value of such investment during the year, the same amount of fair value loss recognised in equity has been transferred out of the investment revaluation reserve and recognised in the profit or loss as an impairment loss.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
As at 1 January	37,814	119,058	37,561	118,319
Additions	262	23,499	262	23,052
Disposals	(511)	(90,069)	(258)	(89,258)
Reclassified to interest in associates (note 15)	(12,026)	—	(12,026)	—
Change in fair value - unrealised portion	(11,663)	(14,674)	(11,663)	(14,552)
As at 31 December	13,876	37,814	13,876	37,561

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Financial assets at fair value through profit or loss include the following:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Held for trading – overseas				
– Listed equities, at fair value	13,876	37,814	13,876	37,561

The fair value of listed equity investments were based on quoted market prices.

Certain of the Company's financial assets that are accounted at fair value through profit or loss, namely its equity interests in Australian listed shares including holdings in Venturex Resources Limited ("**Venturex**"), Bannerman Resources Limited and Tigers Realm Coal Limited, whose market value as at 31 December 2014 was approximately US\$3.99 million (or equivalent to A\$4.89 million), were pledged as security to the Australian Commissioner of Taxation against an assessment in relation to a claim under litigation as further detailed in note 34. Further details of this assessment and the security given by the Company are set out in note 26 and the section headed "Charge on Assets" in the "Management's Discussion and Analysis of the Group's Performance".

One of the Group's strategic investments is a 33.47% interest in Venturex. This company is not accounted for under the equity method as the Group does not have the power to participate in the Company's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level.

Particulars of the Group's investment in listed equities as at 31 December 2014 disclosed pursuant to Section 129 of the predecessor Hong Kong Companies Ordinance (Cap. 32) are as follows:

Name of company	Country of incorporation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company	Carrying value at 31 December 2014
Venturex	Australia	518,103,930 ordinary shares	33.47%	US\$2,115,000
Condor Gold Plc	United Kingdom	3,977,274 ordinary shares	8.70%	US\$4,183,000
Endeavour Mining Corporation	Canada	4,491,797 ordinary shares	1.09%	US\$1,644,000
Trinity Exploration & Production plc	United Kingdom	3,909,850 ordinary shares	4.12%	US\$1,614,000

NOTES TO THE FINANCIAL STATEMENTS

18. CASH AND BANK BALANCES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Cash and balances with banks	746	1,201	374	704
Money at call and short notice	2,842	7,854	2,763	7,618
	3,588	9,055	3,137	8,322

One of the Group's subsidiaries maintains trust accounts with banks as part of its then normal business transactions in prior years. While such business was discontinued some years ago, at 31 December 2014, included in the Group's cash at banks were trust account balances of US\$29,000 (2013: US\$29,000) (note 21).

As at 31 December 2014 included in cash and balances with banks were bank balances of Nil (2013: US\$8,000) which were placed with banks in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

19. LOAN RECEIVABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Loan receivables	3,915	3,915	—	—
Interest receivables	430	430	—	—
Impairment	(4,095)	(4,345)	—	—
	250	—	—	—

Movements on the provision for impairment of loan and interest receivables are as follows:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
At 1 January	4,345	4,345	—	—
Provision for impairment	—	—	—	—
Reversal of impairment previously recognised	(250)	—	—	—
At 31 December	4,095	4,345	—	—

NOTES TO THE FINANCIAL STATEMENTS

19. LOAN RECEIVABLES (Continued)

On 25 July 2008, a loan agreement was signed between RPG Investments I Limited (“RPI”) and Blue Pacific Coal Pte. Ltd. (“Blue Pacific”), an independent third party, on which RPI has agreed to provide Blue Pacific with a loan totalling US\$11,250,000 for the purpose of financing Blue Pacific’s working capital and on lending to its Indonesian subsidiary for a coal mining project, which was terminated in late 2009.

In 2011, the Company made full impairment provision in respect of the outstanding loan and interest receivable due from Blue Pacific amounting to US\$4,345,000. However, the Company continued in its action to pursue the amount due pursuant to previously disclosed litigation commenced by the Group against, among others, Blue Pacific and its controllers in the High Court of Singapore. In this respect, the Company can disclose that High Court Suit No. 666 of 2014 has been settled. The terms of the settlement are confidential.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Prepayments, deposits and other receivables [#]	1,217	2,100	904	1,715
Amount due from an associate [*]	—	1,497	—	1,497
	1,217	3,597	904	3,212

[#] Included in the balance of prepayments, deposits and other receivables was a margin deposit of US\$410,000 (2013: US\$891,000) placed with broker firms for the trading of derivatives.

^{*} The amount due from an associate is unsecured, interest-free and repayable on demand.

The fair value of prepayments, deposits and other receivables and amount due from an associate were the same as illustrated above.

