OPES ASIA DEVELOPMENT LIMITED
華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)
(Stock Code : 810)

Annual Report
2013

*For identification purposes only

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Mr. Yang Yongdong *(Chief Executive Officer)*
Mr. Choi Wai King

Non-executive Directors:
Dr. Lam Man Chan *(Chairman)*
Mr. Choi Chiu Ming Jimmy

Independent Non-executive Directors:
Mr. Ku Siu Fun Alex
Dr. Ng Chi Yeung Simon
Mr. Tam Yuk Sang Sammy
Ms. Florence Ng

AUDIT COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*
Dr. Ng Chi Yeung Simon
Mr. Tam Yuk Sang Sammy
Ms. Florence Ng

REMUNERATION COMMITTEE

Mr. Tam Yuk Sang Sammy *(Chairman)*
Mr. Ku Siu Fun Alex
Ms. Florence Ng

NOMINATION COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*
Mr. Yang Yongdong
Mr. Tam Yuk Sang Sammy
Ms. Florence Ng

INVESTMENT COMMITTEE

Mr. Yang Yongdong
Mr. Choi Wai King
Mr. He Weiqing *(Chief Investment Officer and Deputy Chief Executive Officer)*
Mr. Shi Chusheng

JOINT COMPANY SECRETARIES

Mr. Leung Yiu Wah
Mr. Tsang Hing Bun

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INVESTMENT MANAGER

China International Capital Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

As to Hong Kong Law
Sidley Austin

As to Bermuda Law
Appleby Hunter Bailhache

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3102-3105, 31/F.,
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

REGISTRARS IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Website
http://www.irasia.com/listco/hk/opesasia

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

Chairman's Statement and Management Discussion and Analysis

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Opes Asia Development Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2013. The Company is an investment company pursuant to Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

BUSINESS REVIEW

During the year under review, the Group remained principally engaged in investment in listed and unlisted companies, mainly established in the People's Republic of China (the "PRC"), Hong Kong, Australia and Macau.

For the year ended 31 December 2013, the Group recorded a revenue of approximately HK$52.82 million (2012: HK$53.59 million), representing a decrease of approximately 1.45% as compared with that of last year. The net loss attributable to shareholders for the year ended 31 December 2013 was approximately HK$23.05 million (2012: approximately HK$40.95 million).

Thanks to the significant decrease in fair value losses on financial assets at fair value through profit or loss of approximately HK$9.45 million, the loss for the year dropped by HK$17.9 million. During the year, the consolidated statement of profit or loss included the following major items:

(i) the net investment income from securities of approximately HK$3.76 million (2012: HK$0.93 million);

(ii) the interest income on convertible bond of approximately HK$7.03 million (2012: HK$3.71 million);

(iii) the administrative and other operating expenses of approximately HK$31.33 million (2012: HK$27.32 million), representing an increase of HK$4.01 million. This was mainly attributable to the increase in employee benefit expenses of approximately HK$5.41 million, which included a share-based payments of approximately HK$3.15 million for the share options granted during the year.

PROSPECTS

Looking forward, the current economic environment is uncertain due to the recent concerns on the sluggish growth of GDP and the occurrence of corporate bond defaults, both in the PRC. However, certain investors still have positive sentiments toward investment companies, which can provide a diversified investment platform for them.

The Group will continue to implement diversified investment strategy and identify suitable investment opportunities with potential asset appreciation and/or suitable returns for the Group and shareholders of the Company. Moreover, we will maintain a prudent but proactive investment approach and will closely monitor the performance of our investment portfolio. Upon the regular review and evaluation, appropriate and timely actions will be taken.

Subsequent to the year end date, the Company has successfully raised fund of approximately HK$11,672,700 through a placement of new shares. The management will consider different means of fund-raising to further enhance its capital base. All in all, the management will expand its investment portfolio and improve the corporate performance in coming financial years.

Chairman's Statement and Management Discussion and Analysis

LATEST UPDATE ON A LITIGATION WITH A FORMER CHAIRMAN AND NON-EXECUTIVE DIRECTOR OF THE COMPANY

Reference is made to the announcements of the Company dated 19 January 2012 and 28 March 2013, and the 2011 and 2012 annual reports of the Company regarding, among other things, the civil action taken against Mr. Cheung Tung Lan, Tony, a former Chairman and Non-executive Director of the Company.

In view of the potential costs and time expected to be involved, the Company considered not to pursue the case any further. The Company wishes to focus its resources on its ordinary business development, which is considered in the interests of the Company and its shareholders.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group had cash and cash equivalents of approximately HK$10.10 million (2012: HK$12.64 million). The net current assets for the year ended 31 December 2013 were approximately HK$63.05 million (2012: HK$36.34 million) mainly caused by the reclassification of convertible bond receivable from non-current to current assets. The indebtedness of the Group as at 31 December 2013 was HK$Nil (2012: HK$Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars, Renminbi and Australian dollars. Management of the Group will closely monitor the fluctuation in Renminbi and Australian dollars and take appropriate actions when needed. As at 31 December 2013, the Group did not have any hedging activities for its foreign exchange exposure nor does it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the year.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had not made any material acquisition or disposal during the year under review.

SHARE CAPITAL STRUCTURE

On 18 September 2013, a placing was completed pursuant to the Placing Agreement dated 2 September 2013. The Company issued a total of 59,860,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.20 each. The issued share capital of the Company was thus increased from HK$2,993,000 to HK$3,591,600. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company had applied the net proceeds for the general working capital of the Company and investments. Other than this, there was no movement on the share capital of the Company.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2013, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2013, the Company had 22 full time employees, 13 in Hong Kong, 3 in Shenzhen, 3 in Shanghai and 3 in Taiwan. The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK$12.79 million (2012: HK$7.38 million).

The Company places high value on the staff as they are the most valuable assets to grow with the Company. The Company encourages the staff to further improve themselves by providing appropriate training in diversified fields to address the requirements for both personal development and work skills. The staff are rewarded based on the firm performance of the Company as well as their performance and contribution to the Company.

APPRECIATION

I would also like to take this opportunity to thank all our board of directors, management and staff members for their support and contribution to the Group.

On behalf of the Board

Lam Man Chan
Chairman

Hong Kong, 20 March 2014

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Yang Yongdong ("Mr. Yang"), aged 45, joined the Company on 15 April 2011. Mr. Yang graduated from Xiamen University and was awarded a Bachelor's Degree of Electronic Engineering. He obtained a Master's Degree of Economics from the Department of International Economic and Trade at Nankai University. Mr. Yang is currently a Doctoral candidate of the Institute of Finance and Banking in the Chinese Academy of Social Sciences. Mr. Yang has over 20 years of experience in financial investment business. He has held senior management positions at a number of investment companies in Mainland China and Hong Kong. Mr. Yang is considerably familiar with the capital investment markets in both Mainland China and Hong Kong, and has in-depth knowledge of the operation of A-shares, B-shares and H-shares. He excels in identifying potential strategic investment opportunities and has extensive experience in equity investments in unlisted companies. He has advanced insight into strategic investments, definitely a sophisticated investment expert in the capital investment markets in Mainland China and Hong Kong.

Mr. Choi Wai King ("Mr. Choi"), aged 50, joined the Company on 13 February 2014. Mr. Choi obtained his bachelor's degree in Finance at Columbus University and is a licensed person to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "SFO"). He has about 26 years of experience in securities trading and management, business management, asset management and provision of investment advisory worldwide including the South East Asian countries, the Middle East, China, Japan and Hong Kong. In particular, Mr. Choi has been involved in the senior management of and has been a responsible officer of the several asset management companies. Currently, Mr. Choi is an executive director of China Financial Leasing Group Limited (Stock code: 02312), a company listed on The Stock Exchange of Hong Kong Limited. He is also the chief investment officer and responsible officer of Golden Great China Fund Management Limited.

NON-EXECUTIVE DIRECTORS

Dr. Lam Man Chan ("Dr. Lam"), aged 64, joined the Company on 11 February 2014. He has over 30 years of management experience and in depth knowledge of the electronics industry. He was graduated from the World Electric Engineering College in 1969. Dr. Lam holds an honorary degree of Doctor of Science from Armstrong University in the United States. He is currently the chairman of Ngai Lik Group Limited ("Ngai Lik"), a group mainly engaged in the sale and manufacture of consumer electronics products. He is responsible for the formulation of corporate strategy and overall direction of Ngai Lik. Dr. Lam has invested in different industries, including securities broking, finance business, hotel development, motor cycle business and properties investment. He was granted the Young Industrialist Awards of Hong Kong in 1994 and the World Outstanding Chinese Award in 2005. He was once a standing committee member of Qingyuan Region Committee of the Chinese People's Political Consultative Conference ("CPPCC") and a committee member of Guangdong Provincial Committee and Dongguan Regional Committee of CPPCC. Dr. Lam had been the chairman and executive director of Ngai Lik Industrial Holdings Limited (Stock code: 00332), a public listed company, during the period from 28 February 1992 to 11 January 2010.

Mr. Choi Chiu Ming Jimmy ("Mr. Choi"), aged 60, joined the Company on 31 December 2013. He had been a senior civil servant for over 30 years. In 1982, Mr. Choi joined the then Royal Hong Kong Auxiliary Air Force (now retitled as "Government Flying Service") and was promoted to Senior Air Crewman Officer (Operations) before he was seconded to Security Bureau as Assistant Secretary in 2000. During the period, he graduated from the Central Flying School, Royal Air Force, United Kingdom (the "UK") and obtained a professional Aircrewman Instructor qualification. In 2001, he returned to Government Flying Service until his retirement in 2008. During his career as civil servant, he was sent to receive numerous training courses by the Hong Kong government, such as Intermediate Command Course (Hong Kong Police), Senior Command Course (Hong Kong Police) and Senior Staff Course (Hong Kong Government). In particular, he completed Intermediate Command and Staff Course provided by the Royal Air Force Staff College, UK. Due to his outstanding performance, Mr. Choi was posted to Shanghai and appointed as a consultant of Maritime Search and Rescue Flying Service, Ministry of Transport, the People's Republic of China (the "PRC") in 2006 and was further appointed as a member of New Helicopter Fleet Procurement Team. To recognize his contributions to both Hong Kong and the PRC, Mr. Choi has been awarded a number of honorary commendations, including Government Flying Service Medal for Meritorious Service in 2002 and Medal for Bravery, Bronze in 2004 and Distinguish Contribution Medal, Maritime Search and Rescue Flying Service, Ministry of Transport, PRC, in 2011. Currently, Mr. Choi is an advisor of Maritime Search and Rescue Flying Service, Ministry of Transport, PRC.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ku Siu Fun Alex ("Mr. Ku"), aged 59, joined the Company on 11 January 2012. Mr. Ku graduated with a Master degree of Business Administration from the Open University and a Bachelor degree of Business Administration from the Chinese University of Hong Kong. He is currently a Fellow of the Society of Register of Financial Planners (FRFP), a Fellow of the Institute of Financial Accountants (FFA), a Fellow of the Hong Kong Institute of Marketing (FHKIM) and a Certified Professional Marketer (CPM). Mr. Ku has gained broad experience in banking and finance with United Overseas Bank, Standard Chartered Bank, Crédit Agricole (formerly known as Banque Indosuez), Citibank N.A. and Citic Bank International (formerly known as Citic Ka Wah Bank). He also worked as a Management Consultant in CCIF CPA for over 5 years with diverse experience and network in business development, enterprise management, merger and acquisition covering investment advisory, fund-raising and strategic financial management. Mr. Ku has also been engaged as a trainer and lecturer in various business training programs offered by the Hong Kong Institute of Bankers, Hong Kong Management Association, Hong Kong Polytechnic University, Hong Kong Productivity Council, and Macau Management Association. Mr. Ku was appointed as a director of Kaiyue International Inc. (stock code: KYU), a company listed on TSX Venture Exchange Inc. in Canada in late 2013.

Dr. Ng Chi Yeung Simon ("Dr. Ng"), aged 56, is a qualified solicitor in Hong Kong and joined the Company on 26 November 2013. He is a consultant of Rowland Chow, Chan & Company, a law firm in Hong Kong. Dr. Ng holds a bachelor degree from the Manchester Metropolitan University in the United Kingdom, a master degree in Chinese and Comparative Law, and a doctor degree in worship studies from the Robert Webber Institute for Worship Studies. Dr. Ng is also a Part-time Lecturer of the Department of Professional Legal Education of The University of Hong Kong. Dr. Ng is currently an independent non-executive director of another two public listed companies in Hong Kong, namely, Kith Holdings Limited (stock code: 01201) and Winfair Investment Company Limited (stock code: 00287). He had once been an independent non-executive director of Long Success International (Holdings) Limited (stock code: 08017) and Ngai Lik Industrial Holdings Limited (stock code: 00332), a public listed company, up to 18 October 2013 and 18 February 2010 respectively.

Mr. Tam Yuk Sang Sammy ("Mr. Tam"), aged 50, joined the Company on 31 December 2013. He graduated from the Hong Kong Polytechnic University, is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently the president of Essentack Limited, a corporate strategy and management advisory company. He is an independent non-executive director of KEE Holdings Company Limited (stock code: 02011), a company whose shares are listed on the Stock Exchange and, Renheng Enterprise Holdings Limited (stock code: 03628), a company whose shares are listed on the Stock Exchange. He is an independent non-executive director and the audit committee chairman of Kith Holdings Limited (stock code: 01201), a company whose shares are listed on the Stock Exchange. Mr. Tam had once been an independent non-executive director and the audit committee chairman of Long Success International (Holdings) Limited (stock code: 08017) a company whose shares are listed on GEM, up to 18 October 2013.

