CIAM Group Limited
事安集團有限公司

Member of **CITIC International Assets Management Limited**

HKSE 0378

Green and Growth

ANNUAL REPORT **2013**

Contents

Corporate Information

Board of Directors

Dou Jianzhong *(Chairman)*
Lo Wing Yat Kelvin
(Executive Vice-chairman and Chief Executive Officer)
Huang Bin*
(appointed on 31 May 2013)
Hung Chi Yuen Andrew**
Lu Zhicheng*
Sit Fung Shuen Victor**
Toh Hock Ghim**
Wong Yau Kar David*

* Non-executive Director
** Independent Non-executive Director

Audit Committee

Hung Chi Yuen Andrew *(Chairman)*
Sit Fung Shuen Victor
Toh Hock Ghim

Nomination and Remuneration Committee

Toh Hock Ghim *(Chairman)*
Dou Jianzhong
Hung Chi Yuen Andrew
Sit Fung Shuen Victor

Conflict Committee

Sit Fung Shuen Victor *(Chairman)*
Hung Chi Yuen Andrew
Toh Hock Ghim

Company Secretary

Wong Yuen Ching Kyna

Auditors

KPMG

Registered Office

Canon's Court, 22 Victoria Street,
Hamilton HM 12, Bermuda

Principal Place of Business in Hong Kong

23rd Floor, Bank of America Tower,
12 Harcourt Road, Central, Hong Kong
Tel: (852) 2843 0290
Fax: (852) 2525 3688

Principal Share Registrar in Bermuda

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street, Hamilton HM 11, Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

Stock Code

378

Website

www.ciamgroup.com

Board of Directors

Dou Jianzhong
Chairman

- Has extensive experience in the banking and finance industry, and was granted the prestigious title of "Senior Economist" by CITIC Group Corporation
- Aged 59. Appointed as Director and elected as the Chairman on 31 May 2008, and also a member of the Nomination and Remuneration Committee of the Company
- Executive Director of CITIC Group Corporation
- Executive Director and Vice President of CITIC Limited
- Chairman of CITIC Holdings Limited
- Non-executive Director of China CITIC Bank Corporation Limited, shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and Shanghai Stock Exchange
- Chairman and Chief Executive Officer of CITIC International Financial Holdings Limited
- Director of CITIC International Assets Management Limited and CITIC Capital Holdings Limited
- Former Chairman and then Vice Chairman of CITIC Prudential Life Insurance Co., Ltd.
- Former Chairman of CITIC Bank International Limited (now known as China CITIC Bank International Limited)
- Graduated from the University of International Business and Economics, Beijing in 1979 and obtained a Master's Degree in Economics from Liao Ning University

Lo Wing Yat Kelvin
Executive Vice-chairman and Chief Executive Officer

- Has a well-seasoned legal background which specialised in banking and project financing primarily in the People's Republic of China (the "PRC")
- Aged 55. Appointed as an Executive Director on 23 April 2008, and also designated as the Executive Vice-chairman and Chief Executive Officer of the Company on 31 May 2008
- Director and Chief Executive Officer of CITIC International Assets Management Limited
- Director and Managing Director of CITIC International Financial Holdings Limited
- Executive Director of Sinopoly Battery Limited and previously an Independent Non-executive Director of Winteam Pharmaceutical Group Limited, both being companies whose shares are listed on the Hong Kong Stock Exchange
- Worked in the Bank of China Hongkong-Macau Regional Office as an in-house Counsel and was a partner of Messrs Linklaters
- Graduated from The University of Hong Kong with a Bachelor's Degree in Laws and obtained his legal qualification in 1984 as a Solicitor of the Supreme Court of Hong Kong and subsequently, as a Solicitor of the Supreme Court of England and Wales in 1989

Huang Bin

Non-executive Director

- Aged 48. Appointed as the Company's Non-executive Director on 31 May 2013
- Joined CITIC Group and founded CITIC Merchant Co., Ltd. in 2005 and is currently the president and a director of CITIC Merchant Co., Limited, in which CITIC International Assets Management Limited owns 51% interest
- Director of CITIC International Assets Management Limited
- Held senior management positions in Banque Indosuez and Carr Indosuez Asia, where he gained extensive experience and expertise in corporate finance and direct investment
- Granted a dual title of "Economist/Engineer" by China's Ministry of Science and Technology and is currently serving a task force to promote and support China's export of capital goods, overseas acquisition particularly in resource and energy sectors
- Received a European Community Visiting Scholar with a concentration in Merger and Acquisition and Asset Management
- Graduated from Harbin Institute of Technology with a bachelor degree in engineering and received the Executive Management Program by Kellogg School of Management, Northwestern University

Hung Chi Yuen Andrew

Independent Non-executive Director

- Practising Certified Public Accountant, an associate member of Hong Kong Institute of Certified Public Accountants, a fellow member of The Chartered Association of Certified Accountants
- Aged 45. Appointed as the Company's Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Conflict Committee and a member of the Nomination and Remuneration Committee on 1 July 2008
- Currently the director of Norton Rowland CPA Limited
- Appointed as an independent non-executive director of AKM Industrial Company Limited (listed on the Hong Kong Stock Exchange) in October 2011
- Previously worked in UBS Investment Bank for 7 years as business unit controller
- Received his professional training in Deloitte Touche Tohmatsu during the period from 1991 to 1993
- Holds a Bachelor's Degree of Arts (Hons) in Accountancy from The Hong Kong Polytechnic University and a Master's Degree in Applied Finance from University of Western Sydney

Lu Zhicheng

Non-executive Director

- Has over 30 years' experience in professional teaching, management and investment
- Aged 65. Appointed as a Non-executive Director of the Company on 15 July 2009
- Currently the Chairman of Tsinghua Tongfang Co., Ltd. ("THTF") (listed on the Shanghai Stock Exchange), in charge of the high level management functions including strategic planning, financing, investment and coordination with the government authorities
- Chairman and Non-executive Director of Technovator International Limited (listed on Hong Kong Stock Exchange)
- Chairman of Tellhow Sci-Tech Co. Ltd (listed on the Shanghai Stock Exchange) and Tongfang Guoxin Electronics Co., Ltd. (listed on the Shenzhen Stock Exchange)
- Started his professional career in Tsinghua University, in both education and scientific research in the field of computer-controlled artificial environment, and his research results had been confirmed by winning various provincial, ministerial and national technological progress awards during the period
- One of the founders of Beijing Tsinghua Artificial Environmental Engineering Co. which was established in 1989. In 1997, this company was restructured with some other companies held by Tsinghua University and formed THTF which has now become a comprehensive company engaging in the business of computer, information applications, environmental protection and digital media
- Obtained his Bachelor's and Master's degrees in Thermal Engineering from Tsinghua University and was a professor of Tsinghua University

Sit Fung Shuen Victor

Independent Non-executive Director

- Aged 66. Appointed as the Company's Independent Non-executive Director, the Chairman of the Conflict Committee, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 1 July 2008
- Independent Non-executive Director of Asia Energy Logistics Group Limited, whose shares are listed on the Hong Kong Stock Exchange
- Professor of the Department of Geography from 1977 to 2007 and the Head of Department of Geography and Geology from 1993 to 1998 of The University of Hong Kong
- Founding Director of the Advanced Institute for Contemporary China Studies of Hong Kong Baptist University from 2008 to 2012
- The Honorary Professor of a number of renowned universities including Peking University, Zhongshan University, Jinan University and Xian Jiaotung University in mainland China
- Professional and community services:
    - Advisor to City Planning Commission of Shenzhen Municipal Government of the PRC (since 1988)
    - Advisor to City Planning Commission of Sanmin Municipal Government of Fujian Province of the PRC (since 1991)
    - Deputy of the National People's Congress of the PRC (1993-2008)
    - Advisor to the Governor of Guangdong Province of the PRC (2000-2005)
    - Former Member of the Preparatory Committee of the Hong Kong Special Administrative Region ("SAR") of the National People's Congress of the PRC; Port and Marine Board, Committee on Port and Harbour Development, the Port Development Board of the Hong Kong SAR Government