The balance outstanding as at 31 December 2014 and 2013 were neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE PAYABLES, DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade payables	99	100	—	—
Deposits received, accruals and other payables	3,172	3,205	2,922	2,915
	3,271	3,305	2,922	2,915

At 31 December 2014 and 2013, the ageing analysis of the trade payables was as follows:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Due within 1 month or on demand	—	—	—	—
More than 6 months	99	100	—	—
	99	100	—	—

Included in trade payables were those payables placed in trust accounts amounting to US\$29,000 as at 31 December 2014 (2013: US\$29,000) (refer to note 18 for further details).

The fair value of trade payables, deposit received, accruals and other payables approximates their respective carrying amounts at the reporting date.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2014 US\$'000	2013 US\$'000
Amounts due from subsidiaries	86,136	82,945
Less: Provision for impairment	(81,930)	(67,541)
	4,206	15,404
Amount due to subsidiaries	(14,688)	(14,503)

NOTES TO THE FINANCIAL STATEMENTS

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (Continued)

Movements on the provision for impairment of amounts due from subsidiaries are as follows:

	Company	
	2014 US\$'000	2013 US\$'000
At 1 January	67,541	67,541
Provision for impairment	14,389	—
At 31 December	81,930	67,541

The amounts due are unsecured, interest-free and repayable on demand.

During the year ended 31 December 2014, impairment loss of US\$14,389,000 (2013: Nil) has been recognised in the Company's statement of comprehensive income to write down the carrying amounts of amounts due from certain subsidiaries as the Directors of the Company consider these amounts are irrecoverable due to net liabilities position of the subsidiaries as at year end date.

The fair value of amounts due approximates their respective carrying amounts at the reporting date.

23. SHARE CAPITAL

Authorised:	Number of ordinary shares of US\$0.01 each	US\$'000	Number of unclassified shares*	US\$'000	Total number of shares	Total US\$'000
At 31 December 2014 and 31 December 2013	10,000,000,000	100,000	550,000,000	5,500	10,550,000,000	105,500
Issued and fully paid:					Total number of shares	Total US\$'000
At 1 January 2013, 31 December 2013 and 2014					3,485,730,523	34,857

* Unclassified shares of US\$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US\$0.01 each

As at 1 January 2014, the total issued ordinary share capital of the Company consisted of 3,485,730,523 shares. During the year ended 31 December 2014 and prior to the date of this report, no new shares were issued and allotted by the Company, and no shares were repurchased by the Company.

Details of the Company's Share Option Scheme (2002) are set out below.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002)

The Company's share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), which was adopted with shareholders' approval at the Company's annual general meeting held on 15 November 2002, expired on 15 November 2012, being the tenth anniversary of its commencement date. The provisions of the rules of the Share Option Scheme (2002) shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry.

The Share Option Scheme (2002) provides the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants (including directors, executives, employees, consultants and service providers of the Company and its subsidiaries). The scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

The Company sought shareholders' approval at the extraordinary general meeting held on 16 June 2006 for "refreshing" the 10% limit under the scheme. Accordingly, the maximum number of shares which may be issued upon exercise of all options to be granted after 16 June 2006 under the Share Option Scheme (2002), when aggregated with any shares which may be issued upon exercise of options to be granted under other schemes of the Company, shall not exceed 146,538,132 shares, being 10% of the total issued ordinary share capital of the Company as at the date of approval of the "refreshed" limit. Options previously granted under the scheme (including those outstanding, cancelled or lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". In any circumstances, the aggregate limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company must not exceed 30% of the ordinary shares of the Company in issue from time to time. The Company may also seek separate shareholders' approval at a general meeting for granting options beyond the 10% limit provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

The number of shares issued or issuable upon exercise of the options granted to any individual eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the ordinary shares of the Company in issue, subject to the restrictions on grants to the Directors, chief executive or substantial shareholders of the Company as set out in the HK Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

Each grant of options to any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, under the scheme must be approved by the Company's independent non-executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the proposed offer of such grant representing in aggregate over 0.1% of the ordinary shares of the Company in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be subject to shareholders' approval.

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that eligible participant or such shorter period as the Directors may in their absolute discretion determine. An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance together with a remittance for HK\$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the date of offer.

Options granted under the Share Option Scheme (2002) entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant, provided that the option holder remains as an eligible participant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of offer of the relevant option. All entitlements of the option then remain unexercised will lapse.

The exercise price is to be determined by the Directors at their absolute discretion when the option is offered, provided that in no event shall such price be less than the higher of (i) the nominal value of the ordinary shares of the Company; (ii) the closing price of the ordinary shares as stated in the daily quotations sheet of the HK Stock Exchange on the date of offer, which must be a business day; and (iii) the average closing price of the ordinary shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of offer.