Ms. Florence Ng ("Ms. Ng"), aged 50, is a solicitor of the Hong Kong Special Administrative Region and joined the Company on 31 December 2013. Ms. Ng holds a Bachelor of Arts degree from the San Francisco State University, a Bachelor of Laws degree from the University of London and a Master of Laws degree from the City University of Hong Kong. Prior to her legal profession, Ms. Ng has over 10 years of business management experience in the high-tech industry in Canada. Ms. Ng has held senior management positions in several computer and internet companies and she was responsible for general management and oversaw their operations of the sales, marketing and purchasing. Ms. Ng is currently a practising solicitor focusing on the area of mergers and acquisitions and corporate finance.

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Australia and Macau.

An analysis of the Group's performance for the year by operating segment is set out in note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 and the state of affairs at that date are set out in the consolidated financial statements on pages 21 to 24.

The Directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 28 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the statement of changes in equity on page 27 to 28.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Bermuda, the share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of its Bye-Laws and a statutory solvency test. In accordance with Bye-Law 143 the dividends may be declared and paid out of the profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared or paid out of share premium account. The Company's reserves available for distribution amounted to HK$64,268,984 as at 31 December 2013.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated and reclassified as appropriate, is set out on page 102. This summary does not form part of the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company has not purchased, sold or redeemed any of its own shares during the year ended 31 December 2013.

SHARE OPTIONS

Particulars of the Company's Share Option Schemes are set out in note 35 to the consolidated financial statements.

The share option scheme adopted on 8 February 2002 (the "Scheme") had been expired on 7 February 2012 and a new share option scheme (the "New Scheme") had been adopted on 31 July 2012. On 10 September 2013, the Company granted share options under the New Scheme to certain Directors and employees of the Company, which entitle them to subscribe for a total of 29,930,000 ordinary shares at HK$0.25 per share, upon payment of HK$1 per grant.

As at 31 December 2013, details of the share options granted under the Scheme and the New Scheme are as follows:

Grantee	Position	As at 1/1/2013	Lapsed and cancelled during the year	Granted during the year	Transferred	As at 31/12/2013	Exercise price HK$	Grant date	Exercisable period
Yang Yongdong	Executive Director	2,494,000	–	–	–	2,494,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
		–	–	2,993,000	–	2,993,000	0.25	10/9/2013	10/9/2013 to 9/9/2023
Chan Yiu Pun Clement	Ex Executive Director	–	(2,993,000)	2,993,000	–	–	0.25	10/9/2013	10/9/2013 to 9/9/2023
Zhou Tao David	Ex Executive Director	–	–	2,993,000	–	2,993,000	0.25	10/9/2013	10/9/2013 to 9/9/2023
Ku Siu Fun Alex	Independent Non-Executive Director	–	–	299,300	–	299,300	0.25	10/9/2013	10/9/2013 to 9/9/2023
Li Meizhen	Ex Independent Non-Executive Director	–	(299,300)	299,300	–	–	0.25	10/9/2013	10/9/2013 to 9/9/2023
Fan Wai Kong Michael	Ex Independent Non-Executive Director	–	–	299,300	–	299,300	0.25	10/9/2013	10/9/2013 to 9/9/2023
Chu Wai Lim	Ex Executive Director	600,000	–	–	–	600,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Fong Son Wa	Ex Executive Director	682,759	–	–	–	682,759	1.538	30/1/2008	30/1/2008 to 29/01/2018
		113,793	–	–	–	113,793	1.494	10/6/2009	10/6/2009 to 9/6/2019
		300,000	–	–	–	300,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Look Andrew	Former substantial shareholder	5,120,690	(5,120,690)	–	–	–	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		113,793	(113,793)	–	–	–	1.538	30/1/2008	30/1/2008 to 29/01/2018
Employees		113,793	(113,793)	–	–	–	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		300,000	–	–		300,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Employees		–	–	20,053,100	–	20,053,100	0.25	10/9/2013	10/9/2013 to 9/9/2023
Consultants		1,706,896	(1,706,896)	–	–	–	1.538	30/1/2008	30/1/2008 to 29/01/2018
Consultants		5,742,000	(5,742,000)	–	–	–	1.494	10/6/2009	10/6/2009 to 9/6/2019
Consultants		600,000	–	–	–	600,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
		17,887,724	(16,089,472)	29,930,000	–	31,728,252			

Report of the Directors

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors:

Mr. Yang Yongdong *(Chief Executive officer)*	
Mr. Choi Wai King	(appointed on 13 February 2014)
Mr. Zhou Tao David	(appointed on 30 April 2013 and resigned on 28 February 2014)
Mr. Chu Wai Lim	(resigned on 10 January 2013)
Ms. Fong Son Wa	(resigned on 10 January 2013)
Mr. Chan Yiu Pun Clement	(resigned on 31 October 2013)

Non-Executive Directors:

Dr. Lam Man Chan *(Chairman)*	(appointed on 11 February 2014)
Mr. Choi Chiu Ming Jimmy	(appointed on 31 December 2013)

Independent Non-executive Directors:

Mr. Ku Siu Fun Alex	
Dr. Ng Chi Yeung Simon	(appointed on 26 November 2013)
Mr. Tam Yuk Sang Sammy	(appointed on 31 December 2013)
Ms. Florence Ng	(appointed on 31 December 2013)
Mr. Zheng Gang	(resigned on 10 May 2013)
Ms. Li Meizhen	(resigned on 31 December 2013)
Mr. Fan Wai Kong Michael	(appointed on 21 May 2013 and resigned on 31 December 2013)

In accordance with the Company's Bye-laws, Mr. Choi Wai King, Dr. Lam Man Chan, Mr. Choi Chiu Ming Jimmy, Mr. Ku Siu Fun Alex, Dr. Ng Chi Yeung Simon, Mr. Tam Yuk Sang Sammy and Ms. Florence Ng will retire at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2013, the interests and short positions of the directors in the shares, underlying shares or debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the company pursuant to section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited pursuant to the model code for securities transactions by directors of listed issuers, were as follows:

Long position in the ordinary shares of HK$0.01 each (the "Shares") in the Company

Name of Director	Number of Shares	Type of interest	Percentage of issued share capital
Mr. Yang Yongdong	5,487,000	Beneficial	1.53%
Mr. Zhou Tao David	2,993,000	Beneficial	0.83%
Mr. Ku Siu Fun Alex	299,300	Beneficial	0.08%

These represented the shares options granted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 35 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital or share options.

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheung Tung Lan Tony	Beneficial	25,500,000	7.10%
Wang Chang Limited	Corporate interest *(note 1)*	23,120,000	6.44%

Note:

(1) The beneficial owner is Mr. Cheung Man Cheong.

Save as disclosed above, as at 31 December 2013, no person, other than the Director whose interests are set out in the section "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONTINUING CONNECTED TRANSACTIONS

On 23 April 2013, the Company had entered into a supplementary investment management agreement ("new IM Agreement") to renew and extend the original IM Agreement dated 4 May 2011 with China International Capital Limited ("CICL") as the Company's investment manager for two years commencing from 4 May 2013 to 3 May 2015. Pursuant to Rule 21.13 of the Listing Rules, as investment manager shall be regarded as a connected person of the Company. Therefore, the entering into of the IM Agreement with CICL constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. According to the terms and conditions of the IM Agreement, the Company shall pay to CICL an annual management fee not exceeding HK$4,000,000. The management fee paid or payable to CICL during the year ended 31 December 2013 was HK$1,714,209. For further details, please refer to note 34 to the consolidated financial statements.

Based on the review of the continuing connected transactions by the independent auditors, the Independent Non-executive Directors have confirmed that the transactions had been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on a normal commercial terms;

(c) in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;

(d) not exceeding the relevant maximum amount capped in accordance with the annual caps set out in the relevant public announcements.

In respect of the Continuing Connected Transactions, the Company has complied with the disclosure requirements under the Hong Kong Listing Rules in force from time to time.

HLB Hodgson Impey Cheng Limited ("HLB"), the Company's independent auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000" Assurance Engagements Other Than Audit and Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. HLB have issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with relevant clauses of Rule 14A.38 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

Except as detailed in note 34 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

AUDITORS

The consolidated financial statement have been audited by HLB Hodgson Impey Cheng Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. Messrs FTW & Partners CPA Limited retired as auditors of the Company on 31 July 2012 and HLB was appointed as auditors of the Company on 15 August 2012 to fill the casual vacancy so arising.

On behalf of the Board

Yang Yongdong
Executive Director

Hong Kong, 20 March 2014

Corporate Governance Report

The Company is committed to maintaining and implementing high standards of corporate governance. The Board believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

The Board has reviewed the Code on Corporate Governance Practices (the "CG Code") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted the same as the Company's own code of corporate governance practices. During the financial year ended 31 December 2013, the Company has complied with all of the provisions under the CG Code except for the following:

Code A.2.1

Since the chairmanship of Mr. Cheung Tung Lan Tony, the ex-chairman of the Company, was removed on 16 May 2012, there was no such position until the Company appointed Dr. Lam Man Chan as a non-executive director and the chairman of the Company with effect from 11 February 2014.

Code A.4.1

All the Independent Non-executive directors were not appointed for a specific term, however, their appointment are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

Code A.5.6

The Board did not formally adopt a policy concerning diversity of the Board members, but the Board is actively considering the adoption of a relevant policy according to the circumstances of the Group.

Code A.7.1

The code provision A.7.1 requires for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practical reasons, an agenda and accompanying board paper have not been send, in full, in 3 days' advanced to all meetings of the Board or Board Committee. The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at least 3 days' advanced to the extent practicable.

Code E.1.2

The code provision E.1.2 currently in force stipulates, among other things, that the Chairman of the issuer should attend the annual general meeting. Since the chairmanship of Mr. Cheung Tung Lan Tony, the ex-chairman of the Company, was removed on 16 May 2012, there was no such position during the annual general meeting for 2013 until the Company appointed Dr. Lam Man Chan as a non-executive director and the chairman of the Company with effect from 11 February 2014.

THE BOARD

The Board has overall responsibility for the management of the Company and the implementation of the investment policy of the Company, which includes, inter alia, the adoption of long term corporate strategies, assessment of investment projects, supervision of the management of the Company to ensure that the Company's investments are conducted in accordance with the objectives of the Company, and reviewing financial performance. The Company's investment portfolio is managed by China International Capital Limited as Investment Manager of the Company during the year ended 31 December 2013 in accordance with the terms and conditions of an investment management agreement entered into between the Company and the Investment Manager.

THE BOARD *(Continued)*

The Board currently has eight Directors, among them, two are Executive Directors, two are Non-executive Directors and four are Independent Non-executive Directors.

The Board held 23 meetings during the year ended 31 December 2013 and the attendance of each Director is set out below:

	Attendance of the board meeting
Executive Directors:	
Mr. Yang Yongdong	23/23
Mr. Zhou Tao David (appointed on 30 April 2013 and resigned on 28 February 2014)	15/15
Mr. Chu Wai Lim (resigned on 10 January 2013)	0/1
Ms. Fong Son Wa (resigned on 10 January 2013)	0/1
Mr. Chan Yiu Pun Clement (resigned on 31 October 2013)	18/18
Non-executive Director:	
Mr. Choi Chiu Ming Jimmy (appointed on 31 December 2013)	N/A
Independent Non-executive Directors:	
Mr. Ku Siu Fun Alex	23/23
Mr. Zheng Gang (resigned on 10 May 2013)	8/8
Ms. Li Meizhen (resigned on 31 December 2013)	22/22
Mr. Fan Wai Kong Michael (appointed on 21 May 2013 and resigned on 31 December 2013)	12/12
Dr. Ng Chi Yeung Simon (appointed on 26 November 2013)	2/2
Mr. Tam Yuk Sang Sammy (appointed on 31 December 2013)	N/A
Ms. Florence Ng (appointed on 31 December 2013)	N/A

To the best knowledge of the Board, there is no financial, business or family relationship among members of the Board as at 31 December 2013. All of them are free to exercise their individual judgment.

Each of the Independent Non-executive Directors has given the Company an annual confirmation of his/her independence. The Company considers such Directors to be independent under the guidelines set out in rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Under code provision A.4.1, Non-executive Directors should be appointed for a specific term, subject to re-election. The current Independent Non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including Executive and Non-executive) of the Company are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code Provision A.2.1 stipulates that the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. To ensure a balance of power and authority, Dr. Lam Man Chan and Mr. Yang Yongdong have been appointed as the Chairman and Chief Executive Officer of the Company respectively. Dr. Lam was appointed as a Chairman of the Company with effect from 11 February 2014.

THE BOARD COMMITTEES

Audit Committee

The Company established an Audit Committee on 25 January 2002 with its written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee currently consists of four Independent Non- executive Directors, namely Mr. Ku Siu Fun Alex, Dr. Ng Chi Yeung Simon, Mr. Tam Yuk Sang Sammy and Ms. Florence Ng. Mr. Ku Siu Fun Alex is the Chairman of the Audit Committee.