Toh Hok Ghim
Independent Non-executive Director

- Aged 71. Appointed as the Company's Independent Non-executive Director, the Chairman of the Nomination and Remuneration Committee, a member of the Audit Committee and a member of the Conflict Committee on 1 July 2008
- Joined the Ministry of Foreign Affairs of Singapore in October 1966 with diplomatic postings to Malaysia, the Philippines, Thailand, Vietnam and the Hong Kong SAR and Macau SAR
- Ambassador to Vietnam from January 1994 to January 2002 and the Consul-General of the Consulate Generals in the Hong Kong SAR and the Macau SAR from February 2002 to December 2007
- Appointed as the Senior Advisor to the Ministry of Foreign Affairs upon retirement from the foreign service at the end of 2007
- Chairman, Non-executive and Independent Director of Equation Corp Limited whose shares are listed on the Singapore Exchange Securities Trading Limited
- Independent Director of CEFC International Limited whose shares are listed on the Singapore Exchange Securities Trading Limited
- Obtained his Bachelor's Degree of Arts (Political Science) from National University of Singapore

Wong Yau Kar David
Non-executive Director

- Has extensive experience in direct investments and corporate finance
- Aged 56. Appointed as a Non-executive Director of the Company on 15 July 2009
- Currently the Managing Director of United Overseas Investments Limited, an Independent Non-executive Director of China Jiuhao Health Industry Corporation Limited (formerly "Media China Corporation Limited"), China WindPower Group Limited and ReOrient Group Limited (those 3 companies are listed on the Hong Kong Stock Exchange)
- Appointed as an Independent Non-executive Director of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange) in June 2013
- Appointed as an Independent Non-executive Director of Redco Properties Group Ltd. (listed on the Hong Kong Stock Exchange) in January 2014
- Hong Kong Deputy of the 12th National People's Congress of the People's Republic of China, participates actively in public services, currently the Permanent Honorary President of The Chinese Manufacturers' Association of Hong Kong, Chairman of each of The Business and Professionals Federation of Hong Kong, Protection of Wages on Insolvency Fund Board, Land and Development Advisory Committee and The Societal Engagement Task Force for the Commission on Poverty, etc.
- Appointed as a Justice of Peace (JP) in 2010 and awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society
- Obtained his Ph. D in Economics from University of Chicago and previously served as an Economist at the Federal Reserve Bank of Philadelphia

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the changes in information of Directors of the Company subsequent to the date of the 2013 Interim Report of the Company are set out below:

Name of Director	Details of Changes
Dou Jianzhong	Resigned as the director and the vice chairman of CITIC Prudential Life Insurance Co., Ltd. on 30 January 2014
Wong Yau Kar David	Appointed as an independent non-executive Director and a member of audit committee and nomination committee of Redco Properties Group Limited, the shares of which are listed on the Hong Kong Stock Exchange on 30 January 2014

Chairman's Statement

On behalf of the Board of Directors and the Management, I would like to present the annual report with the final results and the audited financial statements of CIAM Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

2013 was a breakthrough year for the Group's exploration of new businesses. Adhering to the established direction of development in energy conservation, environmental protection and clean energy sectors after years of planning and deployment, the Group ultimately executed a sizeable electric vehicle design and production project during the year. With the increasing global attention towards green and environmental protection, and numerous policies and measures have been successively promulgated in the Mainland China, the development and investment in various green related industries were expediting. Amongst all, the new energy vehicle industry has gained the limelight during the past year.

In the forthcoming year, the Group will deepen the cooperation with the project partners to complement each other along the new energy transportation industry chain. We will work together to push forward the construction of the production base, installation of equipment and the deployment plan for product production and sale according to the devised plans. Paralleled to these, the Group will continuously and proactively study the different segments of the relevant industry chain with the aim of exploring opportunities of investment, mergers and acquisition with significant strategic value and synergistic potentials, which will in turn create enhanced corporate value to reward the shareholders and stakeholders for their support all along.

Dou Jianzhong
Chairman

Management Discussion and Analysis

Major steps for another new page in a new segment

In 2013, the Company has taken major steps on entering into new energy transportation industry. We invested in Agnita Limited ("Agnita") which is a vehicle design company progressing with the plan to produce electric vehicles and Tianjin MTEC Technology Co. Ltd ("Tianjin MTEC") which is a developer of electric bike driving units in our portfolio, after extensive and thorough evaluation in the past two years in the areas of energy conservation, environmental protection and clean energy.

Spurred by the government's favourable policies in the People's Republic of China (the "PRC"), the development of the electric transportation industry is in fast gaining pace. The PRC government regards the development of the industry as one of the major keys to achieving air pollution reduction and energy security objective. Customer awareness of electric vehicles is also on the rise. The strong government initiatives and a growing target market create a favourable environment for the electric transportation industry and it will become the pinnacle of the "Green" industry in the PRC. We believe the electric transportation industry will command significant growth prospects and the two recent investments are the first step to achieving our ambition to become one of the leading investors in this arena.

Agnita, based in Beijing and expanding to Hangzhou, is a pioneer in the PRC to design and develop electric vehicles from ground zero, to better cater their specific efficiency and safety requirements. This is to differentiate Angita from other market players in the PRC which are derived from the conventional car business. Agnita's design, no matter on the vehicle itself or the manufacturing process, has no burden from the past for creativity. Agnita equips with the expertise to design electric passenger vehicles and minibuses. It has begun the construction of manufacturing facilities in Hangzhou with an initial capacity of 10,000 vehicles (ultimate capacity of 100,000 vehicles) per year. The first phase of prototype testing has been carried out. Agnita plans to begin commercial production of electric vehicles by late 2014 or early 2015.

The Company is currently holding 41.5% interest in Agnita, with the remaining 58.5% being held by Sinopoly Battery Limited ("Sinopoly", HKEx729). Sinopoly has completed the acquisition of the above mentioned 58.5% interest on 7 March 2014 and is now a partner with the Company to join hands supporting the development of Agnita. The Company can increase the shareholding in Agnita from 41.5% up to 50% once the call option obtained from Sinopoly, to acquire the additional 8.5% equity interest in Agnita, is exercised. Details of the call option have been announced on 19 December 2013.

Sinopoly is a leading lithium-ion battery producer in the PRC. Given that lithium-ion batteries are an important component of electric vehicles, the collaboration of the Company together with Sinopoly at Agnita level will greatly benefit the development of Agnita by leveraging Sinopoly's expertise in battery applications. Furthermore, the Company can leverage the expertise from Sinopoly and Agnita to explore many other value chain investment opportunities surrounding electric vehicles. The collaboration between a financial investment platform and solid industrial players could be an interesting combination for better business development, at the right industry segment.

Tianjin MTEC, an electric bike driving unit developer in the PRC, is another investment along the electric transportation value chain by the Company. Electric bikes are one of the most prevalent forms of transportation in the PRC. The Company invested in 20% enlarged equity interest in Tianjin MTEC in February 2014. We believe Tianjin MTEC will benefit from the rapid growth of the electric bike market in recent years. The investment amount in Tianjin MTEC is relatively small due to its business nature. However, we see a lot of rooms on the technology under Tianjin MTEC to be expanded to other sub-segments of electric transportation industry in the future.

Other existing portfolio

The Group recorded a gain of approximately HK$7 million in 2013 by disposing all of its listed shares of Sun.King Power Electronics Group Limited ("Sun.King"). The disposal earmarked the full divestment of a pre-IPO investment back in 2009, with an IRR of approximately 32%.