As at 1 January 2014, under the Share Option Scheme (2002) there were outstanding and vested options entitling the holders to subscribe for an aggregate of 122,366,132 ordinary shares (1 January 2013: 150,366,132 shares) at exercise prices ranging from HK\$0.266 to HK\$1.152 per share, representing 3.51% (1 January 2013: 4.31%) of the Company's then issued ordinary share capital and 3.39% (1 January 2013: 4.14%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 122,366,132 shares or 100% were vested (1 January 2013: all the outstanding options in respect of an aggregate of 150,366,132 shares or 100%).

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

During the year ended 31 December 2014:

- No new options were granted (2013: nil);
- No vested options were exercised (2013: nil);
- Outstanding options in respect of an aggregate of 11,100,000 shares lapsed on 8 September 2014 upon expiry of the exercise period (being two outstanding options granted 9 September 2004 in respect of an aggregate of 11,100,000 shares at the exercise price of HK\$0.266 per share) (2013: outstanding options in respect of an aggregate of 28,000,000 shares lapsed on 30 June 2013 upon termination of the employment of four employees); and
- No options were cancelled (2013: nil).

Accordingly, as at 31 December 2014, under the Share Option Scheme (2002) there were outstanding options entitling the holders to subscribe for an aggregate of 111,266,132 ordinary shares (31 December 2013: 122,366,132 shares) at exercise prices ranging from HK\$0.300 to HK\$1.152 per share, representing 3.19% (31 December 2013: 3.51%) of the Company's then issued ordinary share capital and 3.09% (31 December 2013: 3.39%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 111,266,132 shares or 100% were vested (31 December 2013: all the outstanding options in respect of an aggregate of 122,366,132 shares or 100%). Exercise in full of the outstanding options would result in the issue of 111,266,132 additional ordinary shares for aggregate proceeds, before expenses, of HK\$77,614,928 (approximately US\$9,950,631).

Subsequent to the year end date and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

Particulars of the options held under the Share Option Scheme (2002) by various participants are as follows:

i. Directors, Chief Executive and substantial shareholders

As at 1 January 2014, outstanding and vested options in respect of an aggregate of 87,600,000 shares were held by the Chief Executive Officer (also an Executive Director) and other Directors, details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling the Chief Executive Officer to subscribe, in stages, for 11,000,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. An option, which was granted on 4 April 2006, entitling the Chief Executive Officer to subscribe, in stages, for 45,600,000 ordinary shares at the exercise price of HK\$0.300 per share; and
3. Options, which were granted on 2 October 2007, entitling the Non-Executive Co-Chairman (James Mellon), the Chief Executive Officer and an Independent Non-Executive Director to subscribe, in stages, for an aggregate of 31,000,000 ordinary shares at the exercise price of HK\$1.152 per share.

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

i. Directors, Chief Executive and substantial shareholders (Continued)

During the year ended 31 December 2014 and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options were cancelled. An outstanding option held by the Chief Executive Officer (also an Executive Director) granted on 9 September 2004 in respect of 11,000,000 shares at the exercise price of HK\$0.266 per share lapsed on 8 September 2014 upon expiry of the exercise period.

Accordingly, as at 31 December 2014, there were outstanding and vested options entitling the Chief Executive Officer (also an Executive Director) and other Directors to subscribe, in stages, for an aggregate of 76,600,000 ordinary shares at exercise prices ranging from HK\$0.300 to HK\$1.152 per share.

Subsequent to the year end date and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

Particulars of the options granted to and held by the Directors and the Chief Executive Officer are set out in detail under the section headed "Directors' Interests in Securities and Options" in the Directors' Report. No options were granted to or held by any associates of the Directors or the Chief Executive Officer of the Company at any time during the year or prior to the date of this report.

No options were granted to or held by any substantial shareholder of the Company (other than: (i) James Mellon who is also the Non-Executive Co-Chairman of the Company and (ii) Jamie Gibson who is also an Executive Director and the Chief Executive Officer of the Company), as referred to in the section headed "Substantial Shareholders" in the Directors' Report, or their respective associates, at any time during the year or prior to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

ii. Full-time employees

As at 1 January 2014, outstanding and vested options in respect of an aggregate of 20,766,132 shares were held by the full-time employees of the Group (excluding the Directors of the Company), details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling a full-time employee of the Group to subscribe, in stages, for 100,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. Options, which were granted on 4 April 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 4,524,000 ordinary shares at the exercise price of HK\$0.300 per share;
3. Options, which were granted on 14 December 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 4,104,000 ordinary shares at the exercise price of HK\$0.325 per share; and
4. Options, which were granted on 2 October 2007, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 12,038,132 ordinary shares at the exercise price of HK\$1.152 per share.

During the year ended 31 December 2014, no new options were granted; no vested options were exercised; and no outstanding options were cancelled. An outstanding option held by a full-time employee of the Group granted on 9 September 2004 in respect of 100,000 shares at the exercise price of HK\$0.266 per share lapsed on 8 September 2014 upon expiry of the exercise period.