The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee met regularly during the year to review the completeness, accuracy and fairness of the Company's financial statements, the Company's financial reporting system and internal control procedures, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Audit Committee is also responsible for reviewing the Company's interim and annual financial statements and making recommendations as to the approval of the Company's interim and annual financial statements by the Board. The attendance of each member during the year ended 31 December 2013 is set out below:

Name of Director	Number of meetings attended
Mr. Ku Siu Fun Alex	3/3
Ms. Li Meizhen (resigned on 31 December 2013)	3/3
Mr. Fan Wai Kong Michael (appointed on 21 May 2013 and resigned on 31 December 2013)	2/3
Dr. Ng Chi Yeung Simon (appointed on 26 November 2013)	N/A
Mr. Tam Yuk Sang Sammy (appointed on 31 December 2013)	N/A
Ms. Florence Ng (appointed on 31 December 2013)	N/A
Mr. Zheng Gang (resigned on 10 May 2013)	N/A

Remuneration Committee

The Board established a Remuneration Committee ("Committee") on 30 August 2005 to review and make recommendations to the Board on matters relating to the remuneration of the Directors and the senior management of the Company. The Committee currently consists of three Independent Non-executive Directors, namely Mr. Tam Yuk Sang Sammy, Mr. Ku Siu Fun Alex, Ms. Florence Ng. Mr. Tam Yuk Sang Sammy is the Chairman of the Committee.

THE BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee has adopted terms of reference which are in line with the CG Code to review the remuneration policy and remuneration packages of the Executive Directors. During the year ended 31 December 2013, the attendance of each member is set out below:

Name of Director	Number of meetings attended
Mr. Ku Siu Fun Alex	3/3
Mr. Chan Yiu Pun Clement (resigned on 31 October 2013)	3/3
Mr. Zheng Gang (resigned on 10 May 2013)	1/1
Mr. Fan Wai Kong Michael (appointed on 21 May 2013 and resigned on 31 December 2013)	2/2
Ms. Li Meizhen (resigned on 31 December 2013)	3/3
Mr. Tam Yuk Sang Sammy (appointed on 31 December 2013)	N/A
Ms. Florence Ng (appointed on 31 December 2013)	N/A
Mr. Chu Wai Lim (resigned on 10 January 2013)	N/A
Mr. Zhou Tao David (appointed on 26 November 2013 and resigned on 28 February 2014)	N/A

Nomination Committee and Nomination Procedures

The Nomination Committee ("Committee") was established on 23 March 2012. Currently, the Committee consists of three Independent Non-executive Directors and one Executive Director, namely Mr. Ku Siu Fun Alex (Independent Non-executive Director), Mr. Tam Yuk Sang Sammy (Independent Non-executive Director), Ms. Florence Ng (Independent Non-executive Director) and Mr. Yang Yongdong (Executive Director). Mr. Ku Siu Fun Alex is the Chairman of the Committee.

The current practice of appointment of new Directors is that all the nomination of candidates for directorship should be accompanied with related details of their biographies and will be brought before the Committee for consideration as soon as practicable. The consideration factor inter alia, included the relevance of the candidate's experience and qualifications to the Company's business. After due assessment of suitability of the candidates, the Committee will select and recommend candidates for directorship.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the codes of conduct regarding securities transactions by Directors.

On specific enquires made, all Directors have confirmed that, in respect of the year ended 31 December 2013, they have complied with the required standard as set out in the Model Code.

INTERNAL CONTROLS

The Board has the overall responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets. During the year, the Board has engaged Crowe Horwath (HK) Corporate Consultancy Limited to review and ensure that the internal control process was reliable and adequate in carrying out in making investment or divestment decision with the Investment Manager of the Company; documents and records were properly maintained; and the investment or divestment was in compliance with relevant legislations and regulations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements.

The statement of the external auditors of the Company, HLB Hodgson Impey Cheng Limited, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 19 to 20.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 December 2013, services provided to the Company by its external auditor, HLB Hodgson Impey Cheng Limited, the fees paid/payable were as follows:

	HK$
Audit services	290,000

DIRECTOR'S TRAINING

Directors' continuous training and development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant. The directors are committed to complying with the CG Code A6.5 which came into effect on 1 April 2012 on directors' training. All directors have participated in continuous professional development by attending seminars and/or studying materials to director's duties and responsibility and provided a record of training they received for the financial year ended 31 December 2013 to the Company.

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of potential legal actions against the Directors arising out of corporate activities of the Group pursuant to Code Provision A.1.8 of the new CG Code. Such directors' liability insurance will be reviewed and renewed annually.

Throughout the year ended 31 December 2013, no claim has been made against the Directors.

JOINT COMPANY SECRETARIES

The joint company secretaries of the Company, Mr. Leung Yiu Wah and Mr. Tsang Hing Bun, have duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Suite 3102-3105, 31/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Email: info@hk0810.com

Shareholders may also make enquiries with Board at the general meetings of the Company.

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at the shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution of the business to be dealt with at the shareholders' meeting. It must also be signed by all the shareholders concerned and be deposited at the Company's principal place of business in Hong Kong at Suite 3102-3105,31/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice for the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

Procedures for shareholders to convene a Special General Meeting (the "SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such deposits the Board fails to convene the SGM, the requisitions or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has completed with the Code applicable during the year.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF OPES ASIA DEVELOPMENT LIMITED
(Continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Opes Asia Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 101, which comprise the consolidated and the Company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of 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 Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2013 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.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 20 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Notes	2013 HK$	2012 HK$
Turnover	8	**52,815,557**	53,590,928
Cost of equity securities disposed of		**(49,057,479)**	(52,660,905)
Change in fair value of derivative component in convertible bond receivable	20	**209,391**	(3,890,460)
Net unrealised fair value loss on financial assets at fair value through profit or loss		**(3,095,808)**	(12,544,282)
Impairment loss on available-for-sale financial assets		**–**	(2,640,000)
Interest income on convertible bond		**7,032,756**	3,705,212
Dividend income		**122,398**	472,184
Gross profit/(loss)		**8,026,815**	(13,967,323)
Other income	10	**275,073**	371,107
Administrative expenses		**(28,902,091)**	(24,164,549)
Other operating expenses		**(2,431,296)**	(3,159,098)
Finance costs	13	**–**	(3,578)
Loss before income tax	11	**(23,031,499)**	(40,923,441)
Income tax expenses	14	**(14,947)**	(21,945)
Loss for the year		**(23,046,446)**	(40,945,386)
Loss for the year attributable to owners of the Company		**(23,046,446)**	(40,945,386)
Loss per share attributable to owners of the Company	16		
Basic (HK cents)		**(7.3)**	(13.7)
Diluted (HK cents)		**(7.3)**	(13.7)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013 HK$	2012 HK$
Loss for the year	**(23,046,446)**	(40,945,386)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	**(2,657,899)**	(3,280,718)
Exchange differences arising from translation of foreign operations	**(60,800)**	4,914
Other comprehensive loss for the year, net of income tax	**(2,718,699)**	(3,275,804)
Total comprehensive loss for the year	**(25,765,145)**	(44,221,190)
Total comprehensive loss attributable to owners of the Company	**(25,765,145)**	(44,221,190)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$	2012 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	**2,861,097**	3,381,513
Intangible asset	19	**120,000**	120,000
Convertible bond receivable	20	**–**	21,672,209
Derivative component in convertible bond receivable	20	**–**	185,850
Available-for-sale financial assets	21	**9,956,383**	15,414,282
Financial assets at fair value through profit or loss	22	**–**	9,808,750
		12,937,480	50,582,604
Current assets			
Convertible bond receivable	20	**23,748,965**	–
Derivative component in convertible bond receivable	20	**395,241**	–
Financial assets at fair value through profit or loss	22	**19,453,633**	16,125,018
Deposits for acquisition of investments	23	**510,204**	5,000,000
Other receivables, prepayments and deposits	25	**7,900,609**	4,302,866
Cash and cash equivalents	26	**10,103,290**	12,637,602
		62,111,942	38,065,486
Assets classified as held for sale	27	**2,800,000**	–
		64,911,942	38,065,486
Total assets		**77,849,422**	88,648,090

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	**2013** HK$	2012 HK$
EQUITY			
Equity attributable to the owners of the Company			
Share capital	28	**3,591,600**	2,993,000
Reserves		**72,391,746**	83,928,079
Total equity		**75,983,346**	86,921,079
LIABILITIES			
Current liabilities			
Accrued expenses	30	**1,866,076**	1,721,394
Tax payables		**–**	5,617
Total liabilities		**1,866,076**	1,727,011
Total equity and liabilities		**77,849,422**	88,648,090
Net current assets		**63,045,866**	36,338,475
Total assets less current liabilities		**75,983,346**	86,921,079

Approved by the Board on 20 March 2014 and signed on its behalf by:

Lam Man Chan
Director

Yang Yongdong
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$	2012 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	**2,777,907**	3,346,491
Interests in subsidiaries	18	**3,984**	83
Intangible asset	19	**120,000**	120,000
Available-for-sale financial assets	21	**6,658,000**	6,308,000
Financial assets at fair value through profit or loss	22	**–**	9,808,750
		9,559,891	19,583,324
Current assets			
Amounts due from subsidiaries	18	**35,271,130**	49,699,889
Financial assets at fair value through profit or loss	22	**19,453,633**	16,125,018
Other receivables, prepayments and deposits	25	**1,339,271**	1,255,506
Cash and cash equivalents	26	**4,056,180**	1,794,422
		60,120,214	68,874,835
Total assets		**69,680,105**	88,458,159

Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$	2012 HK$
EQUITY			
Equity attributable to the owners of the Company			
Share capital	28	**3,591,600**	2,993,000
Reserves	29	**64,268,984**	83,876,127
Total equity		**67,860,584**	86,869,127
LIABILITIES			
Current liabilities			
Accrued expenses	30	**1,819,521**	1,589,032
Total liabilities		**1,819,521**	1,589,032
Total equity and liabilities		**69,680,105**	88,458,159
Net current assets		**58,300,693**	67,285,803
Total assets less current liabilities		**67,860,584**	86,869,127

Approved by the Board on 20 March 2014 and signed on its behalf by:

Lam Man Chan
Director

Yang Yongdong
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to the owners of the Company							
	Share capital HK$	Share premium HK$	Contributed surplus HK$	Share-based payments reserve HK$	Available-for-sale fair value reserve HK$	Translation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2012	2,494,200	–	124,403,873	6,254,718	(1,725,000)	–	(17,125,009)	114,302,782
Loss for the year	–	–	–	–	–	–	(40,945,386)	(40,945,386)
Other comprehensive (loss)/income:								
Items that may be reclassified subsequently to profit or loss:								
– Change in fair value of available-for-sale financial assets	–	–	–	–	(3,280,718)	–	–	(3,280,718)
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	4,914	–	4,914
Total comprehensive loss for the year, net of income tax	–	–	–	–	(3,280,718)	4,914	(40,945,386)	(44,221,190)
Proceeds from placing of new shares	498,800	16,959,200	–	–	–	–	–	17,458,000
Issuing expenses of placing of new shares	–	(618,513)	–	–	–	–	–	(618,513)
Share options lapsed during the year	–	–	–	(678,368)	–	–	678,368	–
At 31 December 2012 and 1 January 2013	**2,993,000**	**16,340,687**	**124,403,873**	**5,576,350**	**(5,005,718)**	**4,914**	**(57,392,027)**	**86,921,079**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to the owners of the Company							
	Share capital HK$	**Share premium** HK$	**Contributed surplus** HK$	**Share-based payments reserve** HK$	**Available-for-sale fair value reserve** HK$	**Translation reserve** HK$	**Accumulated losses** HK$	**Total** HK$
Loss for the year	–	–	–	–	–	–	(23,046,446)	(23,046,446)
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss:								
– Change in fair value of available-for-sale financial assets	–	–	–	–	(2,657,899)	-	–	(2,657,899)
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	(60,800)	–	(60,800)
Total comprehensive loss for the year, net of income tax	–	–	–	–	(2,657,899)	(60,800)	(23,046,446)	(25,765,145)
Proceeds from placing of new shares	598,600	11,373,400	–	–	–	–	–	11,972,000
Issuing expenses of placing of new shares	–	(299,300)	–	–	–	–	–	(299,300)
Share options granted during the year	–	–	–	3,154,712	–	–	–	3,154,712
Share options lapsed during the year	–	–	–	(4,669,263)	–	–	4,669,263	–
At 31 December 2013	**3,591,600**	**27,414,787**	**124,403,873**	**4,061,799**	**(7,663,617)**	**(55,886)**	**(75,769,210)**	**75,983,346**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$	2012 HK$
Cash flows from operating activities		
Loss before income tax	**(23,031,499)**	(40,923,441)
Adjustments for:		
Change in fair value of derivative component in convertible bond receivable	**(209,391)**	3,890,460
Depreciation	**1,476,658**	934,928
Impairment loss on available-for-sale financial assets	**–**	2,640,000
Impairment loss on other receivables	**–**	2,640,000
Interest income	**(7,036,592)**	(4,076,168)
Interest expenses on bank overdrafts	**–**	3,578
Share options granted for the year	**3,154,712**	–
Realised (gain)/loss on financial assets at fair value through profit or loss	**(3,758,078)**	1,709,977
Unrealised exchange gain	**(17)**	(100,000)
Net unrealised fair value loss on financial assets at fair value through profit or loss	**3,095,808**	12,544,282
Operating loss before working capital changes	**(26,308,399)**	(20,736,384)
Proceeds from disposal of financial assets at fair value through profit or loss	**52,815,557**	50,950,928
Payment for purchases of financial assets at fair value through profit or loss	**(45,673,152)**	(24,715,145)
(Increase)/decrease in other receivables, prepayments and deposits	**(141,743)**	682,826
Decrease/(increase) in deposits for acquisition of investments	**4,489,796**	(5,000,000)
Increase/(decrease) in accrued expenses	**144,682**	(1,912,636)
Cash used in operations	**(14,673,259)**	(730,411)
Interest paid	**–**	(3,578)
The PRC Enterprise Income Tax paid	**(20,564)**	(16,328)
Net cash used in operating activities	**(14,693,823)**	(750,317)
Cash flows from investing activities		
Purchases of intangible asset	**–**	(120,000)
Purchases of property, plant and equipment	**(956,225)**	(2,634,307)
Purchases of available-for-sale financial assets	**–**	(11,600,000)
Purchases of convertible bond	**–**	(19,680,000)
Interest received	**1,503,836**	370,956
Net cash generated from/(used in) investing activities	**547,611**	(33,663,351)

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$	2012 HK$
Cash flows from financing activities		
Net proceeds from placing of new ordinary shares	**11,672,700**	16,839,487
Net cash generated from financing activities	**11,672,700**	16,839,487
Net decrease in cash and cash equivalents	**(2,473,512)**	(17,574,181)
Cash and cash equivalents at the beginning of the year	**12,637,602**	30,206,869
Effect of foreign exchange rate changes on balance of cash held in foreign currencies	**(60,800)**	4,914
Cash and cash equivalents at the end of the year	**10,103,290**	12,637,602
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**10,103,290**	12,637,602

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Opes Asia Development Limited (the "Company") is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Australia and Macau while it has substantial operations in Hong Kong, in order to achieve medium to long term capital appreciation.