The Group holds 45% equity interest in 華能壽光風力發電有限公司 ("Huaneng Shouguang") and 1.6% equity interest in UPC Renewables China Holdings Limited "UPC"). In 2013, Huaneng Shouguang reached electricity output target for the year. However, as impacted by declining government subsidy, Huaneng Shouguang only achieved marginal profits, if not a break-even, in this year. For UPC, the construction of wind farms with 198MW aggregate capacity is close to complete, adding to its existing capacity of 174MW.

The two entrusted loans to a mining company in Yunnan and a property developer in Shaanxi, the PRC respectively had contributed a total of HK$25 million interest income to the Group in 2013. The loan to the property developer was fully repaid in 2013, with IRR of 24%. The loan to the mining company, secured by an iron ore mining license and a personal guarantee by the legal representative and chairman of the borrower, was overdue. Although yet the Group is confident in recovering the outstanding amount, for prudence's purpose, an impairment provision on all interest accrued in 2013 was made.

The loan to the mining company in Yunnan (the "Borrower") was extended by the Group in October 2010 in the form of an entrusted loan with the principal amount of RMB50 million and a term of two years (the "Loan"). During the term, the Loan carried an interest rate of 19% per annum, or RMB15 million, and a consultancy fee of RMB15 million. The aggregate amount of RMB80 million comprising the principal, interest and consultancy fee, was to be repaid in seven installments during the Loan term. Please refer to the Company's circular dated 6 October 2010 for further details of the original terms of the Loan. The Borrower repaid RMB5 million in April 2011 and RMB15 million in September 2011 representing the first and second installments in the aggregate of RMB15 million, and the remaining balance of RMB5 million being regarded as partial repayment on the third installment under the original repayment schedule. Out of such payments, RMB0.98 million was recognized as repayment of the principal and the remaining amount was recognized as interest and consultancy fee payments to the Group. The Borrower did not make further payments after September 2011. The Loan became practically overdue on 9 October 2011 when the Borrower failed to repay the full amount of the third installment.

After extending the Loan to the Borrower, the Group has performed regular review on the Borrower's financial position and business operations as part of its credit monitoring process. The Borrower has been in discussion with the Group since late 2011 on their new business plan for their mines acquisition and downstream processing business expansion, which required additional funding. The Group looked for different options to support the Borrower for the good and at the same time trying to protect the Group's interest as the lender taking into consideration of the Borrower's financial healthiness and ultimate repayment capability. Enforcing the collateral is considered as the last resort to settle the Loan, and since the third quarter of 2011, the Group has been actively discussing with the Borrower on various refinancing plans to improve the Borrower's general liquidity position. In the first half of 2012, the Group entered into negotiation with a few potential co-lenders, but no deal was concluded due to the tight liquidity and downtrend pricing over iron ore market at that time. Another initiative was the set-up of a trust plan to raise funds for the Borrower as announced by the Company on 26 November 2012, but it was eventually not proceeded with as announced by the Company on 10 December 2012. Thereafter, in the first half of 2013, a high net worth individual co-lender was identified. Detailed terms were negotiated with due diligence being done, but the deal was not materialized due to an adverse event happened at the side of the potential co-lender. After prolonged efforts on unsuccessful Loan refinancing initiatives, and the improving operating cashflow of the Borrower from its expansion, the Group decided in December 2013 to focus on the repayment negotiation with the Borrower.

Based on the latest financial analysis on the Borrower's business, the Loan together with all the accrued interest and consultancy fee can be repaid mainly from its operating cashflow and partially from new external financing, if required, based on the expanded business of the Borrower in the coming two years. Regarding the collateral of the Loan, the Group engaged an independent third party appraiser to perform valuation to ascertain its latest fair value. Based on the valuation report issued on 29 January 2014, the valuation of the collateral was approximately RMB255 million (equivalent to HK$326 million), which is well over the gross outstanding amount of the entrusted loan of RMB79 million (equivalent to HK$101 million) as at 31 December 2013.

However, given the long overdue period and the unsuccessful refinancing attempts, the Group adopted a prudent approach and made an impairment provision of RMB15 million (i.e. HK$19 million) on all the interest accrued in 2013. The said interest was calculated at a penalty rate of approximately 30% per annum on the overdue loan principal for the whole calendar year of 2013 in accordance with the agreement with the Borrower. The management of the Group considered the amount of provision reasonably adequate and not materially excessive, with the remaining outstanding Loan balance (including all accrued interest and consultancy fee) representing its fair value, after taking into accounts of the additional risk and time value of money on delayed repayment schedule.

As at 31 December 2013, the gross overdue amounts of principal, consultancy fee and accrued interests before the above-mentioned impairment were RMB49 million, RMB8 million and RMB22 million, respectively. On 24 March 2014, the Group has entered into a loan restructuring agreement with the Borrower, pursuant to which the mining company agreed to repay not less than RMB10 million by June 2014, not less than RMB50 million by end of 2014, and the remaining outstanding amount and interests (including penalty interest in 2013) by end of 2015. The Group will continue closely monitoring the business of the Borrower. The impairment provision of RMB15 million for 2013 will be adjusted or reversed when appropriate in accordance with the future repayment situation.

2013 Financial results

For the year ended 31 December 2013, the Group's loss attributable to equity shareholders of the Company amounted to HK$22 million (2012: HK$15 million) and loss per share was HK$0.0452 (2012: HK$0.0330).

During the year under review, investment in listed shares of Sun.King was fully disposed with a realized gain of HK$7 million. Although it is a difficult year for wind power industry, investment in Huaneng Shouguang achieved minimal contribution with a close to break-even situation. Investment income of HK$25 million (2012: HK$13 million) was contributed from entrusted loan investments in the PRC. Although one of the entrusted loans is overdue and debt restructuring arrangement with the borrower was made, the Group is confident of the recoverability of the outstanding amount and a clear settlement plan is pictured on the loan restructuring agreement entered into on 24 March 2014.

Administrative expenses maintained almost the same level as in 2012, achieved by tight cost management of the Group against the overall market inflation. Resources are leveraged with CITIC International Assets Management Limited ("CIAM Parent"), a substantial shareholder of the Group, resulting in cost efficiency and effectiveness albeit increased staff resources and professional fees for the major transaction in 2013.

The acquisition of 41.5% equity shareholding in Agnita, an associate engaged in electric vehicle business, was completed in late 2013 and therefore no material contribution to the Group's results. Nevertheless, the acquired business expects to serve as one of the major profit contributors upon the operation and sales of electric vehicles mounted to its full scale.

Financial position

Upon the issuance of 290,500,000 new shares (the "Consideration Shares") of HK$552 million for the acquisition of the electric vehicle business and HK$248 million net proceeds received from fund raising in November 2013, the Group's net assets increased significantly to HK$1,337 million as at 31 December 2013 (31 December 2012: HK$550 million). Net asset per share was HK$1.43 (31 December 2012: HK$1.24). The Group's total assets were HK$1,364 million, of which HK$556 million was carrying value of investment in Agnita, the electric vehicle business, and HK$400 million was free cash available for pipeline investments with focus on electric transportation value chain opportunities.

Currency and interest rate risk exposure

As at 31 December 2013, the Group had no material exposure to interest rate risk. The Group has significant investments in the PRC and may expose to foreign exchange risk with respect to Renminbi. Management is continuously evaluating the risk exposure level on Renminbi and will closely monitor the situation if hedging is needed for such exposure.

Major acquisition

For acquisition of Agnita completed during the year, please refer to note 16 to the financial statements.

Contingent liabilities and pledge of assets

As at 31 December 2013, the Group had no contingent liabilities identified and has no pledged asset.

Capital commitments

As at 31 December 2013, contracted capital commitments outstanding for investments amounted to HK$3 million (31 December 2012: HK$5 million).