Accordingly, as at 31 December 2014, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 20,666,132 shares at exercise prices ranging from HK\$0.300 to HK\$1.152 per share.

Subsequent to the year end date and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

iii. *Participants in excess of individual limit*

No participants were granted with options in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in the HK Listing Rules at any time during the year ended 31 December 2014 or prior to the date of this report.

iv. *Suppliers of goods and services*

As at 1 January 2014, outstanding and vested options in respect of an aggregate of 14,000,000 shares were held by the service providers, details of which are set out below:

1. An option, which was granted on 15 May 2007, entitling a consultant (a former Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 12,000,000 ordinary shares at the exercise price of HK\$0.780 per share; and
2. An option, which was granted on 2 October 2007, entitling a consultant (a former Independent Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 2,000,000 ordinary shares at the exercise price of HK\$1.152 per share.

During the year ended 31 December 2014 and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

v. *Other participants*

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the year ended 31 December 2014 or prior to the date of this report.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (Continued)

Share Option Scheme (2002) (Continued)

Share options and the weighted average exercise price are as follows for the reporting periods presented:

	2014		2013	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
Outstanding at 1 January	122,366,132	0.658	150,366,132	0.651
Forfeited	(11,100,000)	0.266	(28,000,000)	0.620
Outstanding at 31 December	111,266,132	0.698	122,366,132	0.658

No option has been exercised during the years ended 31 December 2014 and 2013. All remaining share options as at 31 December 2014 have been accounted for under HKFRS 2. The number of options exercisable at the reporting dates are as follows:

	2014		2013	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
Exercisable beginning in financial year				
– 31 December	111,266,132	0.698	122,366,132	0.658
Outstanding at 31 December	111,266,132	0.698	122,366,132	0.658

The weighted average remaining contractual life of the outstanding options as of 31 December 2014 is 2.01 years (2013: 2.80 years).

In total, Nil (2013: Nil) of employee share-based payment and Nil (2013: Nil) of non-employee share-based payment in relation to share options granted have been included in the consolidated statement of comprehensive income for the year ended 31 December 2014 (2013: Nil). No liabilities were recognised due to share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES

	Accumulated losses US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Capital redemption reserve US\$'000	Investment revaluation reserve US\$'000	Statutory reserve US\$'000	Shares held for share award scheme US\$'000	Foreign currency exchange reserve US\$'000	Total US\$'000
<i>Group</i>									
At 1 January 2013	(240,696)	333,825	3,825	8,228	—	176	(2,216)	3,234	106,376
Foreign currency translation adjustment	—	—	—	—	—	—	—	433	433
Share of reserves of associates	—	—	—	—	—	—	—	26	26
Distribution of shares awarded	(430)	—	(1,786)	—	—	—	2,216	—	—
Dividend payment	—	(58,436)	—	—	—	—	—	—	(58,436)
Change in fair value of available-for-sale financial assets	—	—	—	—	(172)	—	—	—	(172)
Impairment on available-for-sale financial assets	—	—	—	—	510	—	—	—	510
Share-based payment	—	—	969	—	—	—	—	—	969
Share options forfeited	477	—	(477)	—	—	—	—	—	—
Loss for the year	(25,636)	—	—	—	—	—	—	—	(25,636)
At 31 December 2013	(266,285)	275,389	2,531	8,228	338	176	—	3,693	24,070
Foreign currency translation adjustment	—	—	—	—	—	—	—	69	69
Share of reserves of associates	—	—	—	—	—	—	—	(1,751)	(1,751)
Change in fair value of available-for-sale financial assets	—	—	—	—	(204)	—	—	—	(204)
Impairment on available-for-sale financial assets	—	—	—	—	267	—	—	—	267
Share options forfeited	149	—	(149)	—	—	—	—	—	—
Loss for the year	(8,563)	—	—	—	—	—	—	—	(8,563)
At 31 December 2014	(274,699)	275,389	2,382	8,228	401	176	—	2,011	13,888

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES (Continued)

	Accumulated losses US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Capital redemption reserve US\$'000	Investment revaluation reserve US\$'000	Shares held for share award scheme US\$'000	Foreign currency exchange reserve US\$'000	Total US\$'000
<i>Company</i>								
At 1 January 2013	(258,418)	336,090	3,663	8,228	—	(2,216)	—	87,347
Distribution of shares awarded	(430)	—	(1,786)	—	—	2,216	—	—
Change in fair value of available-for-sale financial assets	—	—	—	—	(172)	—	—	(172)
Impairment on available-for-sale financial assets	—	—	—	—	510	—	—	510
Share-based payment	—	—	969	—	—	—	—	969
Dividend payment	—	(58,436)	—	—	—	—	—	(58,436)
Share options forfeited	477	—	(477)	—	—	—	—	—
Loss for the year	(11,978)	—	—	—	—	—	—	(11,978)
At 31 December 2013	(270,349)	277,654	2,369	8,228	338	—	—	18,240
Foreign currency translation adjustment	—	—	—	—	—	—	1	1
Change in fair value of available-for-sale financial assets	—	—	—	—	(204)	—	—	(204)
Impairment on available-for-sale financial assets	—	—	—	—	267	—	—	267
Share options forfeited	149	—	(149)	—	—	—	—	—
Loss for the year	(25,868)	—	—	—	—	—	—	(25,868)
At 31 December 2014	(296,068)	277,654	2,220	8,228	401	—	1	(7,564)