The Company is a limited liability company continued into Bermuda as an exempted company under the laws of Bermuda. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is Suite 3102-3105, 31/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. These consolidated financial statements were approved for issue by the Board of Directors (the "Board") on 20 March 2014.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial period beginning 1 January 2013. A summary of the new and revised HKFRSs are set out as below:

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 7 (Amendments) Disclosures- Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The application of HKFRS 10, HKFRS 11, HKFRS 12, HKAS 28 (as revised in 2011) has not had any material impact on the amounts reported for the current year and prior years.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 13 Fair Value Measurement *(Continued)*

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see notes 4 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1 the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKAS 19 (as revised in 2011) Employee Benefits

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, HKAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of HKAS 19 has had no material financial impact on the Group.

Except as described above, the application of the new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior year and/or the disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contribution[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 January 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value a teach reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirement for hedge accounting.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments*: *Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investment and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entity may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments (Continued)

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

HKAS 19 (Amendments) Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

HKAS 36 (Amendments) Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

HKAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK(IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments (including derivative financial instruments) that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries

Subsidiaries are entities over which the Company is able to exercise control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 at the reporting date.

(d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(i) Sales of equity securities

The Group invested in equity securities. Sales of listed and unlisted securities are recognised when instructions for sales given to securities brokers are properly executed thereafter.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Investment income

Investment income is recognised on an accrued basis in accordance with the substance of the relevant agreements.

(v) Rental income

Rental income is recognised in profit or loss on straight-line basis over the term of the relevant lease.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Employee benefits

(i) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Share-based payment transactions

The Company operates an equity-settled, share-based payment transactions, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to the Consolidated Financial Statements

31 December 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income tax" as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

(i) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Non-current assets held for sale *(Continued)*

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(j) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	: Over the lease term
Office furniture and fixtures	: 5 years
Motor vehicle	: 3 years

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(k) Intangible asset

Intangible asset representing a club membership with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale fair value reserve is reclassified to profit or loss (see accounting policies in respect of impairment loss on financial assets below).

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 are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including convertible bond receivable, other receivables and deposits, deposits for acquisition of investments and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy-impairment of financial assets below).

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

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

For all other financial assets, objective evidence of impairment could include:

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of available-for-sale fair value reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including accrued expenses) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liabilities. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

Derecognition (Continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(n) Leasing

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Group and Company statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(q) Related party transactions

(a) A person, or closed 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 the key management personnel of the Group or of a parent of the Group.

(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 which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The Group

	2013 HK$	2012 HK$
Financial assets		
Financial assets at fair value through profit or loss:		
– Designated as at fair value through profit or loss	**19,453,633**	25,933,768
– Derivative component in convertible bond receivable	**395,241**	185,850
Available-for-sale financial assets	**9,956,383**	15,414,282
Loans and receivables (including cash and bank balances)		
– Convertible bond receivable	**23,748,965**	21,672,209
– Other receivables and deposits	**7,487,997**	4,065,205
– Deposits for acquisition of investments	**510,204**	5,000,000
– Cash and cash equivalents	**10,103,290**	12,637,602
	71,655,713	84,908,916
Financial liabilities		
Amortised costs		
– Accrued expenses	**1,866,076**	1,721,394

The Company

	2013 HK$	2012 HK$
Financial assets		
Financial assets at fair value through profit or loss:		
– Designated as at fair value through profit or loss	**19,453,633**	25,933,768
Available-for-sale financial assets	**6,658,000**	6,308,000
Loans and receivables (including cash and bank balances)		
– Other receivables and deposits	**960,358**	1,027,324
– Amounts due from subsidiaries	**35,271,130**	49,699,889
– Cash and cash equivalents	**4,056,180**	1,794,422
	66,399,301	84,763,403
Financial liabilities		
Amortised costs		
– Accrued expenses	**1,819,521**	1,589,032

Note: The above table and the analysis below excluded the respective items classified as held for sale.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, convertible bond receivable, derivative component in convertible bond receivable, other receivables and deposits, deposits for acquisition of investments, cash and cash equivalents and accrued expenses.

The main risks arising from the Group's financial instruments are foreign currency risk, equity price risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has certain investments in the Australian Securities Exchange Limited and the New York Stock Exchange Euronext (which was disposed of during the year ended 31 December 2013) (2012: Australian Securities Exchange Limited, the Shenzhen Stock Exchange and the New York Stock Exchange Euronext), whose net assets are exposed to foreign currency translation risk with respect to Australian Dollar ("AUD") and United States Dollar ("USD") (2012: AUD, Renminbi ("RMB") and USD). The Group currently does not have any foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2013, the carrying amount of investment held for trading denominated in AUD is AUD151,918, approximately 2% of the Group's total investment (2012: Nil). The carrying amount of investment held for trading denominated in USD is zero (2012: approximately 2% of the Group's total investment) Also, the carrying amount of convertible bond receivable and derivative component in convertible bond receivable is denominated in RMB is RMB19,167,879 and RMB319,000, approximately 45% of the Group's total investment (2012: RMB17,491,694 and RMB150,000, approximately 35% of the Group's total investment).

The following table demonstrates the Group's sensitivity analyses at the end of the reporting period to a reasonably possible change in the AUD and RMB (2012: RMB), with all other variables held constant, of the Group's loss before income tax. No sensitivity analysis in USD is made as the foreign exchange exposure on USD against HK$ is considered to be minimal since HK$ is linked with the USD.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Foreign currency risk *(Continued)*

2013	**Increase/ (decrease) in AUD/RMB rate %**	**Increase/ (decrease) in loss before income tax HK$**
If HK$ weakens against AUD	**10**	**(104,413)**
If HK$ strengthens against AUD	**(10)**	**104,413**
If HK$ weakens against RMB	**10**	**(2,468,000)**
If HK$ strengthens against RMB	**(10)**	**2,468,000**
2012		
If HK$ weakens against RMB	10	(2,468,000)
If HK$ strengthens against RMB	(10)	2,468,000

The Group does not have significant exposure to foreign currency risk as most of its investments are denominated in Hong Kong dollars. The foreign currency exchange rate fluctuations in connection with the Group's foreign currency denominated financial assets at fair value through profit or loss only amount to approximately 1% (2012: 1%) of total assets and are not significant.

Equity price risk

The Group is exposed to equity price risk through its financial assets at fair value through profit or loss. The management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been increased/decreased by 10%,

- the Group's loss for the year ended 31 December 2013 would have decreased/increased by HK$1,945,363 (2012: loss would have decreased/increased by HK$2,593,377) as a result of the changes in fair value on financial assets at fair value through profit or loss.

In order to minimise equity price risk, the management has established an investment committee to consider investment proposals received from investment advisor and/or the Company's Investment Officers.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Cash flow and fair value interest rate risk

As the Group has no other significant interest bearing assets and liabilities other than bank deposits which are carried at variable rate, the Group's cash flow interest rate risk relates primarily to bank deposits.

The Group's fair value interest rate risk relates primarily to fixed-rate convertible bond receivable.

The management considers that the Group's exposure to future cash flow interest rate risk on variable-rate bank balances as a result of the change of market interest rate is insignificant and thus variable-rate bank balances are not included in the sensitivity analysis.

Credit risk

Credit risk refers to the risk the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. As at 31 December 2013, the carrying amount of cash at bank and security agents, deposits for acquisition of investments and other receivables, in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has significant concentration of credit risk on other receivables as the other receivables are mainly attributable from certain limited counterparties.

In order to minimise credit risk, the management has delegated a team to be responsible for the monitoring procedures. In addition, the management reviews the recoverable amount of the deposits for acquisition of investments and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

For the other investments, financial assets at fair value through profit or loss, available-for-sale financial assets and convertible bond receivable, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

The credit risk on liquid funds is limited because the majority of the counterparties are reputable banks with high credit-rating assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit-rating, the Group does not have any other significant concentration of credit risk.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's funding and liquidity management requirements. The Group has no significant liquidity risk. The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The Group

	Carrying amount HK$	**Less than one year HK$**
31 December 2013		
Accrued expenses	**1,866,076**	**1,866,076**

	Carrying amount HK$	Less than one year HK$
31 December 2012		
Accrued expenses	1,721,394	1,721,394

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The Company

	Carrying amount HK$	**Less than one year HK$**
31 December 2013		
Accrued expenses	**1,819,521**	**1,819,521**

	Carrying amount HK$	Less than one year HK$
31 December 2012		
Accrued expenses	1,589,032	1,589,032

(c) Fair value measurements

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at 31 December 2013** HK$	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets at fair value through profit or loss *(note a)*	18,409,500	Level 1	Quoted bid prices in an active market.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value measurements *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Financial assets	Fair value as at 31 December 2013 HK$	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
Financial assets at fair value through profit or loss *(note b)*	1,044,133	Level 3	Market-based approach Key inputs: prices of other similar companies or interest in companies	Prices used are derived from a multiple of enterprises value to sales, price to sales, and price to book	The higher the prices used, the higher the fair value	If the prices used is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$51,000 and decrease by HK$51,000 respectively.
Derivative component in convertible bond receivable	395,241	Level 3	Black-Scholes Model Key inputs: stock price, conversion price, risk free rate, volatility, time to maturity	Stock price is the unit share price of the issuer of convertible bond on the valuation date	The higher the stock price, the higher the fair value	If the stock prices is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$21,000 and decrease by HK$3,000 respectively.
				Volatility is the annual volatility of the comparable companies, ranging from 33.08% to 60.12%	The higher the volatility, the higher the fair value	If the volatility is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$10,000 and decrease by HK$3,000 respectively.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value measurements *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 31 December 2013 HK$	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
Available-for-sale financial assets *(note c)*	3,298,383	Level 3	Market-based approach Key inputs: prices of other similar companies or interest in companies	Prices used are derived from a multiple of price to book, after considering the nature of the target company	The higher the prices used, the higher the fair value	If the prices used is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$1,666,000 and decrease by HK$1,666,000 respectively.
Available-for-sale financial assets *(note d)*	6,658,000	Level 3	Income-based approach Key inputs: inflation rate, discount rate, marketability discount, minority interest discount	Future cash flows are estimated based on China 5-year inflation rate	The higher the inflation rates, the higher the fair value	If the inflation rate is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$275,000 and decrease by HK$261,000 respectively.
				Discount rate of 9.41%, after considering risk free rate, market expected return and market risk premium	The higher the discount rate, the lower the fair value	If the discount rate is 5% higher/lower, while all other variables were held constant, the fair value would decrease by HK$603,000 and increase by HK$705,000 respectively.
				Marketability discount of 25% is the discount for lack of marketability	The higher the marketability discount, the lower the fair value	If the marketability discount is 5% higher/lower, while all other variables were held constant, the fair value would decrease by HK$111,000 and increase by HK$111,000 respectively.
				Minority interest discount of 23% reflects the lower marketability of a minority interest compared to a controlling interest	The higher the minority interest discount, the lower the fair value	If the minority interest discount is 5% higher/ lower, while all other variables were held constant, the fair value would decrease by HK$99,000 and increase by HK$99,000 respectively.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value measurements *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

(a) The amounts represent listed equity securities in Hong Kong (note 22).

(b) The amounts represent listed equity securities in Australia (note 22).

(c) The amount represents unlisted equity interest in The Pride Fund Management Limited ("The Pride") (note 21).

(d) The amount represents unlisted equity interest in 北京華寶時代國際設備有限公司 ("北京華寶") (note 21).

There were no transfers between Level 1 and 2 in the current year and prior year.