Human resources

Quality functional support is leveraged from CIAM Parent through the Inter-companies Service and Cost Allocation Agreements ("Services Agreements"). In 2013, a pool of investment staff was deployed for the execution of the Group's major transaction for the acquisition of electric vehicle business. Going forward, more emphasis will be placed on post-investment monitoring and there will be gradual change in the structure, making it more balanced with origination. The Group entered into new Inter-companies Services and Cost Allocation Agreements ("New Services Agreements") with CIAM Parent on 30 December 2013 to replace the Services Agreements dated 28 November 2011 which expired on 31 December 2013. Optimal allocation of resources between the Group and CIAM Parent and ease of administration will be achieved through the New Services Agreements.

During the year, approximately 13 headcount of management, investment and administrative support staff was employed directly by the Company. There were other functional support staff and resources, on needed basis, shared with CIAM Parent under the Services Agreements dated 28 November 2011.

The Company reiterate the importance to align interests of management with that of the shareholders. During the year, the Company leverage the existing share option scheme adopted in 2007 and granted 10.05 million share options in April 2013 to relevant directors, officers and employees. As of 31 December 2013, there were approximately a total of 21.77 million share options outstanding. No options were exercised during the year. Details of the share options are set out in note 25(c)(iv) and 26 to the financial statements.

The Group and management annually review the compensation approach and reward level to staff. There was no change on compensation approach to staff. General reward level changes were aligned with inflation and market peers.

Internal control

The Group has engaged BDO Financial Services Limited to provide internal audit services on a regular basis to ensure our policy and procedure are implemented in a quality level with strong management and control to minimize operational risks. The result of current year review was satisfactory and no exception or deficiency noted in control areas under review.

We are on our "Green" way

From 2014 onwards, we will strive hard to manage the invested portfolio and also continue enhancing our portfolio mix. The two investments in electric transportation industry in 2013 and early 2014 are only the prelude to our "Green" road map into the new energy transportation value chain. We will keep on to identify optimal investment opportunities and partner with strategic partner(s) in the up and down of the value chain to maximize intrinsic synergy value among our investments in order to further pursue the vertical integration and create maximum value for the Company and the shareholders.

Corporate Governance Report

CIAM Group Limited (the "Company") is committed to achieving high standards of corporate governance. The Company believes that its commitment to high standard practices will translate into long-term value and ultimately maximize returns to its shareholders. Throughout the year ended 31 December 2013, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations discussed in the relevant paragraphs below.

(A) Directors' Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. In response to specific enquiry by the Company, all Directors confirmed that they have fully complied with the required standard as set out in the aforesaid model code throughout the year of 2013.

(B) Board of Directors

Composition and Role

The Board of Directors (the "Board") currently comprises of eight members, consisting of the Chairman, the Executive Vice-chairman, three Non-executive Directors and three Independent Non-executive Directors. This is in compliance with the requirements of Rule 3.10A of the Listing Rules which requires independent non-executive directors to represent at least one-third of the Board. The name and brief biographical details of the Directors are shown in the "Board of Directors" section of this Annual Report. The Company has received from all Independent Non-executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that they are independent. None of them has served the Company for more than nine years.

Directors give sufficient time and attention to the Company's affairs. The Company requests the Director to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of time involved.

Independent Non-executive Directors and other Non-executive Directors provide the Board with diversified skills, expertise and experience. Their views and participation in Board and committee meetings bring independent, constructive and informed comments on issues relating to the Company's strategies and policies to ensure that the interests of all shareholders are taken into account.

Independent Non-executive Directors are identified as such in all corporate communications containing the name of the Directors. An updated list of the Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

The Company has arranged appropriate insurance coverage on the liabilities of the Directors and officers in respect of any legal actions taken against the Directors and senior management arising out of corporate activities.

Board Diversity Policy

Prior to the implementation of the new code provision in the CG Code on board diversity in September 2013, the Company has already taken active steps to comply with it and adopted a board diversity policy (the "Board Diversity Policy") in August 2013 setting out the approach to achieve diversity on the Board.

The Company considers diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural, educational background and professional experience. All Board appointments will be based on meritocracy, in the context of the skills and experience the Board as a whole requires to be effective. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

Nomination and Remuneration Committee of the Company (the "N&R Committee") will monitor the the achievement of the measurable objectives set out in the Board Diversity Policy and review the same as appropriate to ensure its continued effectiveness.

Delegation by the Board

The Board is responsible for overseeing the strategic development of the Company and its subsidiaries (the "Group") and for determining the objectives, strategies, policies and business plan of the Group. Given the volume and diversity of business of the Company, responsibilities for execution and daily operations are delegated to the management. In addition to its overall supervisory role, the Board retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving capital raising activities, approving policies and codes as required by regulators, etc.

The Board gives clear directions as to the management's power, and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole. The management are required to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

To comply with the requirement under the CG Code, the Board is also responsible for performing the corporate governance duties or it may delegate the responsibility to a committee or committees, if finds appropriate.

Board Meetings

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operation and financial performance. A tentative meeting schedule of the Board and the Board committee for the whole year is prepared at the beginning of a year. In addition, at least 14 days' notice will be given for all regular Board meetings. For all other Board meetings, reasonable notice will be given. An agenda with supporting Board papers are given to all Directors no less than 3 days prior to the meeting and all Directors are given the opportunity to include matters for discussion in the agenda. The Chairman also ensures that all Directors are supplied with adequate information in a timely manner before each meeting and that all Directors are properly briefed on issues arising at Board meetings. Senior executives of the Group are invited to attend the Board meetings to present and answer any enquiries raised by the Directors. At all time the Board and each Director have separate and independent access to the Company's senior executives for the purpose of obtaining additional information.

During the year ended 31 December 2013, the Board held four regular meetings and three ad-hoc meetings. The attendance record of individual Directors is set out below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a Director of the Company.

Directors	**Attendance**
Chairman	
Dou Jianzhong	6/(7)
Executive Vice-chairman and Chief Executive Officer	
Lo Wing Yat Kelvin	7/(7)
Non-executive Directors	
Huang Bin (appointed on 31 May 2013)	3/(5)
Lu Zhicheng	6/(7)
Wong Yau Kar David	7/(7)
Independent Non-executive Directors	
Hung Chi Yuen Andrew	7/(7)
Sit Fung Shuen Victor	7/(7)
Toh Hock Ghim	6/(7)
Ex-Director	
Chan Peng Kuan (resigned on 31 May 2013)	0/(2)

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors at the Company's expense to assist them perform their duties if necessary. They can also access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Where queries are raised by Directors, management will provide prompt and full responses as much as possible.

Should a potential conflict of interest involving a substantial shareholder or a Director arises which the Board has determined to be material, the matter will be discussed in a physical Board meeting, as opposed to being dealt with by written resolution. Independent Non-executive Directors with no material interest in the transaction will be present at meetings to deal with such conflict issues.

The Company Secretary is responsible for taking minutes of the Board meetings and meetings of the Board Committees. The minutes record in sufficient details the matters considered by the Board and the Board Committees, decisions reached, including any concerns raised by Directors or dissenting views expressed. All such minutes are kept by the Company Secretary and are available for inspection by the Directors upon request.

Chairman and Chief Executive Officer

Mr. Dou Jianzhong is the Chairman and Mr. Lo Wing Yat Kelvin is the Chief Executive Officer (the "CEO") of the Company. The respective roles of Chairman and CEO are clearly established and segregated. The Chairman is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner. Directors are encouraged to participate actively in all Board and Board Committee meetings of which they are members. The Chairman holds meeting with the Non-executive Directors (including Independent Non-executive Directors) at least annually to exchange views and comments further to those discussed at the Board meeting. The CEO, supported by other Board members and the senior management, is responsible for the day-to-day management of the Group's business, including developing and proposing the Group's strategies and policies for the Board's consideration and the implementation of major strategies and policies approved by the Board and its Board Committees.