NOTES TO THE FINANCIAL STATEMENTS

25. DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company

	2014		2013	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Total derivatives				
Foreign exchange traded futures and options	—	333	14	437
Equity and stock index futures and options	940	—	492	—
Total derivatives	940	333	506	437

At 31 December 2014, there were outstanding forwards, futures and contract-for-difference contracts amounting to approximately US\$5,643,000 (2013: US\$12,665,000) undertaken by the Group in the foreign exchange and equity markets. At 31 December 2014, there was an unrealised gain of US\$115,000 (2013: unrealised loss of US\$983,000) in respect of open derivative contracts.

In the course of the Group's normal trading in derivatives, margin deposits of varying currencies of cash are held by the Group's brokers. As at 31 December 2014, the amount of these margin deposits was US\$410,000 (2013: US\$891,000).

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAX

Group and Company

The movements in deferred tax liabilities during the year are as follows:

	2014 US\$'000	2013 US\$'000
At the beginning of the year	—	7,197
(i) Reversal of CGT on gain of shares of BCI	—	(11,681)
(ii) Reversal of deferred tax asset arising from unrealised capital loss on Venturex shares	—	5,347
Net credit to profit or loss for the year	—	(6,334)
(iii) Net exchange gain arising from movement in A\$ versus US\$	—	(863)
At the end of the year	—	—

- (i) In 2012, deferred taxation was provided in relation to the potential CGT payable on the unrealised gain of the Company's interests in equity shares of BCI. This amounted to A\$12,784,000 (approximately US\$13,274,000) and was charged to the profit or loss. On 16 January 2013, the Company sold its BCI shares. The Australian Taxation Office ("ATO") considered that CGT was payable in relation to the realised gain on such disposal. On 24 January 2013, the Company received orders from the Federal Court of Australia in relation to a notice of assessment issued by the ATO (the "Assessment") for the amount referred to above. The amount of the potential tax was due and payable on 2 December 2013, and the orders provided that the Company must not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the amount assessed. The Company sought external professional advice in relation to the orders and the Assessment and understood that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets. In light of the Assessment and orders, the Directors made a provision for CGT as per the Assessment as at 31 December 2012 pending a final report and conclusion by the Company's professional advisors on this matter.

During the financial year ended 31 December 2013, the Company received independent valuation advice from its professional advisors indicating that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets, the Company had strong and compelling grounds to challenge the Assessment in its entirety. As a consequence of the advice received, the Company wrote back the provision for CGT made in 2012 on the gain on BCI shares (which was shown under deferred tax as explained above) amounting to US\$11,681,000.

The Board noted that, during the year 31 December 2014, there have been further legal developments regarding the Australian taxation rules applicable to the Company and its prior disposal of its investment in BCI. In light of these developments the Company has taken further external advice from its Australian advisers as to its position. In this respect, the Company has proactively and voluntarily shared its independent, expert advice, together with supporting papers and calculations, with the Commissioner of Taxation and that advice has recently been reviewed by an external consultant engaged by the Commissioner of Taxation.

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAX (Continued)

Group and Company (Continued)

On 28 January 2015, the Company and its Australian advisers received a copy of the report produced by the external consultant engaged by the Commissioner of Taxation and, from that report, understands that the external consultant does not agree with certain material findings in the independent, expert advice received by the Company. The Company and its Australian advisers are continuing to review the report.

As of 31 December 2014 and up to date of this Annual Report, the Company and its Australian advisers are not aware of any changes in the facts of the aforementioned dispute, nor the regulatory landscape or any recent legal developments in Australia which may affect the prior advice received and shared with the Commissioner of Taxation. Accordingly, the Directors remain of the view that the Company has strong and compelling grounds to challenge the Assessment in its entirety and will continue to do so. Therefore, as a next step, the Company anticipates entering into formal discussions with the Commissioner of Taxation, by way of a regulated alternative dispute resolution process, to further discuss the areas of disagreement pertinent to matter and will provide further updates to the market in due course.

- (ii) In 2012, the Company recognised a CGT credit or deferred tax asset arising on the unrealised capital loss on its investment in another Australian equity investment, Venturex. CGT credits may only be recognised or utilised to the extent the Company has CGT charges it can be used to offset against, such as the unrealised gain on BCI shares. Accordingly, the Company recognised a deferred tax asset in respect of CGT for Venturex in 2012.