(ii) Fair value of financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

	Carrying amount HK$	**Fair value HK$**
31 December 2013		
Convertible bond receivable	**23,748,965**	**27,116,754**

	Carrying amount HK$	Fair value HK$
31 December 2012		
Convertible bond receivable	21,672,209	24,358,740

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value measurements *(Continued)*

(iii) Fair value hierarchy

Fair value hierarchy as at 31 December 2013 and 2012:

2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Financial assets				
Financial assets at fair value through profit or loss	**18,409,500**	**–**	**1,044,133**	**19,453,633**
Derivative component in convertible bond receivable	**–**	**–**	**395,241**	**395,241**
Available-for-sale financial assets	**–**	**–**	**9,956,383**	**9,956,383**
Total	**18,409,500**	**–**	**11,395,757**	**29,805,257**

2012	Level 1	Level 2	Level 3	Total
	HK$	HK$	HK$	HK$
Financial assets				
Financial assets at fair value through profit or loss	25,933,768	–	–	25,933,768
Derivative component in convertible bond receivable	–	–	185,850	185,850
Available-for-sale financial assets	–	–	15,414,282	15,414,282
Total	25,933,768	–	15,600,132	41,533,900

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value measurements *(Continued)*

(iii) Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets:

2013	**Financial assets at fair value through profit or loss HK$**	**Unlisted equity securities HK$**	**Derivative component in convertible bond receivable HK$**	**Total HK$**
As at 1 January 2013	-	15,414,282	185,850	15,600,132
Gain or losses recognised in:				
– profit or loss	1,044,133	–	209,391	1,253,524
– other comprehensive income	-	(2,657,899)	–	(2,657,899)
Transfer to assets classified as held for sale *(note 27)*	-	(2,800,000)	-	(2,800,000
As at 31 December 2013	1,044,133	9,956,383	395,241	11,395,757

2012	Unlisted equity securities HK$	Derivative component in convertible bond receivable HK$	Total HK$
As at 1 January 2012	7,095,000	–	7,095,000
Gain or losses recognised in:			
– profit or loss	–	(3,890,460)	(3,890,460)
– other comprehensive income	(3,280,718)	–	(3,280,718)
Additions	11,600,000	4,059,860	15,659,860
Exchange alignment	–	16,450	16,450
As at 31 December 2012	15,414,282	185,850	15,600,132

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior years.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position). Total capital is calculated as "total equity", as shown in the consolidated statement of financial position. The gearing ratios as at 31 December 2013 and 2012 were as follows:

	2013	2012
	HK$	HK$
Total borrowings	**–**	–
Total equity	**75,983,346**	86,921,079
Gearing ratio	**Nil**	Nil

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is 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 underlying 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.

(a) Critical accounting estimates and assumptions

(i) Income tax

The Group is subject to income taxes in Hong Kong, Taiwan and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

(a) Critical accounting estimates and assumptions *(Continued)*

(ii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of store renovation and relocation. The management will increase the depreciation charges where useful lives are less than previously estimated lives.

(iii) Impairment of tangible assets

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of the management's assumptions and estimates.

(iv) Fair value of available-for-sale financial assets

As described in note 21 to the consolidated financial statements, the independent qualified professional valuers use their judgement selecting appropriate valuation technique for financial instruments not quoted in active markets. Valuation techniques commonly used by market practitioners are applied. The Group's unlisted equity instruments with carrying amount of HK$9,956,383 (2012: HK$15,414,282) which were valued by independent qualified professional valuers, are valued using market-based approach and discounted cash flow analyses based on assumptions supported, where possible, by observable market prices or rates.

(v) Fair value of share options

The fair value of share options granted is measured using Binomial/Trinomial Model. It is based on various assumptions on volatility, option life, dividend yield and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair values of the share options at the date of grant.

(vi) Fair value of financial assets at fair value through profit or loss

As described in note 22 to the consolidated financial statements, the independent qualified professional valuers use their judgement selecting appropriate valuation technique for financial instruments not quoted in active markets. Valuation techniques commonly used by market practitioners are applied. The Group's financial assets at fair value through profit or loss with carrying amount of HK$1,044,133 (2012: Nil) which were valued by independent qualified professional valuers, are valued using market-based approach supported, where possible, by observable market prices.

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

(b) Critical judgement in applying the accounting policies

(i) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

7. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has six (2012: seven) reportable business segments. Each business segment is managed separately and is engaged in investment in listed and unlisted companies in Hong Kong, the PRC, Macau, Australia and the United States. The following summary describes the operations in each of the Group's reportable business segments.

Listed investments

There are three (2012: four) reportable business segments under this category, namely investment in listed companies on the Stock Exchange of Hong Kong, investment in a listed company on the Australian Securities Exchange Limited and investment in a listed company on the New York Stock Exchange Euronext. The major sources of net income from these three business segments are gains on disposals of listed securities and dividend income, if any.

Unlisted investments

There are three (2012: three) reportable business segments under this category, namely investments in unlisted companies in Hong Kong, the PRC and Macau. The major sources of income of these three business segments are dividend income from investments or guaranteed return provided by counterparties of the unlisted investments.

Segment results represent the (loss)/profit for the year in each business segment. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

Information regarding the Group's reportable business segments as provided to the Group's chief operating decision maker for the purposes of allocation and assessment of segment performance for the year is set out below.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales for both years.

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7. SEGMENT INFORMATION *(Continued)*

	Listed investments			Unlisted investments			
2013	**Hong Kong HK$**	**Australia HK$**	**United States HK$**	**Hong Kong HK$**	**The PRC HK$**	**Macau HK$**	**Total HK$**
TURNOVER	51,502,772	–	1,312,785	–	–	–	52,815,557
Segment results	(526,582)	1,044,133	267,117	–	–	7,242,147	8,026,815
Interest income							3,836
Rental income							225,000
Unallocated sundry income							46,237
Depreciation							(1,476,658)
Unallocated expenses							(29,856,729)
Income tax expenses							(14,947)
Loss for the year							(23,046,446)
Segment assets	18,409,500	1,044,133	-	3,298,383	6,658,000	30,330,821	59,740,837
Assets classified as held of sale							2,800,000
Unallocated assets*							15,308,585
Total assets							77,849,422
Segment liabilities	–	–	–	–	–	–	–
Unallocated liabilities							1,866,076
Total liabilities							1,866,076
Capital expenditures	–	–	–	–	–	–	–
Unallocated capital expenditures**							956,225
Total capital expenditures							956,225

* Unallocated assets mainly included cash and cash equivalents of HK$10,103,290, property, plant and equipment of HK$2,861,097 and intangible asset of HK$120,000.

** Unallocated capital expenditures consists of additions to property, plant and equipment.

7. SEGMENT INFORMATION *(Continued)*

	Listed investments				Unlisted investments			
2012	Hong Kong HK$	The PRC HK$	Australia HK$	United States HK$	Hong Kong HK$	The PRC HK$	Macau HK$	Total HK$
TURNOVER	45,245,283	5,705,645	–	–	–	2,640,000	–	53,590,928
Segment results	(6,644,238)	1,017,800	(8,272,980)	117,343	–	(2,640,000)	(185,248)	(16,607,323)
Interest income								370,956
Unallocated sundry income								151
Interest expenses								(3,578)
Depreciation								(934,928)
Unallocated expenses								(23,748,719)
Income tax expenses								(21,945)
Loss for the year								(40,945,386)
Segment assets	24,888,100	–	–	1,045,668	14,106,282	6,308,000	24,594,752	70,942,802
Unallocated assets*								17,705,288
Total assets								88,648,090
Segment liabilities	–	–	–	–	–	–	–	–
Unallocated liabilities								1,727,011
Total liabilities								1,727,011
Capital expenditures	–	–	–	–	–	–	–	–
Unallocated capital expenditures**								2,754,307
Total capital expenditures								2,754,307

* Unallocated assets mainly included cash and cash equivalents of HK$12,637,602, property, plant and equipment of HK$3,381,513 and intangible asset of HK$120,000.

** Unallocated capital expenditures consists of additions to property, plant and equipment and intangible asset.

8. TURNOVER

The Group is engaged in investment in equity securities. Revenues recognised during the year are as follows:

	2013 HK$	2012 HK$
Sales of financial assets at fair value through profit or loss	**52,815,557**	50,950,928
Other investment income	**–**	2,640,000
	52,815,557	53,590,928

9. NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK$	2012 HK$
Net realised gain/(loss) on financial assets at fair value through profit or loss	**3,758,078**	(1,709,977)
Net unrealised fair value loss on financial assets at fair value through profit or loss	**(3,095,808)**	(12,544,282)
	662,270	(14,254,259)

10. OTHER INCOME

	2013 HK$	2012 HK$
Interest income		
– Bank interest income	**3,836**	2,906
– Other interest income	**–**	368,050
Rental income (note 34)	**225,000**	–
Sundry income	**46,237**	151
	275,073	371,107

11. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived after charging/(crediting):

	2013 HK$	2012 HK$
Auditors' remuneration	290,000	290,000
Depreciation	1,476,658	934,928
Minimum lease payments under operating leases:		
– property rental	5,952,907	4,810,804
Impairment loss on available-for-sale financial assets	–	2,640,000
Impairment loss on other receivables	–	2,640,000
Employee benefit expenses (note 12)	12,788,402	7,378,763
Net unrealised fair value loss on financial assets at fair value through profit or loss	3,095,808	12,544,282
Exchange loss/(gain)	155,958	(127,384)

12. EMPLOYEE BENEFIT EXPENSES

	2013 HK$	2012 HK$
Directors' remuneration		
– fees	862,319	756,774
– salaries and allowances	2,090,338	2,250,811
– mandatory provident fund contributions	43,966	104,484
– share-based payments	968,922	–
	3,965,545	3,112,069
Staff remuneration		
– salaries and allowances	6,488,801	4,169,637
– mandatory provident fund contributions	148,266	97,057
– share-based payments	2,185,790	–
	8,822,857	4,266,694
	12,788,402	7,378,763

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

The remuneration of each of the directors and chief executive officer of the Company for the year ended 31 December 2013 is set out below:

Name of directors	Fees HK$	Salaries and allowances HK$	Employer's mandatory provident fund contributions HK$	Share-based payments HK$	Total HK$
Executive Director					
Yang Yongdong *(Chief executive officer)*	–	1,052,500	15,000	293,613	1,361,113
Zhou Tao David (a)	–	522,166	10,109	293,613	825,888
Chu Wai Lim (b)	–	22,427	564	–	22,991
Fong Son Wa (b)	–	19,245	564	–	19,809
Chan Yiu Pun Clement (c)	–	474,000	17,729	293,613	785,342
Non-executive Director					
Choi Chiu Ming, Jimmy (d)	538	–	–	–	538
Independent Non-executive Director					
Ng Chi Yeung Simon (e)	15,750	–	–	–	15,750
Ku Siu Fun Alex (g)	316,129	–	–	29,361	345,490
Tam Yuk Sang, Sammy (d)	435	–	–	–	435
Florence Ng (d)	435	–	–	–	435
Fan Wai Kong Michael (f)	177,742	–	–	29,361	207,103
Li Meizhen (h)	267,742	–	–	29,361	297,103
Zheng Gang (i)	83,548	–	–	–	83,548
	862,319	2,090,338	43,966	968,922	3,965,545

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

The remuneration of each of the directors and chief executive officer of the Company for the year ended 31 December 2012 is set out below:

Name of directors	Fees HK$	Salaries and allowances HK$	Employer's mandatory provident fund contributions HK$	Share-based payments HK$	Total HK$
Executive Director					
Yang Yongdong *(Chief executive officer)*	–	1,146,950	13,750	–	1,160,700
Chu Wai Lim (b)	–	449,132	13,750	–	462,882
Fong Son Wa (b)	–	449,516	72,500	–	522,016
Chan Yiu Pun Clement (c)	–	93,600	–	–	93,600
Non-executive Director					
Cheung Tung Lan Tony (j)	–	111,613	4,484	–	116,097
Wang Shiyan (k)	140,000	–	–	–	140,000
Independent Non-executive Director					
Chan Yuk Sang (l)	114,516	–	–	–	114,516
Chen Yamin (m)	194,516	–	–	–	194,516
Ku Siu Fun Alex (g)	231,290	–	–	–	231,290
Li Meizhen (h)	20,000	–	–	–	20,000
Zheng Gang (i)	56,452	–	–	–	56,452
	756,774	2,250,811	104,484	–	3,112,069

Notes:

(a) Appointed on 30 April 2013.

(b) Resigned on 10 January 2013.

(c) Appointed on 4 September 2012 and resigned on 31 October 2013.

(d) Appointed on 31 December 2013.

(e) Appointed on 26 November 2013.

(f) Appointed on 21 May 2013 and resigned on 31 December 2013.

(g) Appointed on 11 January 2012.

(h) Appointed on 1 November 2012 and resigned on 31 December 2013.

(i) Appointed on 12 July 2012 and resigned on 10 May 2013.

(j) Appointed on 18 March 2011 and removed on 16 May 2012.

(k) Appointed on 28 July 2011 and retired on 31 July 2012.

(l) Appointed on 21 April 2011 and resigned on 1 July 2012.

(m) Appointed on 9 May 2011 and resigned on 1 November 2012.

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

No remuneration was paid or payable by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2012: Nil).