Non-executive Directors

Pursuant to Code Provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term. Instead, same as for all other Directors of the Company, the Non-executive Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meetings ("AGM") in accordance with the Bye-laws of the Company. The Board believes that subjecting the Non-executive Directors to retirement by rotation and re-election achieves the intended aims of the CG Code. Due to the same rationale, there is no formal letter of appointment governing the terms of appointment of the Directors who are subject to the same terms under the Bye-laws of the Company.

Directors' Continuous Professional Development

Every newly appointed Director is provided with a comprehensive induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. Since April 2012, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

The training received by the Directors during the year ended 31 December 2013 is summarized as follows:

Directors	Types of training
Chairman	
Dou Jianzhong	A, B
Executive Vice-chairman and Chief Executive Officer	
Lo Wing Yat Kelvin	A, B
Non-executive Directors	
Huang Bin (appointed on 31 May 2013)	B
Lu Zhicheng	A, B
Wong Yau Kar David	A, B
Independent Non-executive Directors	
Hung Chi Yuen Andrew	A, B
Sit Fung Shuen Victor	A, B
Toh Hock Ghim	B

A – attending seminars/conferences/forums/ briefings/workshops relevant to the business or director's duties
B – reading articles relevant to corporate governance, regulatory updates or directors' duties and responsibilities

Company Secretary

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with Shareholders and with management.

Pursuant to Code Provision F.1.1 of the CG Code, the company secretary should be an employee of the Company. The Company Secretary of the Company is an employee of the Company's substantial shareholder and serves as the company secretary of this substantial shareholder and its group of companies underneath. She participates in daily operation of the Company with full support and assistance from the professionally qualified staff members of the Company in discharging her duties as company secretary. During the year ended 31 December 2013, she has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge.

(C) Nomination and Remuneration Committee

The N&R Committee of the Company currently comprises three Independent Non-executive Directors and the Chairman of the Company and is chaired by Mr. Toh Hock Ghim.

The Company has adopted the model to delegate the determination of the remuneration package of individual executive Directors and the CEO to the N&R Committee. The roles and responsibilities of the N&R Committee, as set out in its terms of reference, are published on the websites of the Company and HKEx. These primarily include: reviewing the structure, size, composition and diversity of the Board; identifying and nominating qualified individuals to the Board for appointment as Directors and the CEO of the Company; making recommendations to the Board on directors' fees; reviewing and approving the policies and mechanism in relation to the appointment or termination of, remuneration or compensation to, and the succession plans for the senior executives of the Company; and reviewing and approving performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The N&R Committee consults with the Chairman and/or Chief Executive Officer on its proposals and recommendations, and also has access to independent professional advice if necessary. The N&R Committee is also provided with sufficient resources enabling it to perform its duties.

The members of the N&R Committee shall not vote in decisions concerning each of their own remuneration or any other matters which he has any direct or indirect interest. All Non-executive Directors of the Company have the right to attend the meetings of the N&R Committee. The composition and the terms of reference of the N&R Committee shall be reviewed from time to time.

During the year ended 31 December 2013, one N&R Committee meeting was held which was attended by all its members as shown in the table below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a member of the N&R Committee.

Committee members	Attendance
Toh Hock Ghim *(Chairman)*	1/(1)
Dou Jianzhong	1/(1)
Hung Chi Yuen Andrew	1/(1)
Sit Fung Shuen Victor	1/(1)

Further particulars regarding Directors' remuneration and individuals with highest emoluments are set out in notes 8 and 9 to the financial statements.

(D) Internal control

The Board is ultimately responsible for maintaining a sound and effective systems of internal control and risk management of the Group. Procedures have been designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The Investment Committee has been formed to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The Investment Committee meets on an ad hoc basis to review and approve various investment projects to be committed by the Group, and to monitor and assess the risks on the investment projects to ensure that they are in line with the investment strategy and policies of the Company.

BDO Financial Services Limited has been engaged as the internal auditors of the Company to conduct independent examination and evaluation on the adequacy and effectiveness of the Group's internal control system on an on-going basis. The internal auditors develop a risk-based annual audit plan for regular audits for each calendar year. Such audit plan is reviewed and approved by the Audit Committee. The audits cover all material controls, including financial, operational and compliance controls as well as risk management functions. Special audit may be conducted when necessary. The internal auditors report regularly to the Audit Committee about the audit work done as compared with the annual audit plan and highlight any significant findings or issues to the Audit Committee. The Audit Committee will then review the findings and report to the Board for attention and appropriate action. The Board assesses the effectiveness of internal control by considering reviews performed by the Audit Committee. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. The Board has conducted a review of the Company's internal control system for the year ended 31 December 2013, including financial, operational and compliance controls, and risk management functions.

(E) Audit Committee

The current composition of the Audit Committee consists of three Independent Non-executive Directors. Mr. Hung Chi Yuen Andrew, the chairman of the Committee, possesses a professional accountancy qualification and has substantial experience in accounting and financial matters. The authority and duties of the Audit Committee, as set out in the terms of reference, are published on the websites of the Company and HKEx.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's internal and external auditors in matters within the scope of the Group audit.

The Audit Committee meets regularly with the senior management, the external and internal auditors to consider and discuss the Group's financial reporting process, systems of internal control and compliance. It is also responsible for considering the appointment of the external auditors and the audit fee, and discussing with the external and internal auditors the nature and scope of audit before any audit commences. In addition, it discusses matters raised by the internal auditors and external auditors to ensure that appropriate recommendations are implemented.

The Audit Committee held three meetings during the year ended 31 December 2013 which was attended by all its members. Private session between the Committee members and the external auditors without the presence of the management had also been arranged. The attendance record of individual members is set out below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a member of the Audit Committee.

Committee members	**Attendance**
Hung Chi Yuen Andrew *(Chairman)*	3/(3)
Sit Fung Shuen Victor	3/(3)
Toh Hock Ghim	3/(3)

The Audit Committee is provided with sufficient resources enabling it to perform its duties. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

(F) Accountability and Audit

The Directors are responsible for overseeing the preparation of the financial statements for each financial period and for ensuring that they give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the accounts for the year ended 31 December 2013, the Directors, with the assistance of the Management and the external auditors, selected the suitable accounting policies and applied them consistently, approved the adoption of all Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent, and prepared the accounts on the going concern basis. A statement by the auditors of the Company in respect of their reporting responsibilities is set out in the Independent Auditor's Report.

KPMG has been acted as the external auditors of the Company since 1 June 2010. The financial statements of the Company for the year ended 31 December 2013 have been audited by KPMG. For the year ended 31 December 2013, fees charged by KPMG for audit service and non-audit services were as follows:

	2013	2012
	HK$'000	*HK$'000*
Audit Service		
Annual audit	**790**	700
Non-audit Services		
Interim review	**250**	240
Major transaction in relation to acquisition of 41.5% equity shareholding in Agnita and the shareholder's loan to Agnita	**2,000**	—
	2,250	240
Total	**3,040**	940

(G) Communication with Shareholders

The Board has established a shareholders' communication policy on 22 May 2012 and posted it on the website of the Company setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that shareholders are informed of balanced and understandable information about the Company (including the Group's strategies, businesses, major developments and financial performance) in a factual and timely manner and to enable them to exercise their rights as shareholders in an informed manner. The Company aims to be open and transparent with its shareholders and encourage shareholders' active participation at the Company's general meetings.