Because of the sale of BCI shares in January 2013, there were no other potential CGT charges against which the Company could offset its CGT credits arising from the unrealised losses on its Venturex investment. Consequently, the Directors were not able to indicate with certainty that the Company would have future taxable capital gains to utilise the CGT credits on Venturex and the deferred tax asset (US\$5,347,000) arising from the unrealised capital loss on Venturex carried forward from 2012 was reversed in 2013.

- (iii) During the year ended 31 December 2013, the Company recognised an exchange gain of approximately US\$1,592,000 in relation to the potential CGT arising on the gain of BCI shares (as explained in (i) above) and an exchange loss of approximately US\$729,000 in relation to the potential deferred tax assets on the unrealised loss of Venturex shares (as explained in (ii) above) as a consequence of the depreciation of the A\$ against the US\$ of approximately 12% during the year ended 31 December 2013. In aggregate, there was a net exchange gain of approximately US\$863,000 in respect of the CGT matter, which has been included in Group's aggregate net foreign exchange gain of US\$2,326,000 for the year ended 31 December 2013 (note 4).

No deferred tax asset or liability has been recognised for the years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

27. RETIREMENT BENEFIT OBLIGATIONS

The Group has operated a defined contribution staff retirement scheme in Hong Kong which has complied with all the respective requirements of the Occupational Retirement Schemes Ordinance (“**ORSO**”) since April 1991. On 1 December 2000, the above scheme was terminated and transferred to a new mandatory provident fund scheme (the “**MPF Scheme**”) which complies with all the respective requirements under the Mandatory Provident Fund Ordinance (the “**MPF Ordinance**”). All assets under the schemes are held separately from the Group under independently administered funds. The MPF Scheme has two plans. Plan A is available to those employees who were transferred from the old ORSO scheme and contributions are based on a specific percentage of the basic salary of the eligible employees. Plan B is available to all other employees in Hong Kong and contributions follow the minimum requirements of the MPF Ordinance.

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees under Plan A who leave the scheme prior to vesting fully in the contributions. During the year ended 31 December 2014, there were no forfeited contributions (2013: Nil) and the Group’s contribution was US\$24,000 (2013: US\$22,000).

28. OPERATING LEASE COMMITMENTS

Group

	2014 US\$'000	2013 US\$'000
At 31 December 2014 and 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	566	490
– in the 2nd to 5th year, inclusive	964	8
	1,530	498
Equipment:		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	3	8
	8	13
	1,538	511

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING LEASE COMMITMENTS

Company

The Company has no lease commitments.

29. CAPITAL COMMITMENTS

The Group and the Company have no material capital commitments as at 31 December 2014 and 2013.

30. CONTINGENT LIABILITIES

Saved as those disclosed in notes 26 and 34, the Group and the Company have no other material contingent liabilities as at 31 December 2014 and 2013.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's management in closely monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The most significant financial risks to which the Group is exposed to are described below:

Foreign currency risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

The Group has exposure to currency risk as some of its financial assets and liabilities are denominated in currencies other than the financial currencies of the group companies.

NOTES TO THE FINANCIAL STATEMENTS

31 . FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into US\$ at the closing rate, are as follows:

31 December 2014

	Group				Company			
	US\$'000							
	RMB	GBP	AUD	CAD	RMB	GBP	AUD	CAD
Cash and bank balances	—	—	135	—	—	—	134	—
Financial assets at fair value								
through profit or loss	—	6,624	4,303	2,338	—	6,624	4,303	2,338
Prepayments, deposits and								
other receivables	—	89	20	—	—	89	20	—
Accruals and other payables	—	(5)	(8)	—	—	(5)	(8)	—
Current net exposures	—	6,708	4,450	2,338	—	6,708	4,449	2,338

31 December 2013

	Group				Company			
	US\$'000							
	RMB	GBP	AUD	CAD	RMB	GBP	AUD	CAD
Cash and bank balances	8	—	187	—	—	—	179	—
Financial assets at fair value								
through profit or loss	—	26,441	7,267	3,224	—	26,441	7,267	2,971
Prepayments, deposits and								
other receivables	—	61	223	69	—	61	223	69
Accruals and other payables	—	(7)	(34)	—	—	(7)	(34)	—
Current net exposures	8	26,495	7,643	3,293	—	26,495	7,635	3,040

The following table demonstrates the sensitivity at the reporting date to a reasonably possible change in the RMB, GBP, AUD and CAD exchange rates, with all other variables held constant, of the Group's net loss (due to changes in the fair value of monetary assets and liabilities).