During the years ended 31 December 2013 and 2012, the executive director of the Company, Mr. Yang Yongdong was also the chief executive officer of the Company.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2012: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2012: three) individual during the year are as follows:

	2013	2012
	HK$	HK$
Salaries and allowances	**2,265,273**	2,103,921
Mandatory provident fund contributions	**45,000**	41,250
Share-based payments	**848,216**	–
	3,158,489	2,145,171

The emoluments of the above three (2012: three) highest paid employees fell with the following bands:

	Number of employees	
	2013	2012
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

No remuneration was paid or payable by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2012: Nil).

13. FINANCE COSTS

	2013	2012
	HK$	HK$
Interest on bank overdrafts	**–**	3,578

14. INCOME TAX EXPENSES

	2013	2012
	HK$	HK$
Current income tax		
– the PRC Enterprise Income Tax	**14,947**	21,945

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2013 and 2012.

The PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for the years ended 31 December 2013 and 2012.

The Taiwan Company Tax is calculated at 17% of the estimated assessable profit for the year ended 31 December 2013 (2012: Nil).

No Hong Kong Profits Tax and Taiwan Company Tax is provided as there is no estimated assessable profit for the year (2012: Nil).

The tax expenses for the year can be reconciled to loss before income tax as follows:

	2013	2012
	HK$	HK$
Loss before income tax	**(23,031,499)**	(40,923,441)
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(3,843,940)**	(6,757,848)
Tax effect of income not taxable for tax purposes	**(1,721,715)**	(742,524)
Tax effect of expenses not deductible for tax purposes	**1,842,560**	4,146,403
Tax effect of tax losses not recognised	**3,628,943**	3,285,957
Tax effect of taxable temporary difference not recognised	**109,099**	89,957
Tax expenses for the year	**14,947**	21,945

15. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company of HK$23,046,446 (2012: HK$40,945,386) for the year ended 31 December 2013 includes a loss of HK$25,442,902 (2012: HK$38,218,425) which has been dealt with in the financial statements of the Company.

16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2013	2012
Loss attributable to owners of the Company	**HK$**	HK$
Loss for the purpose of basic and diluted loss per share	**(23,046,446)**	(40,945,386)

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**316,520,000**	299,027,432
Effect of dilutive potential ordinary shares: Share option issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss of share	**316,520,000**	299,027,432
Basic and diluted loss of share (HK cents)	**(7.3)**	(13.7)

During the years ended 31 December 2013 and 2012, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement HK$	Office furniture and fixtures HK$	Motor vehicle HK$	Total HK$
Cost:				
As at 1 January 2012	1,375,060	187,534	263,000	1,825,594
Additions	2,093,910	540,397	–	2,634,307
As at 31 December 2012 and 1 January 2013	3,468,970	727,931	263,000	4,459,901
Additions	33,723	52,104	870,398	956,225
Exchange alignment	–	20	–	20
As at 31 December 2013	3,502,693	780,055	1,133,398	5,416,146
Accumulated depreciation and impairment:				
As at 1 January 2012	42,971	49,350	51,139	143,460
Charge for the year	705,044	142,218	87,666	934,928
As at 31 December 2012 and 1 January 2013	748,015	191,568	138,805	1,078,388
Charge for the year	1,093,386	153,637	229,635	1,476,658
Exchange alignment	–	3	–	3
As at 31 December 2013	1,841,401	345,208	368,440	2,555,049
Net book value:				
As at 31 December 2013	**1,661,292**	**434,847**	**764,958**	**2,861,097**
As at 31 December 2012	2,720,955	536,363	124,195	3,381,513

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Company

	Leasehold improvement HK$	Office furniture and fixtures HK$	Motor vehicle HK$	Total HK$
Cost:				
As at 1 January 2012	1,375,060	187,534	263,000	1,825,594
Additions	2,093,910	500,830	–	2,594,740
As at 31 December 2012 and 1 January 2013	3,468,970	688,364	263,000	4,420,334
Additions	33,723	12,280	845,617	891,620
As at 31 December 2013	3,502,693	700,644	1,108,617	5,311,954
Accumulated depreciation and impairment:				
As at 1 January 2012	42,971	49,350	51,139	143,460
Charge for the year	705,044	137,673	87,666	930,383
As at 31 December 2012 and 1 January 2013	748,015	187,023	138,805	1,073,843
Charge for the year	1,093,386	138,215	228,603	1,460,204
As at 31 December 2013	1,841,401	325,238	367,408	2,534,047
Net book value:				
As at 31 December 2013	**1,661,292**	**375,406**	**741,209**	**2,777,907**
As at 31 December 2012	2,720,955	501,341	124,195	3,346,491

18. INTERESTS IN SUBSIDIARIES

The Company

	2013 **HK$**	2012 HK$
Unlisted shares, at cost	**3,984**	83
Amounts due from subsidiaries	**49,288,950**	54,974,656
Less: Impairment loss recognised	**(14,017,820)**	(5,274,767)
	35,271,130	49,699,889

The movement of impairment loss on amounts due from subsidiaries is as follows:

	2013 **HK$**	2012 HK$
At the beginning of the year	**5,274,767**	–
Reversal of impairment loss recognised	**(88,045)**	–
Impairment loss recognised	**8,831,098**	5,274,767
At the end of the year	**14,017,820**	5,274,767

The amounts due from subsidiaries are unsecured, interest-free and recoverable on demand. Due to the poor financial performance of the subsidiaries, the carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

Particulars of the subsidiaries of the Company as at 31 December 2013 were as follows:

Name of company	**Place of incorporation**	**Nominal value of issued ordinary share capital/ registered paid-up capital**	**Percentage of equity attributable to the Company**		**Principal activities**
			Direct	*Indirect*	
China International Capital Investment Limited	Hong Kong	HK$1	100	–	Investment holdings
Grand Smart Consultants Limited	Hong Kong	HK$1	100	–	Investment holdings
Great China Bio-Energy Funding Investment Limited	Hong Kong	HK$1	100	–	Investment holdings
Lucky Rich Corporation Limited	Hong Kong	HK$1	100	–	Investment holdings

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation	Nominal value of issued ordinary share capital/ registered paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	*Indirect*	
Opes Asia Development (Hong Kong) Limited	Hong Kong	HK$1	100	–	Investment holdings
Greater China Credit Holdings Limited	Hong Kong	HK$1	–	100	Investment holdings
New Spark International Limited	Hong Kong	HK$1	100	–	Investment holdings
Master Glory Holdings Limited	British Virgin Islands	US$1	100	–	Investment holdings
Master Score Investments Limited	British Virgin Islands	US$1	100	–	Investment holdings
Rich Sino Management Limited	British Virgin Islands	US$1	100	–	Investment holdings
Dragon Legend International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Easy Master Limited	British Virgin Islands	US$1	100	–	Investment holdings
Vast Power International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Airstar International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Shiny Future Developemnt Limited	British Virgin Islands	US$1	100	–	Investment holdings
Gain Legend Holdings Limited	British Virgin Islands	US$1	100	–	Investment holdings
Hua Bao Asia International Limited	British Virgin Islands	US$1	100	–	Investment holdings
China International Captial Investment (BVI) Limited	British Virgin Islands	US$1	–	100	Investment holdings

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation	Nominal value of issued ordinary share capital/ registered paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	*Indirect*	
Arch Star Limited	British Virgin Islands	US$1	–	100	Investment holdings
China International Captial Investment (Cayman) Limited	Cayman Islands	US$500	100	–	Investment holdings
台灣華保亞洲發展有限公司	Taiwan	NTW6,300,000	–	100	Investment holdings
華保投資亞洲咨詢(深圳)有限公司*#	PRC	Registered capital RMB2,000,000 paid-up capital RMB398,050	–	100	Investment holdings
上海祥通創業投資管理有限公司*	PRC	Registered capital and paid-up capital RMB2,000,000	–	100	Investment holdings

* Wholly foreign-owned enterprises

As at 31 December 2013, the Group had capital commitments in respect of capital not yet injected into a PRC subsidiary amounted to HK$1,984,816 (equivalent to RMB1,601,950). In accordance with the articles of association of the PRC subsidiary, the amount of HK$1,984,816 should be injected before 3 March 2015.

19. INTANGIBLE ASSET

The Group and the Company

	Club membership HK$
Cost:	
As at 1 January 2012	–
Additions	120,000
As at 31 December 2012, 1 January 2013 and 31 December 2013	120,000
Accumulated impairment:	
As at 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	–
Net book value:	
As at 31 December 2013	**120,000**
As at 31 December 2012	120,000

The club membership is stated at cost less accumulated impairment. The directors of the Company considered no impairment loss recognised as the recoverable amount is greater than its carrying amount.

20. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE

The Group

During the year ended 31 December 2012, the Group entered into an agreement to subscribe for convertible bond (the "CB") with principal amount of RMB20,000,000 from Ascent Glory Holdings Limited ("AGHL"), a wholly owned subsidiary of Grand Success Business Limited ("GSBL") at a consideration of RMB20,000,000 (approximately HK$24,680,000). The CB carry interest of 20% per annum and will mature on 12 June 2014. The initial conversion price is RMB2,400 per share (subject to adjustment). Unless previously converted or lapsed, AGHL will redeem the CB on 12 June 2014 at the redemption amount which is 100% of the principal amount of outstanding CB.

Both GSBL and AGHL were incorporated in the British Virgin Islands and AGHL holds 50% equity interest in 澳門飛馬煙草(集團)有限公司(English translation as "Macao Pegasus Tabacco (Group) Limited" "MPT"), a company incorporated in Macau with principal activities of manufacture, wholesale, retail, import and export of cigarettes to and from Macau.

The CB was recognised as follows:

	Debt component	Derivative component
	HK$	HK$
At date of subscription	20,620,140	4,059,860
Interests credited for the year	968,519	–
Fair value change	–	(3,890,460)
Exchange alignment	83,550	16,450
At 31 December 2012 and 1 January 2013	21,672,209	185,850
Interests credited for the year	2,076,756	–
Fair value change	–	209,391
At 31 December 2013	**23,748,965**	**395,241**

The methods and assumptions applied for the valuation of the CB are as follows:

Valuation of debt component

The fair value of debt component was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the CB issuer and maturity term. The effective interest rate of the debt component as at 13 June 2012 is 32.41%.

Valuation of derivative component

Derivative component is measured at fair value using the Black-Scholes Model at the end of the reporting period.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

	2013	2012
	HK$	HK$
Unlisted equity securities		
– the PRC	**6,658,000**	6,308,000
– Hong Kong	**6,098,383**	9,106,282
	12,756,383	15,414,282
Transfer to assets classified as held for sale *(note 27)*	**(2,800,000)**	–
	9,956,383	15,414,282
Less: Non-current portion	**(9,956,383)**	(15,414,282)
	–	–

The Company

	2013	2012
	HK$	HK$
Unlisted equity securities		
– the PRC	**6,658,000**	6,308,000
	6,658,000	6,308,000
Less: Non-current portion	**(6,658,000)**	(6,308,000)
	–	–

There were no disposals on available-for-sale financial assets during the year ended 31 December 2013 and 2012.

None of the carrying amounts of available-for-sale financial assets exceed 10% of total assets of the Group as at 31 December 2013 (2012: Nil).

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

The followings are the list of unlisted equity securities at 31 December 2013 and 2012:

Name of equity securities	Place of incorporation and kind of legal entity	Particulars of ordinary shares/paid up capital held	Principal activities	Interest held (%)	Carrying value at 1.1.2013 HK$	Carrying value at 31.12.2013 HK$	Impairment loss HK$	Carrying value at 1.1.2012 HK$	Carrying value at 31.12.2012 HK$	Impairment loss HK$
At cost:										
Becky Agric Resources Co., Limited ("BARL") *(note c)*	Hong Kong, limited liability company	3,000 ordinary shares	Organic farming and agriculture business	30 *(note f)*	–	–	–	2,640,000	–	(2,640,000)

Name of equity securities	Place of incorporation and kind of legal entity	Particulars of ordinary shares/paid up capital held	Principal activities	Interest held (%)	Fair value at 1.1.2013 HK$	Fair value at 31.12.2013 HK$	Change in fair value HK$	Fair value at 1.1.2012 HK$	Fair value at 31.12.2012 HK$	Change in fair value HK$
At fair value:										
Dyxnet Holding Limited ("Dyxnet") *(note a)*	Cayman Islands, limited liability company	5,735 ordinary shares	Provision of internet access, internet hosting and other related services	0.23	–	–	–	–	–	–
北京華寶*(note b)*	the PRC, limited liability company	USD780,000 paid up capital	Leasing of property and vehicles	30 *(note f)*	6,308,000	6,658,000	350,000	7,095,000	6,308,000	(787,000)
The Pride *(note d)*	Hong Kong, limited liability company	495,000 ordinary shares	Provision of investment advisory and asset management services	9.9	1,906,282	3,298,383	1,392,101	–	1,906,282	306,282
Hou Tin International Limited ("Hou Tin") *(note e)*	Hong Kong, limited liability company	2,000 ordinary shares	Research and development of information system	20 *(note f)*	7,200,000	2,800,000	(4,400,000)	–	7,200,000	(2,800,000)

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

Notes:

(a) The Group held 5,735 (2012: 5,735) issued ordinary shares in Dyxnet as at 31 December 2013. During the year ended 31 December 2010, an impairment loss of HK$107,000 was recognised in the consolidated statement of profit or loss and the investment in Dyxnet had been fully impaired.

(b) The fair value of the investment in 北京華寶 as at 31 December 2013 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited (2012: Roma Appraisals Limited), a firm of independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to the income approach (2012: income approach).