Information would be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meetings and other general meetings, as well as disclosure on the website of the Company. Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the website of the Company. The Company's website provides shareholders with the corporate information.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company's AGM allows the Directors to meet and communicate with shareholders. Pursuant to Code Provision A.6.7, the independent non-executive Directors and the non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. At the annual general meeting of the Company held on 29 May 2013, save for Mr. Chan Peng Kuan and Mr. Lu Zhicheng, two Non-executive Directors of the Company, who were unable to attend that meeting due to other business engagements, all directors were present at the meeting. At the special general meeting of the Company held on 13 November 2013, it was attended by Mr. Lo Wing Yat, the Executive Vice-chairman and Chief Executive Officer, and Mr. Hung Chi Yuen Andrew, the Independent Non-executive Director of the Company. Although other Directors were unable to attend that meeting due to other business engagement or travel schedule, the Board believes that the presence of Mr. Lo and Mr. Hung was able to understand the views of the shareholders of the Company and answer all the questions raised by them at that special general meeting.

The Company ensures that shareholders' views are communicated to the Board. AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. Separate resolution is proposed for each issue to be considered at the meeting. The chairman of the AGM exercises his power under the Bye-laws of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the AGM.

(H) Shareholders’ Rights

Pursuant to Bye-law 58 of the Bye-laws of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the special general meeting. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at 23rd Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong by post or email to ciam.info@ciamgroup.com for the attention of the Company Secretary of the Company. The Company Secretary will be responsible for forwarding communications relating to matters within the Board’s direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and enquiries, to the CEO of the Company. Shareholders may also raise their enquiries in general meetings.

Shareholders may also propose a person for election as director, the procedures for which are available on the Company’s website.

(I) Constitutional Documents

By an ordinary resolution passed at the special general meeting held on 13 November 2013, the authorised share capital of the Company was increased from HK$750,000,000 to HK$2,500,000,000 with effect from 13 November 2013. Save as aforesaid, there is no change to the Company’s Memorandum of Association and Bye-laws during 2013. The latest version of the Memorandum of Association and Bye-laws of the Company are available on both the websites of the Company and HKEx.

Report of the Directors

The board of directors (the "Board") present the annual report together with the audited financial statements for the year ended 31 December 2013.

Principal place of business

CIAM Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business at 23rd Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Principal activities

The Company is an investment holding company. The activities of the principal subsidiaries of the Company are set out in note 15 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 13 to the financial statements.

Financial statements

The result of the Group for the year ended 31 December 2013 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 43 to 131.

Transfer from reserves

Loss attributable to shareholders, before dividends, of HK$22,229,000 (2012: HK$14,687,000) have been transferred from reserves. Details of movements in reserves are set out in the consolidated statement of changes in equity.

The Board do not recommend the payment of a dividend (2012: Nil) in respect of the year ended 31 December 2013.

Charitable donations

Charitable donations made by the Group during the year amounted to HK$45,000 (2012: HK$45,000).

Property, plant and equipment

Details of movements in property, plant and equipment are set out in note 14 to the financial statements.

Share capital

Details of the movements in share capital of the Company during the year are set out in note 25(c) to the financial statements.

Pre-emptive rights

There are no provisions 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.

Purchase, sale and redemption of the Company's listed securities

During the year ended 31 December 2013, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

Directors

The directors who held office during the year and up to the date of this report are:

Chairman
Dou Jianzhong

Executive Vice-chairman and Chief Executive Officer
Lo Wing Yat Kelvin

Non-executive directors

Chan Peng Kuan	(resigned on 31 May 2013)
Huang Bin	(appointed on 31 May 2013)
Lu Zhicheng	
Wong Yau Kar David	

Independent non-executive directors
Hung Chi Yuen Andrew
Sit Fung Shuen Victor
Toh Hock Ghim

In accordance with Bye-law 86(2) of the Bye-laws of the Company, Mr. Huang Bin shall retire from office and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 87 of the Bye-laws of the Company, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and shall be eligible for re-election. Accordingly, Messrs. Dou Jianzhong, Lo Wing Yat Kelvin and Hung Chi Yuen Andrew shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

There is no service contract with the Group, which is not determinable by the Group within one year without payment of compensation (other than normal statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting of the Company.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive directors are independent in accordance with the term of the independence guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2013, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange, or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code") set out in the Appendix 10 to the Listing Rules were as follows:

(i) Long positions in the shares, underlying shares of the Company

Name of director/ chief executive	Number of shares Personal interests	Number of underlying shares held under equity derivative *(Note)*	Total	Approximate percentage of issued share capital
Dou Jianzhong	–	2,500,000	2,500,000	0.27%
Lo Wing Yat Kelvin	35,000	3,800,000	3,835,000	0.41%
Huang Bin	–	400,000	400,000	0.04%
Hung Chi Yuen Andrew	–	400,000	400,000	0.04%
Lu Zhicheng	–	400,000	400,000	0.04%
Sit Fung Shuen Victor	–	400,000	400,000	0.04%
Toh Hock Ghim	–	400,000	400,000	0.04%
Wong Yau Kar David	–	400,000	400,000	0.04%

Note: These interests represented the interest in underlying shares in respect of the share options granted by the Company under its share options scheme adopted on 12 October 2007 to these directors as beneficial owners, further details of which are set out in note 26 to the financial statements.

(ii) Long positions in the shares of the Company's associated corporation

Name of director	Name of associated corporation	Nature of interest	Number of shares interested/ held	Approximate percentage of the total issued share capital of associated corporation
Huang Bin	CITIC Merchant Co., Limited	Interest of controlled corporation	49	49%

Save as disclosed above, as at 31 December 2013, none of the directors or chief executive of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or 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 pursuant to the Model Code.

Share option scheme

Details of the share option scheme adopted by the Company on 12 October 2007 (the "Scheme") and movements of the share options during the year are set out in note 26 to the financial statements.

Information on the accounting policy for share options granted is provided in note 1(k)(iii) to the financial statements.

Directors' rights to acquire shares or debentures

Save as the Scheme, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts of significance

No contract of significance in relation to the Group's business (as defined in the Listing Rules) to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2013, so far as was known to the directors and the chief executive of the Company, the following persons (other than any director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of shareholder	**Capacity**	**Number of shares held**	**Approximate percentage of issued share capital** *(Note (a))*
Right Precious Limited ("RPL")	Beneficial owner	300,878,860	32.17%
CITIC International Assets Management Limited ("CIAM Parent")	Beneficial owner	920,000	0.10%
	Interest held by controlled corporation *(Note (b))*	300,878,860	32.17%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation *(Note (b))*	301,798,860	32.27%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation *(Note (b))*	301,798,860	32.27%
CITIC Limited	Interest held by controlled corporation *(Note (b))*	301,798,860	32.27%
CITIC Group Corporation ("CITIC Group")	Interest held by controlled corporation *(Note (b))*	301,798,860	32.27%

Name of shareholder	Capacity	Number of shares held	Approximate percentage of issued share capital *(Note (a))*
Champion Rise International Limited	Beneficial owner	100,000,000	10.69%
Cao Zhong	Interest held by controlled corporation	100,000,000	10.69%
Galaxy Bridge International Limited	Beneficial owner	94,500,000	10.11%
Song Kejin	Interest held by controlled corporation	94,500,000	10.11%
Silvanus Enterprises Limited	Beneficial owner	88,200,000	9.43%
Chong Sok Un	Interest held by controlled corporation	88,200,000	9.43%
Alpha Excel Investments Limited	Beneficial owner	70,000,000	7.49%
Shan Chang	Interest held by controlled corporation	70,000,000	7.49%
Preferred Market Limited *(Note (c))*	Beneficial owner	66,466,165	7.11%
Sinopoly Battery Limited ("Sinopoly") *(Note (c))*	Interest held by controlled corporation	66,466,165	7.11%

Notes:

(a) The percentages are calculated based on the total number of issued shares of the Company of 935,133,217 shares as at 31 December 2013.

(b) By virtue of the SFO, CIAM Parent, CIFH, CNCB, CITIC Limited and CITIC Group are deemed to be interested in 301,798,860 shares of the Company. RPL is a wholly-owned subsidiary of CIAM Parent which CIFH owns 40%. CIFH is 70.32% owned by CNCB which, in turn is 66.95% owned by CITIC Group through its wholly owned subsidiary, CITIC Limited.