NOTES TO THE FINANCIAL STATEMENTS

31 . FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

	Group		Company	
	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit US\$'000	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit US\$'000
As at 31 December 2014				
If US\$ weaken against RMB	5	—	5	—
If US\$ strengthen against RMB	(5)	—	(5)	—
If US\$ weaken against GBP	5	1,826	5	335
If US\$ strengthen against GBP	(5)	(1,826)	(5)	(335)
If US\$ weaken against AUD	5	223	5	222
If US\$ strengthen against AUD	(5)	(223)	(5)	(222)
If US\$ weaken against CAD	5	117	5	117
If US\$ strengthen against CAD	(5)	(117)	(5)	(117)

NOTES TO THE FINANCIAL STATEMENTS

31 . FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

	Group		Company	
	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit US\$'000	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit US\$'000
As at 31 December 2013				
If US\$ weaken against RMB	5	—	5	—
If US\$ strengthen against RMB	(5)	—	(5)	—
If US\$ weaken against GBP	5	1,325	5	1,325
If US\$ strengthen against GBP	(5)	(1,325)	(5)	(1,325)
If US\$ weaken against AUD	5	382	5	382
If US\$ strengthen against AUD	(5)	(382)	(5)	(382)
If US\$ weaken against CAD	5	165	5	152
If US\$ strengthen against CAD	(5)	(165)	(5)	(152)

Credit risk

The Group's investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Transactions involving derivative financial instruments are with counterparties of sound credit standing. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The following table details the remaining contractual maturities at the reporting date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay:

	Group			Company		
	Carrying amount	Total contractual undiscounted cash flow	Within 6 months or on demand	Carrying amount	Total contractual undiscounted cash flow	Within 6 months or on demand
		US\$'000	US\$'000		US\$'000	US\$'000
2014						
Trade payables	99	99	99	—	—	—
Accruals and other payables	3,172	3,172	3,172	2,922	2,922	2,922
Amounts due to subsidiaries	—	—	—	14,688	14,688	14,688
	3,271	3,271	3,271	17,610	17,610	17,610
Derivative financial instruments	333	333	333	333	333	333
2013						
Trade payables	100	100	100	—	—	—
Accruals and other payables	3,205	3,205	3,205	2,915	2,915	2,915
Amounts due to subsidiaries	—	—	—	14,503	14,503	14,503
	3,305	3,305	3,305	17,418	17,418	17,418
Derivative financial instruments	437	437	437	437	437	437

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The Group enjoyed a healthy financial position at the end of 2014, with cash and cash equivalents amounting to US\$3,588,000 as at 31 December 2014 (2013: US\$9,055,000).

The Group financed its operations and investment activities with internally generated cash flow, balanced with proceeds from the issue of new shares.

The Group's policy is to monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

Commodity price risk

The Group's exposure to commodity price risk relates principally to the market price fluctuation in coking coal which can affect the Group's share of results from its associate.

Interest rate risk

The Group has no long-term external borrowings which bear floating interest rates. The Group's exposure to market risk for changes in interest rate related primarily to cash balances with banks.

Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately US\$63,000 (2013: US\$103,000). The general increase/decrease in interest rate would have no significant impact on other components of consolidated equity.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value estimation

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value estimation (Continued)

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

At 31 December 2014

	Note	The Group				The Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Assets									
Listed securities held for trading	(a)	13,876	—	—	13,876	13,876	—	—	13,876
Derivative financial instruments	(b)	—	940	—	940	—	940	—	940
Available-for-sale financial assets	(d)	405	—	—	405	405	—	—	405
		14,281	940	—	15,221	14,281	940	—	15,221
Liabilities									
Derivative financial instruments		—	333	—	333	—	333	—	333

At 31 December 2013

	Note	The Group				The Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Assets									
Listed securities held for trading	(a)	37,814	—	—	37,814	37,561	—	—	37,561
Derivative financial instruments	(b) & (c)	14	492	—	506	14	492	—	506
Available-for-sale financial assets	(d)	609	—	—	609	609	—	—	609
		38,437	492	—	38,929	38,184	492	—	38,676
Liabilities									
Derivative financial instruments		—	437	—	437	—	437	—	437

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value estimation (Continued)

There have been no significant transfers among levels of the fair value hierarchy during the reporting periods.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) *Listed securities held for trading*

The listed equity securities are denominated in US dollars, British pounds, Canadian and Australian dollar. Fair values have been determined by reference to the last quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(b) *Derivatives*

Where derivatives are not traded either on exchanges or liquid over-the-counter markets, the fair value is determined with reference to the market price of equity shares to which the derivatives are linked to using pricing models.

(c) *Derivatives*

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date.

(d) *Available-for-sale financial assets*

The available-for-sale financial assets are denominated in British pounds, Canadian and Australian dollar. Fair values have been determined by reference to the last quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Price risk

The Group's price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities amounting to US\$13,876,000 classified as financial assets at fair value through profit or loss (2013: US\$37,814,000).

The above investments are exposed to price risk because of change in market price, whether changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's listed investments are primarily listed on the stock exchanges of Australia, Canada, United Kingdom and the United States. Listed investments held in the portfolio have been chosen based on their growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution and in accordance with the limits set by the Group.