(c) The investment in BARL is stated at cost less any impairment.

During the year ended 31 December 2008, the Group entered into a supplementary agreement (the "Supplementary Agreement") with Harvest Smart Becky Agric-Bio Technology Limited (Formerly known as Becky Agric Bio Energy Co. Limited) ("Harvest Smart BAB"), an independent third party, in connection to the co-operation agreement entered into between the Group and Harvest Smart BAB during the year ended 31 December 2007. Pursuant to the Supplementary Agreement, the organic farming project would be restarted in Guangdong Luoding City. An investee company, BARL, was incorporated in Hong Kong in June 2008 and allotted 3,000 ordinary shares representing 30% equity interests of BARL, at a consideration of HK$12,000,000 to the Group and 70% equity was allotted to Harvest Smart BAB.

BARL commenced its organic farming business by investing in an organic farm in Guangdong Luoding City since 2009. The investment return income through the guaranteed annual return provided by Harvest Smart BAB was HK$2,640,000 for the year 2012 (note 25). The directors of the Company considered to recognise an impairment loss of HK$2,640,000 in respect of the Group's investment in BARL for the year ended 31 December 2012.

On 7 March 2014, the Company instructed its legal representative to serve a final notice to Harvest Smart BAB in demanding for repayment of outstanding guaranteed attributable profit for the year 2012 of HK$2,640,000 not later than 21 March 2014.

(d) On 20 February 2012, Rich Sino Management Limited ("Rich Sino"), a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire 9.9% equity interest in The Pride with a consideration of HK$1,600,000. The fair value of the investment in The Pride as at 31 December 2013 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited (2012: Roma Appraisals Limited). The valuation was arrived at by reference to apply price-to-book ratios of similar listed companies and adjusted to reflect the specific circumstance of the investments (2012: apply price-to-book ratios of similar listed companies and adjusted to reflect the specific circumstance of the investments).

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

Notes: (continued)

(e) On 24 October 2012, Airstar International Limited ("Airstar"), a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party at a consideration of HK$10,000,000 to subscribe 20% equity interest in Hou Tin. The fair value of the investment in Hou Tin as at 31 December 2012 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited. The valuation was arrived at by reference to the income approach.

On 10 December 2013, Airstar entered into a sale and purchase agreement with an independent third party in relation to the disposal of the entire 20% equity interest in Hou Tin for a consideration of HK$2,800,000. The disposal of Hou Tin was completed subsequent to the end of the reporting period. The investment in Hou Tin has been presented as assets classified as held for sale in the consolidated statement of financial position as at 31 December 2013 (note 27).

(f) The Group does not have significant influence on 北京華寶 or BARL or Hou Tin because:

– the Group did not have any representative on the board of directors or equivalent governing body of 北京華寶 or BARL or Hou Tin;

– the Group did not participate in policy-making processes, including participation in decisions about dividends or other distributions;

– the Group did not have any transactions with 北京華寶 or BARL or Hou Tin;

– the Group did not interchange any managerial personnel with 北京華寶 or BARL or Hou Tin; and

– the Group did not provide any technical information to 北京華寶 or BARL or Hou Tin.

As the Group did not act to fulfill any one of the issues stated above, it does not consider as having significant influence on the investments. Hence, 北京華寶 or BARL or Hou Tin are not considered as the Group's associated companies.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	2013 HK$	2012 HK$
Listed equity securities, at fair value		
– Hong Kong	**18,409,500**	24,888,100
– Australia	**1,044,133**	–
– United States	**–**	1,045,668
	19,453,633	25,933,768
Less: Non-current portion	**–**	(9,808,750)
Current portion	**19,453,633**	16,125,018

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The Group and the Company *(continued)*

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "net unrealised fair value change on financial assets at fair value through profit or loss" in the consolidated statement of profit or loss.

The fair value of equity securities listed in Hong Kong are determined based on their current bid prices in active markets.

For equity securities listed in Australia, the fair value are determined based on fair value measurement carried out by independent professional valuers engaged by the Group.

23. DEPOSITS FOR ACQUISITION OF INVESTMENTS

The Group

	2013 **HK$**	2012 HK$
Deposit for acquisition of investments in		
– 廣州星越航空服務有限公司("廣州星越") *(note a)*	**3,000,000**	3,000,000
– CNI Securities Group Limited ("CNI") *(note b)*	**–**	5,000,000
– Amazing Energy Technologies Co. Limited ("Amazing Energy") *(note c)*	**510,204**	–
Less: Provision for impairment loss on a deposit	**(3,000,000)**	(3,000,000)
	510,204	5,000,000

The Company

	2013 **HK$**	2012 HK$
Deposit for acquisition of investments in		
– 廣州星越 *(note a)*	**3,000,000**	3,000,000
Less: Provision for impairment loss on a deposit	**(3,000,000)**	(3,000,000)
	–	–

23. DEPOSITS FOR ACQUISITION OF INVESTMENTS *(continued)*

Notes:

(a) As at 31 December 2007, the Group paid a deposit of HK$3,000,000 to an independent third party (the "Vendor") for the purchase of 20% equity interests in an unlisted company, 廣州星越 (the "Acquisition"). To complete the Acquisition, the Vendor was required to complete preliminary works within a prescribed time.

Since the Vendor failed to complete the preliminary works within the prescribed time, the Group decided to terminate the Acquisition and requested for the refund of the deposit together with an interest calculated at HSBC's best lending rate (note 25). The Group received no reply from the Vendor and was unable to reach the Vendor after taking legal actions against the Vendor for his default in repayment. As a result, the directors of the Company considered to recognise impairment loss of HK$3,000,000 in the consolidated statement of profit or loss for the year ended 31 December 2009.

As at 31 December 2013, the directors of the Company reviewed the impairment loss made and considered that there is no reversal of the impairment loss during the year.

(b) On 15 August 2012, Dragon Legend International Limited ("Dragon Legend"), a direct wholly owned subsidiary of the Company entered into a non-legally binding memorandum of understanding ("MOU") with a major shareholder of CNI pursuant to which the Group paid a refundable earnest deposit of HK$5,000,000 and agreed to acquire at least 5% equity interest but not more than 30% equity interest in CNI.

On 23 August 2013, Dragon Legend entered into a termination agreement with that major shareholder of CNI to terminate the non-legally binding MOU. The deposit of HK$5,000,000 has been refunded to the Group during the year ended 31 December 2013.

(c) On 22 October 2013, 台灣華保亞洲發展有限公司 ("台灣華保"), an indirect wholly owned subsidiary of the Company entered into a shareholder agreement with Amazing Energy, an independent third party, pursuant to which the Group paid a refundable deposit of TWD2,000,000 (equivalent to HK$510,204) and agreed to acquire at 10% equity interest in Amazing Energy.

On 10 January 2014, 台灣華保 and Amazing Energy agreed to terminate the shareholder agreement. The deposit of TWD2,000,000 (equivalent to HK$510,204) had been subsequently refunded on 11 February 2014.

24. INVESTMENTS

The Group and the Company

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Group discloses its list of all investments with a value greater than 5 per cent of the Group's gross assets and at least the 10 largest investments as at 31 December 2013 and 2012 respectively as follows:

As at 31 December 2013

Name of equity securities	Nature of business	Interest held (%)	Net assets/ (liabilities) attributable to the Company HK$	Invested amount HK$	Carrying amount HK$	Dividend received HK$
Newtree Group Holdings Limited	Hygienic disposables business and household consumables business	0.24	1,131,744	5,277,240	5,657,100	–
PICC Property and Casualty Co. Limited	Property and casualty insurance products and services	0.00	1,054,924	2,356,000	2,300,000	3,958
Shun Tak Holdings Limited	Property development, investment and management transportation and hospitality	0.00	786,831	437,133	456,000	18,700
Forgame Holdings Limited	Developer and publisher of webgames	0.05	(74,983)	3,861,915	3,731,400	–
China Merchants Land Limited	Trading of electronic and electrical products and building related materials and equipment	0.00	131,782	315,750	190,000	–
Long Success International (Holdings) Limited	Manufacturing and sales of paper products and money-lending business	0.10	(58,965)	9,831,273	6,075,000	–
Viagold Capital Limited	Leasing and financial services, consultancy and management services to educational institutions	3.89	692,973	11,727,980	1,044,133	–
北京華寶	Leasing of property and vehicles	30.00	4,836,105	12,000,000	6,658,000	–
The Pride	Provision of investment advisory and asset management services	9.90	1,204,189	1,600,000	3,298,383	–
Hou Tin	Research and development of information system	20.00	1,803,505	10,000,000	2,800,000	–
				57,407,291	32,210,016	22,658

24. INVESTMENTS *(Continued)*

The Group and the Company *(Continued)*

As at 31 December 2012

Name of equity securities	Nature of business	Interest held (%)	Net assets attributable to the Company HK$	Invested amount HK$	Carrying amount HK$	Dividend received HK$
China Bio Cassava Holdings Limited *(note a)*	Development and sale of computer software	3.60	122,184	11,416,390	9,808,750	–
China Solar Energy Holdings Limited	Manufacture and sale of photovoltaic business	0.21	1,469,767	12,414,389	897,750	–
Guotai Junan International Holdings Limited	Provision of securities, futures dealing and broking services	0.15	3,090,172	7,223,196	7,950,000	261,900
Berkshine Hathaway Inc.	Provision of insurance and reinsurance services	0.00	1,635,435	928,325	1,045,668	–
Li & Fung Limited	Consumer product wholesaling And export trading	0.00	388,786	1,155,360	1,231,200	–
Agricultural Bank of China Limited	Provision of banking and related financial services	0.00	6,951,296	824,250	880,900	–
China Machinery Engineering Corporation	Construction contracting and trading	0.01	1,229,130	702,750	699,600	–
北京華寶	Leasing of property and vehicles	30.00	5,011,186	12,000,000	6,308,000	–
The Pride	Provision of investment advisory and asset management services	9.9	1,132,057	1,600,000	1,906,282	–
Hou Tin	Research and development of information system	20.00	N/A	10,000,000	7,200,000	–
				58,264,660	37,928,150	261,900

Notes:

(a) The carrying amount of interest in China Bio Cassava Holdings Limited exceeds 10% of the Group's total assets as at 31 December 2012. China Bio Cassava Holdings Limited is incorporated in the Cayman Islands with issued share capital of 2,050,825,000 ordinary shares of HK$0.01 each.

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group

	2013 HK$	2012 HK$
Other receivables	**2,720,856**	2,715,861
Coupon interest receivable of convertible bond (note 20)	**6,186,615**	2,736,692
Less: Provision for impairment loss on other receivables	**(2,714,794)**	(2,714,794)
	6,192,677	2,737,759
Prepayments	**412,612**	237,661
Rental and utility deposits	**1,295,320**	1,327,446
	7,900,609	4,302,866

The Company

	2013 HK$	2012 HK$
Other receivables	**2,714,794**	2,715,860
Less: Provision for impairment loss on other receivables	**(2,714,794)**	(2,714,794)
	–	1,066
Prepayments	**378,913**	228,182
Rental and utility deposits	**960,358**	1,026,258
	1,339,271	1,255,506

Included in other receivables are a guaranteed annual return of HK$2,640,000 (2012: HK$2,640,000) due from Harvest Smart BAB, and an interest receivable of HK$74,794 (2012: HK$74,794).

The guaranteed annual return due from Harvest Smart BAB was in relation to the co-operation agreement entered into between the Group and Harvest Smart BAB during the year ended 31 December 2007. Pursuant to this agreement, Harvest Smart BAB has provided a guaranteed annual return to the Group of not less than HK$2,640,000 for each of the 5 years ended 31 December 2008, 2009, 2010, 2011 and 2012.

The Group considered that the guaranteed annual return of HK$2,640,000 for year 2012 was not recoverable and recognised an impairment loss of HK$2,640,000 during the year ended 31 December 2012. On 7 March 2014, the Group have instructed its legal representative to serve a final notice to Harvest Smart BAB in demanding for repayment of outstanding guarantee attributable profit for the year 2012 of HK$2,640,000 not later than 21 March 2014.

The interest receivable represented an interest income of a deposit of the acquisition of investment in 廣州星越 of HK$74,794 (2012: HK$74,794) (note 23).

As discussed in note 23 to the consolidated financial statements, the Group considered that the deposit of the acquisition of investment in 廣州星越 was not recoverable and thus interest receivable thereon was also fully impaired in prior years.

Except for those described above, none of the above other receivables, prepayments and deposits is either past due or impaired.

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

Movements on the provision for impairment loss of other receivables are as follows:

	2013 HK$	2012 HK$
At the beginning of the year	**2,714,794**	74,794
Less: Provision for impairment loss on other receivables	**–**	2,640,000
At the end of the year	**2,714,794**	2,714,794

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as securities.

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were denominated in the following currencies:

The Group

	2013 HK$	2012 HK$
HK$	**6,439,047**	12,170,933
RMB	**3,061,876**	466,669
Taiwan Dollar ("TWD")	**602,367**	–
	10,103,290	12,637,602

The Company

	2013 HK$	2012 HK$
HK$	**3,842,599**	1,604,295
RMB	**213,581**	190,127
	4,056,180	1,794,422

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. ASSETS CLASSIFIED AS HELD FOR SALE

	2013 HK$	2012 HK$
At the beginning of the year	–	–
Transfer from available-for-sale financial assets *(note 21)*	2,800,000	–
At the end of the year	2,800,000	–

On 10 December 2013, Airstar entered into a sale and purchase agreement with an independent third party in relation to the disposal of the entire 20% equity interest in Hou Tin for a consideration of HK$2,800,000.