(c) As disclosed in the announcement of the Company dated 19 December 2013, an option deed dated 19 December 2013 (the "Option Deed") was entered into among the Group, Sinopoly and Preferred Market Limited, a wholly-owned subsidiary of Sinopoly, pursuant to which, Preferred Market Limited agreed to grant an option to the Company to acquire additional 850 shares in Agnita Limited ("Agnita") at the exercise price of HK$88,400,000 which will be settled by the issuance of 66,466,165 consideration shares of the Company at the issue price of HK$1.33 each. As at 31 December 2013, the Company has not exercised the option and thus the consideration shares are not issued to Preferred Market Limited yet.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2013.

Major customers and suppliers

The Group's turnover represents the aggregate of revenue from the sale and fair value gain/loss of listed and unlisted investments, interest income, dividend income and service income. Accordingly, it is not practical to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

Continuing connected transactions

The Group has entered into transactions with CIAM Parent relating to certain services provided to and to be provided by the Group. As CIAM Parent is a substantial shareholder and connected person (as defined under the Listing Rules) of the Company, the entering into of the agreements and the transactions contemplated therein each constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Given the recurring nature of these transactions, a maximum aggregate annual value for each category of transactions ("Annual Cap") has been set by the Company. Details of these transactions are summarised below:

(1) On 28 November 2011, the Company and CIAM Parent entered into two Inter-companies Services and Cost Allocation Agreements ("Services Agreements"). Their details had been disclosed in the Company's announcement dated 28 November 2011. The principal terms and conditions are summarised as below:

(a) Inter-companies Services and Cost Allocation Agreement dated 28 November 2011 for the provision of the Parent Group Services as defined below ("Parent Group Services Agreement")

Duration: The Parent Group Services Agreement was for a term of two years and one month from 1 December 2011 to 31 December 2013.

Services: CIAM Parent together with its subsidiaries, jointly controlled and associated companies (other than the Group) ("Parent Group") provides the business development and management services to the Group ("Parent Group Services").

Fees paid: The Company paid the fee for the Parent Group Services ("Parent Group Services Fee") to CIAM Parent for one month ended 31 December 2011 and thereafter every six months on a cost basis. The fee was a sum equal to a portion of the total remuneration of the employees of the Parent Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the Parent Group Services. Such estimation of time was subject to review by the Company and CIAM Parent from time to time and was adjusted according to the actual circumstances where necessary. All disbursements incurred by the Parent Group in relation to the provision of the Parent Group Services were reimbursed by the Company to CIAM Parent on a dollar for dollar basis.

Annual Caps for the Parent Group Services Fee:

(i) HK$2,000,000 for 1 month ended 31 December 2011;

(ii) HK$6,000,000 for 12 months ended 31 December 2012; and

(iii) HK$7,000,000 for 12 months ending 31 December 2013.

(b) Inter-companies Services and Cost Allocation Agreement dated 28 November 2011 for the provision of the Listed Group Services as defined below ("Listed Group Services Agreement")

Duration: The Listed Group Services Agreement was for a term of two years and one month from 1 December 2011 to 31 December 2013.

Services: The Group provided the investment and asset management services to the Parent Group ("Listed Group Services").

Fees received: CIAM Parent paid the fee for the Listed Group Services ("Listed Group Services Fee") to the Company for one month ended 31 December 2011 and thereafter every six months on a cost basis. The fee was a sum equal to a portion of the total remuneration of the employees of the Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the Listed Group Services. Such estimation of time was subject to review by the Company and CIAM Parent from time to time and was adjusted according to the actual circumstances where necessary. All disbursements incurred by the Group in relation to the provision of the Listed Group Services were reimbursed by CIAM Parent to the Company on a dollar for dollar basis.

Annual Caps for the Listed Group Services Fee:

(i) HK$2,000,000 for 1 month ended 31 December 2011;

(ii) HK$6,000,000 for 12 months ended 31 December 2012; and

(iii) HK$7,000,000 for 12 months ending 31 December 2013.

For the year ended 31 December 2013, the Parent Group Services Fee payable by the Company to CIAM Parent was approximately HK$3,847,000 (2012: HK$755,000) while the Listed Group Services Fee payable by CIAM Parent to the Company was approximately HK$1,597,000 (2012: HK$1,902,000), which did not exceed the Annual Caps mentioned above.

(2) Before the Services Agreements expired on 31 December 2013, the Company entered into two new agreements with CIAM Parent on 30 December 2013 and its details have been disclosed in the Company's announcement dated 30 December 2013. The principal terms and conditions are summarised as below:

(a) Inter-companies Services and Cost Allocation Agreement dated 30 December 2013 for the provision of the Controlling Group Services as defined below ("New Controlling Group Services Agreement")

Duration: The New Controlling Group Services Agreement is for a term of three years from 1 January 2014 to 31 December 2016.

Services: CIAM Parent together with its subsidiaries, jointly controlled and associated companies (other than the Group) ("Controlling Group") provides the business development and management services to the Group ("Controlling Group Services").

Fees to be paid: The Company will pay the service fee to CIAM Parent ("Controlling Group Services Fee") every six months on a cost basis. The Controlling Group Services Fee will be a sum equal to a portion of the total remuneration of the employees of the Controlling Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the Controlling Group Services. Such estimation of time will from time to time be subject to review by the Company and CIAM Parent and be adjusted according to the actual circumstances where necessary. All disbursements incurred by the Controlling Group in relation to the provision of the Controlling Group Services will be reimbursed by the Company to CIAM Parent on a dollar for dollar basis.

The Annual Caps for the Controlling Group Services Fee is HK$5,500,000 for each of the three years ending 31 December 2016.

(b) Inter-companies Services and Cost Allocation Agreement dated 30 December 2013 for the provision of the Listed Group Services as defined below ("New Listed Group Services Agreement")

Duration: The New Listed Group Services Agreement is for a term of three years from 1 January 2014 to 31 December 2016.

Services: The Group provides the investment and asset management services to the Controlling Group ("New Listed Group Services").

Fees to be received: CIAM Parent will pay the service fee ("New Listed Group Services Fee") to the Company every six months on a cost basis. The New Listed Group Services Fee will be a sum equal to a portion of the total remuneration of the employees of the Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the New Listed Group Services. Such estimation of time will from time to time be subject to review by the Company and the CIAM Parent and be adjusted according to the actual circumstances where necessary. All disbursements incurred by the Group in relation to the provision of the New Listed Group Services will be reimbursed by CIAM Parent to the Company on a dollar for dollar basis.

The Annual Caps for the New Listed Group Services Fee is HK$5,500,000 for each of the three years ending 31 December 2016.

As each of the relevant percentage ratios applicable to the above transactions is less than 25% and each of the Annual Caps is less than HK$10,000,000, these transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(3) Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.38 of the Listing Rules, the external auditors of the Company were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants in respect of the transactions under the Parent Group Services Agreement and the Listed Group Services Agreement entered into by the Group during the year ended 31 December 2013. The external auditors have reported their factual findings arising from these procedures to the Board.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors have reviewed the above-mentioned transactions, which constituted continuing connected transactions under the Listing Rules, and confirmed that the transactions were entered into by the Group in its ordinary course of business, on normal commercial terms or on terms no less favourable than terms available to or from independent third parties, if identified, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Related party transactions

Details of the related party transactions undertaken in normal course of the Group's business are set out in note 32 to the financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

Disclosure under Rules 13.13 and 13.20 of the Listing Rules

During the year ended 31 December 2013, the Group has the following loan outstanding which constituted an advance to an entity discloseable under Rules 13.13 and 13.20 of the Listing Rules as the transaction amount of the loan exceeded 8% under the asset ratio as defined under Rule 14.07 of the Listing Rules as at 31 December 2013.