At 31 December 2014, if equity prices had increased/decreased by 20% and all other variables were held constant, profit for the year would increase/decrease by US\$2,775,000 (2013: US\$7,563,000). The above analysis has been determined assuming that the reasonably possible changes in the stock market price or other relevant risk variables had occurred at the reporting date and had been applied to the exposure to equity price risk in existence at that date. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Summary of financial assets and liabilities by category

The carrying amounts of the Group and the Company's financial assets and liabilities as recognised at the reporting date of the reporting periods under review may also be categorised as follows.

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
(i) Financial assets				
Non-current assets				
Available-for-sale financial assets	2,130	2,334	2,130	2,334
Current assets				
Financial assets at fair value				
through profit or loss	13,876	37,814	13,876	37,561
Derivative financial instruments	940	506	940	506
Loans and receivables:				
– Loan receivables	250	—	—	—
– Cash and bank balances	3,588	9,055	3,137	8,322
– Amounts due from subsidiaries	—	—	4,206	15,404
– Deposits and other receivables*	1,037	3,405	811	3,120
	19,691	50,780	22,970	64,913
	21,821	53,114	25,100	67,247
(ii) Financial liabilities				
Current liabilities				
Derivative financial instruments	333	437	333	437
Financial liabilities measured at amortised cost:				
– Trade payables, accruals and other payables	3,271	3,305	2,922	2,915
– Amounts due to subsidiaries	—	—	14,688	14,503
	3,604	3,742	17,943	17,855

* Excluded from prepayments, deposits and other receivables as disclosed in the consolidated and company statements of financial position of US\$1,217,000 (2013: US\$3,597,000) and US\$904,000 (2013: US\$3,212,000) is an amount of US\$180,000 (2013: US\$192,000) and US\$93,000 (2013: US\$92,000) representing prepayments.

NOTES TO THE FINANCIAL STATEMENTS

32. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's management objectives are:

- To ensure the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

Management regards equity attributable to the Company's owners as capital, for capital management purpose. The amount of capital as at 31 December 2014 amounted to approximately US\$48,745,000 (2013: US\$58,927,000), which management considers as satisfactory having considered the projected capital expenditures and the projected strategic investment opportunities.

33. MATERIAL RELATED PARTY TRANSACTIONS

The Group had no material related party transactions for the years ended 31 December 2014 and 2013.

The Directors are of opinion that the key management personnel were the Directors of the Company, details of whose emoluments are set out in note 7 to the financial statements.

34. LITIGATION

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013, the Company received orders from the Federal Court of Australia in relation to an assessment issued by the Commissioner of Taxation in the amount of A\$12.8 million following completion of the sale of its securities in BCI for gross proceeds of A\$81.6 million (the "Assessment", as referred to in note 26 (Deferred Tax)). The amount of potential capital gains tax assessed was expressed to be due and payable on 2 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

34. LITIGATION (Continued)

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the “**Specific Security Deed**”) in respect of certain of the Company’s investments in entities listed on the Australian Securities Exchange, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

Having executed the Settlement Deed and Specific Security Deed, the Company has, together with its external advisers, continued to focus on the merits of the Assessment. From advice received, the Company understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI’s real property (including mining tenements) and non-real property assets.

To this end, the Company has received independent valuation advice indicating that, based on a valuation of BCI’s real property (including mining tenements) and non-real property assets at the relevant time, the Company has strong and compelling grounds based on current law in Australia to challenge the Assessment in its entirety.

Accordingly, the provision of A\$12.78 million (or approximately US\$10.43 million) in respect of the potential Australian taxation liability in relation to the realised gain on disposal of the Company’s investment in BCI was written back in the financial statements for the half-year ended 30 June 2013 (as announced on 23 August 2013) and, prior to 2 December 2013, the Company filed a formal notice of objection with The Commonwealth of Australia, represented by the Commissioner of Taxation, objecting to the Assessment.

The Company is continuing to work closely with its Australian advisers to determine the most appropriate course of action in respect of resolving the matter with the Commissioner of Taxation.

The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect, should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company’s position (with respect to the value ascribed to BCI’s real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company’s accounts and financial position going forward.

Except for the above mentioned, the Directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company has entered into conditional sale and purchase agreements to dispose of up to 938,978 fully paid ordinary shares of US\$0.01 each in the capital of Binary Holdings Ltd., a 49.90% owned associated company of the Company, by way of the First Sale and the Third Parties Sale (these terms used herein having the same meanings as defined in the Company's circular as of 16 March 2015), for an aggregate consideration of US\$15 million (or approximately HK\$117 million) in cash, before interest, on 16 January 2015 and 4 March 2015, respectively. Completion of the First Sale agreement and the Third Parties Sale agreement is subject to the satisfaction of all the conditions precedent to the respective agreement. Further details are disclosed in the announcement of the Company dated 16 January 2015 and 4 March 2015, respectively.

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