The disposal of Hou Tin was completed subsequent to the end of the reporting period. The investment in Hou Tin has been presented as assets classified as held for sale in the consolidated statement of financial position as at 31 December 2013.

28. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$
Authorised:			
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013, at HK$0.01 each		20,000,000,000	200,000,000
Issued and fully paid:			
At 1 January 2012		249,420,000	2,494,200
Placing of new shares	(a)	49,880,000	498,800
At 31 December 2012 and 1 January 2013		299,300,000	2,993,000
Placing of new shares	(b)	59,860,000	598,600
At 31 December 2013		**359,160,000**	**3,591,600**

Notes:

(a) On 6 December 2011, the Company entered into a placing agreement (the "Placing Agreement 2012") with a placing agent, an independent third party. On 3 January 2012, the placing was completed. Pursuant to the Placing Agreement 2012, the Company issued a total of 49,880,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.35 each. The issued share capital of the Company was thus increased from HK$2,494,200 to HK$2,993,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company had applied the net proceeds for the general working capital of the Company and investments.

28. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) On 2 September 2013, the Company entered into a placing agreement (the "Placing Agreement 2013") with a placing agent, an independent third party. On 18 September 2013, the placing was completed. Pursuant to the Placing Agreement 2013, the Company issued a total of 59,860,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.20 each. The issued share capital of the Company was thus increased from HK$2,993,000 to HK$3,591,600. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company had applied the net proceeds for the general working capital of the Company and investments.

29. RESERVES

The Company

	Share premium	Contributed surplus	Share-based payment reserve	Available–for–sale fair value reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1 January 2012	–	124,403,873	6,254,718	(1,725,000)	(17,117,959)	111,815,632
Loss for the year	–	–	–	–	(43,493,192)	(43,493,192)
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss:						
– Change in fair value of available-for-sale financial assets	–	–	–	(787,000)	–	(787,000)
Total comprehensive loss for the year	–	–	–	(787,000)	(43,493,192)	(44,280,192)
Proceeds from placing of new shares	16,959,200	–	–	–	–	16,959,200
Issuing expenses of placing of new shares	(618,513)	–	–	–	–	(618,513)
Share options lapsed during the year	–	–	(678,368)	–	678,368	–
At 31 December 2012 and 1 January 2013	16,340,687	124,403,873	5,576,350	(2,512,000)	(59,932,783)	83,876,127
Loss for the year	–	–	–	–	(34,185,955)	(34,185,955)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
– Change in fair value of available-for-sale financial assets	–	–	–	350,000	–	350,000
Total comprehensive income/(loss) for the year	–	–	–	350,000	(34,185,953)	(33,835,953)
Proceeds from placing of new shares	11,373,400	–	–	–	–	11,373,400
Issuing expenses of placing of new shares	(299,300)	–	–	–	–	(299,300)
Share options granted during the year	–	–	3,154,712	–	–	3,154,712
Share options lapsed during the year	–	–	(4,669,263)	–	4,669,263	–
At 31 December 2013	**27,414,787**	**124,403,873**	**4,061,799**	**(2,162,000)**	**(89,449,475)**	**64,268,984**

30. ACCRUED EXPENSES

The Group

	2013 HK$	2012 HK$
Accrued expenses	**1,866,076**	1,721,394

The Company

	2013 HK$	2012 HK$
Accrued expenses	**1,819,521**	1,589,032

31. DEFERRED INCOME TAX

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$15,749,396 (2012: HK$12,407,696) in respect of losses amounting to HK$95,450,884 (2012: HK$75,198,158) that can be carried forward against future taxable income. The estimated tax losses may be carried forward indefinitely.

No provision for deferred taxation has been made as the Group does not have any significant timing difference in tax provision which is expected to be crystallised in the foreseeable future (2012: Nil).

32. COMMITMENTS UNDER OPERATING LEASES

The Group as lessee

The Group leases its office premises under a non-cancellable operating lease arrangements, which run for a lease term ranging from two or four years.

At the end of each reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2013 HK$	2012 HK$
Within one year	**4,469,795**	4,997,880
In the second to fifth year, inclusive	**2,246,965**	3,870,875
	6,716,760	8,868,755

The Group as lessor

Rental income earned from sublease arrangement during the year was HK$225,000 (2012: Nil). The premise has committed tenant for 1 year.

32. COMMITMENTS UNDER OPERATING LEASES *(Continued)*

The Group as lessor *(Continued)*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum sublease payments:

	2013 HK$	2012 HK$
Within one year	**50,000**	–

33. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK$25,000 since 1 June 2012 (before 1 June 2012: HK$ 20,000).

The total cost charged to consolidated statement of profit or loss of HK$192,232 (2012: HK$201,541) represents contributions payable to this scheme by the Group in respect of the current accounting year.

34. RELATED PARTY TRANSACTIONS

Under Listing Rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as connected person.

The following transactions were carried out with related parties:

	2013 HK$	2012 HK$
Investment management fee paid and payable to:		
China International Capital Limited ("CICL")	**1,714,209**	2,245,445
Rental income received and receivable from:		
Glory Asia Management Limited ("Glory Asia")	**225,000**	–

On 4 May 2011, the Group entered into an investment management agreement to appoint CICL as a new investment manager of the Group. Pursuant to the investment management agreement, the maximum management fee payable by the Group to CICL cannot exceed HK$4,000,000 per annum.

On 23 April 2013, the Group entered into a supplementary investment management agreement to renew and extend the investment management agreement dated 4 May 2011 with CICL as the investment manager of the Group for two years commencing from 4 May 2013 to 3 May 2015. Pursuant to the supplementary investment management agreement, the maximum management fee payable by the Group to CICL cannot exceed HK$4,000,000 per annum.

On 28 February 2013, the Group entered into a sublease agreement with Glory Asia, a subsidiary of CICL, to sublease a partial of property of the Group's in Shenzhen office for a monthly rental fee of HK$25,000, which is an exempted continuing connected transaction for the Company pursuant to Rule 14A.33(3) of the Listing Rules. The sublease agreement was expired on 28 February 2014.

The major shareholder of CICL is the spouse of an executive director of the Company.

Remuneration for key management personnel represents amounts paid to the Company's directors as disclosed in note 12.

35. SHARE OPTION SCHEME

The Company's Share Option Scheme (the "Scheme") was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002 for the primary purpose of providing incentives to directors of the Company and eligible participants (as defined in the Scheme), and had been expired on 7 February 2012. Under the Scheme, the Board may grant options to directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK$1 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

On 30 January 2008, the Company granted share options under the Scheme to certain directors, employees and consultants of the Company, which entitle them to subscribe for a total of 99,000,000 shares at HK$0.175 per share, upon payment of HK$1 per grant.

On 10 June 2009, the Company granted share options under the Scheme to certain directors, employee and consultants of the Company, which entitle them to subscribe for a total of 135,960,000 ordinary shares at HK$0.170 per share, upon payment of HK$1 per grant.

The grant of the aggregate of 135,960,000 share options of which 65,000,000 share options is conditional on, among others, the shareholders' approval at the special general meeting and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares which may be issued pursuant to exercise of options to be granted. On 19 August 2009, the shareholders' approval was obtained through the passing of ordinary resolutions at special general meeting and the approval from the Stock Exchange has also been obtained thereafter.

On 26 July 2011, the Company granted share options under the Scheme to certain directors of the Company, which entitle them to subscribe for a total of 67,880,000 ordinary shares at HK$0.065 per share, upon payment of HK$1 per grant.

35. SHARE OPTION SCHEME *(Continued)*

On 31 July 2012, a new Share Option Scheme had been adopted by the Company.

The Company's new Share Option Scheme (the "New Scheme") was adopted pursuant to a resolution passed on 31 July 2012 for the primary purpose of providing incentives to directors of the Company and eligible participants (as defined in the New Scheme), and will expire on 30 July 2022. Under the New Scheme, the Board may grant options to directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up on or before the relevant acceptance date, upon payment of HK$1 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

No share option is granted under the New Scheme during the year ended 31 December 2012.

On 10 September 2013, the Company granted share options under the New Scheme to certain directors and employees of the Company, which entitle them to subscribe for a total of 29,930,000 ordinary shares at HK$0.25 per share, upon payment of HK$1 per grant.

All the 31,728,252 (2012: 17,887,724) outstanding share options granted and yet to be exercise represents approximately 8.83% (2012: 5.98%) of the issued share capital of the Company as at 31 December 2013. All the options granted are exercisable within a period of 10 years commencing on the adoption date. These share options vested at the dates of their issue and they are non-transferable.

35. SHARE OPTION SCHEME *(Continued)*

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

For the year ended 31 December 2013

Date of grant	Exercised price after adjustment for open offer and share consolidation	As at 1 January 2013	Lapsed during the year *(note a)*	Cancelled during the year	Granted during the year	As at 31 December 2013	Note
30 January 2008	HK$1.538	2,503,448	(1,820,689)	–	–	682,759	(b)
10 June 2009	HK$1.494	11,090,276	(10,976,483)	–	–	113,793	(b)
26 July 2011	HK$0.650	4,294,000	–	–	–	4,294,000	(c)
10 September 2013	HK$0.250	–	(3,292,300)	–	29,930,000	26,637,700	
		17,887,724	(16,089,472)	–	29,930,000	31,728,252	
Weighted average exercise price		HK$1.298	HK$1.244	–	HK$0.250	HK$0.336	

For the year ended 31 December 2012

Date of grant	Exercised price after adjustment for open offer and share consolidation	As at 1 January 2012	Lapsed during the year *(note a)*	Cancelled during the year	Granted during the year	As at 31 December 2012	Note
30 January 2008	HK$1.538	2,503,448	–	–	–	2,503,448	(b)
10 June 2009	HK$1.494	11,090,276	–	–	–	11,090,276	(b)
26 July 2011	HK$0.650	6,788,000	(2,494,000)	–	–	4,294,000	(c)
		20,381,724	(2,494,000)	–	–	17,887,724	
Weighted average exercise price		HK$1.210	HK$0.650	–	–	HK$1.300	

35. SHARE OPTION SCHEME *(Continued)*

Notes:

(a) During the year ended 31 December 2013, a total number of 16,089,472 share options have been lapsed due to the resignation of directors and employees.

On 16 May 2012, a former director was removed in the special general meeting, who was no longer qualified to retain the share options.

(b) The number of share options and its exercise price have been adjusted after the completion of open offer and share consolidation of the Company on 16 June 2011 and 30 November 2011 respectively.

(c) The number of share options and its exercise price have been adjusted after the completion of share consolidation of the Company on 30 November 2011.

Share options outstanding at the end of the reporting period have the following expiry dates and exercise prices:

Date of grant	Expiry date	Exercise price per share	**2013 Number of share options**	2012 Number of share options
30 January 2008	29 January 2018	HK$1.538	**682,759**	2,503,448
10 June 2009	9 June 2019	HK$1.494	**113,793**	11,090,276
26 July 2011	25 July 2021	HK$0.650	**4,294,000**	4,294,000
10 September 2013	9 September 2023	HK$0.250	**26,637,700**	–
			31,728,252	17,887,724

35. SHARE OPTION SCHEME *(Continued)*

During the year ended 31 December 2013, number of 29,930,000 share option has been granted. The estimated fair value of the share options granted on 2013 was approximately HK$3,154,712. Total consideration received/receivable during the period from directors of the Company for taking up the share option granted amounted to HK$1. The fair value was calculated using the Trinomial Model, taking into account the terms and condition upon which the options were granted.

The significant assumptions and inputs used in the valuation model are as follows:

	As at 10 September 2013
Fair value at measurement date	HK$0.1054
Share price	HK$0.2500
Exercise price	HK$0.2500
Expected volatility	72.269%
Risk-free interest rate	2.457%
Expected dividend yield	–

The expected volatility is based on the historical volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumption could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

36. DIVIDEND

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

37. EVENT AFTER THE REPORTING PERIOD

On 6 January 2014, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best-offer basis, a maximum of 71,832,000 placing shares to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK$0.165 per placing shares. On 20 January 2014, the placing has been completed. Details of the placing were set out in the Company's announcement dated 20 January 2014.

38. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 March 2014.

Financial Summary

31 December 2013

Summary of the results, assets and liabilities of the Group for the last five years is as follows:

	For the year ended 31st December				
	2013	2012	2011	2010	2009
	HK$	HK$	HK$	HK$	HK$
Results					
(Loss)/profit before income tax	**(23,031,499)**	(40,923,441)	(42,473,181)	12,503,833	1,560,828
Income tax expense	**(14,947)**	(21,945)	–	–	–
(Loss)/profit attributable to owners of the Company	**(23,046,446)**	(40,945,386)	(42,473,181)	12,503,833	1,560,828

	As at 31st December				
	2013	2012	2011	2010	2009
	HK$	HK$	HK$	HK$	HK$
Assets and liabilities					
Total assets	**77,849,422**	88,648,090	117,936,812	97,428,373	85,004,626
Total liabilities	**(1,866,076)**	(1,727,011)	(3,634,030)	(360,714)	(440,850)
Total equity	**75,983,346**	86,921,079	114,302,782	97,067,659	84,563,776