Pursuant to a Loan Agreement dated 19 December 2013 entered into between CIAM Investment (BVI) Limited ("CIAM Investment"), a wholly-owned subsidiary of the Company, and Agnita, CIAM Investment has provided an interest-free loan in the principal amount of HK$150,000,000 (the "Loan") to Agnita. The term of the Loan is nine months from the date of drawdown of the Loan. Agnita shall repay CIAM Investment in full in cash upon maturity. Details of the Loan have been disclosed in the Company's announcement dated 19 December 2013.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of the financial statements.

Retirement schemes

The Group operates a Mandatory Provident Fund scheme and an Occupational Retirement Scheme. Particulars of these retirement schemes are set out in note 27 to the financial statements.

Management contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Dou Jianzhong
Chairman

Hong Kong, 21 March 2014

Independent Auditor's Report

Independent auditor's report to the shareholders of CIAM Group Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CIAM Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 131, which comprise the consolidated and company statements of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Auditor's responsibility *(Continued)*

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's result 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 Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 March 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue			
Net (loss)/gain on held-for-trading investments		**(434)**	56
Net gain/(loss) on financial assets designated at fair value through profit or loss		**5,752**	(1,109)
Investment income	3	**27,329**	14,239
Advisory fee income	4	**—**	8,881
		32,647	22,067
Other net income		**157**	208
Administrative expenses		**(32,426)**	(32,459)
Profit/(loss) from operations before impairment		**378**	(10,184)
Impairment loss on loan and other receivables	5	**(19,463)**	—
Finance costs	6(a)	**—**	(2,445)
Gain on disposal of subsidiaries	28	**685**	63
Share of loss of an associate		**(1,062)**	—
Share of profits less losses of joint ventures		**193**	2,154
Loss before taxation	6	**(19,269)**	(10,412)
Income tax	7	**(2,960)**	(4,279)
Loss for the year		**(22,229)**	(14,691)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
– Exchange differences on translation of financial statements of foreign operations		**6,858**	3,882
– Reclassification adjustment upon disposal of subsidiaries		**(186)**	—
		6,672	3,882
Total comprehensive income for the year		**(15,557)**	(10,809)
Loss for the year attributable to:			
– Equity shareholders of the Company	10	**(22,229)**	(14,687)
– Non-controlling interests		**—**	(4)
		(22,229)	(14,691)
Other comprehensive income for the year attributable to:			
– Equity shareholders of the Company		**6,672**	3,882
– Non-controlling interests		**—**	—
		6,672	3,882
Total comprehensive income for the year attributable to:			
– Equity shareholders of the Company		**(15,557)**	(10,805)
– Non-controlling interests		**—**	(4)
		(15,557)	(10,809)
Loss per share			
Basic and diluted (HK cents)	12	**(4.52)**	(3.30)

The notes on pages 52 to 131 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14(a)	**932**	1,525
Interest in an associate	16	**556,435**	—
Interest in joint ventures	17	**113,198**	122,850
Financial asset at fair value through profit or loss	18	**28,295**	28,287
Loan and other receivables	19	**451**	38,791
Other non-current assets	20	**1,104**	1,104
		700,415	192,557
Current assets			
Financial assets at fair value through profit or loss	18	**30,290**	43,820
Amount due from ultimate holding company	32(b)	**—**	79
Loan and other receivables	19	**234,072**	90,907
Cash and cash equivalents	22	**399,621**	246,820
		663,983	381,626
Current liabilities			
Accruals and other payables	23	**18,119**	17,651
Amount due to a substantial shareholder	32(b)	**2,597**	—
Loans from non-controlling shareholders	32(b)	**31**	31
Current taxation	24(a)	**7,151**	6,077
		27,898	23,759
Net current assets		**636,085**	357,867
NET ASSETS		**1,336,500**	550,424

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
CAPITAL AND RESERVES			
Share capital	25(c)(i)	**935,133**	444,633
Reserves		**401,327**	105,751
Total equity attributable to equity shareholders of the Company		**1,336,460**	550,384
Non-controlling interests		**40**	40
TOTAL EQUITY		**1,336,500**	550,424

Approved and authorised for issue by the board of directors on 21 March 2014.

Dou Jianzhong
Director

Lo Wing Yat Kelvin
Director

The notes on pages 52 to 131 form part of these financial statements.

Statement of Financial Position

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14(b)	**860**	1,129
Investments in subsidiaries	15	**538,503**	541,503
Financial asset at fair value through profit or loss	18	**28,295**	28,287
Other non-current assets	20	**979**	979
		568,637	571,898
Current assets			
Financial assets at fair value through profit or loss	18	**20,239**	33,232
Amount due from ultimate holding company	32(b)	**—**	79
Amounts due from subsidiaries	21	**476,971**	125,365
Other receivables	19	**1,493**	1,345
Cash and cash equivalents	22	**346,268**	235,009
		844,971	395,030
Current liabilities			
Accruals and other payables	23	**15,571**	15,519
Amounts due to subsidiaries	21	**351,392**	683,903
Amount due to a substantial shareholder	32(b)	**2,597**	—
		369,560	699,422
Net current assets/(liabilities)		**475,411**	(304,392)
NET ASSETS		**1,044,048**	267,506

	Note	**2013** **HK$'000**	2012 HK$'000
CAPITAL AND RESERVES			
Share capital	*25(c)(i)*	**935,133**	444,633
Reserves	*25(a)*	**108,915**	(177,127)
TOTAL EQUITY		**1,044,048**	267,506

Approved and authorised for issue by the board of directors on 21 March 2014.

Dou Jianzhong
Director

Lo Wing Yat Kelvin
Director

The notes on pages 52 to 131 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

		Attributable to equity shareholders of the Company									
	Note	Share capital *HK$'000* *Note 25(c)(i)*	Share premium *HK$'000* *Note 25(d)(i)*	Contributed surplus *HK$'000* *Note 25(d)(ii)*	Exchange reserve *HK$'000* *Note 25(d)(iii)*	Share option reserve *HK$'000* *Note 25(d)(iv)*	Other reserve *HK$'000* *Note 25(d)(v)*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2013		444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424
Changes in equity for 2013:											
Loss for the year		–	–	–	–	–	–	(22,229)	(22,229)	–	(22,229)
Other comprehensive income	*11*	–	–	–	6,672	–	–	–	6,672	–	6,672
Total comprehensive income		–	–	–	6,672	–	–	(22,229)	(15,557)	–	(15,557)
Profit appropriation to statutory surplus reserve	*25(d)(v)*	–	–	–	–	–	462	(462)	–	–	–
Issue of new shares	*25(c)(iii)*	490,500	309,167	–	–	–	–	–	799,667	–	799,667
Equity-settled share-based transactions											
– amortisation for the year	*26*	–	–	–	–	1,966	–	–	1,966	–	1,966
– transfer to accumulated losses upon forfeiture		–	–	–	–	(148)	–	148	–	–	–
At 31 December 2013		935,133	341,137	82,445	25,326	8,912	5,763	(62,256)	1,336,460	40	1,336,500
At 1 January 2012		444,633	31,970	82,445	14,772	13,033	4,403	(30,067)	561,189	(138)	561,051
Changes in equity for 2012:											
Loss for the year		–	–	–	–	–	–	(14,687)	(14,687)	(4)	(14,691)
Other comprehensive income	*11*	–	–	–	3,882	–	–	–	3,882	–	3,882
Total comprehensive income		–	–	–	3,882	–	–	(14,687)	(10,805)	(4)	(10,809)
Profit appropriation to statutory surplus reserve	*25(d)(v)*	–	–	–	–	–	898	(898)	–	–	–
Equity-settled share-based transactions											
– transfer to accumulated losses upon lapse and forfeiture		–	–	–	–	(5,939)	–	5,939	–	–	–
Acquisition of interest from non-controlling shareholders		–	–	–	–	–	–	–	–	182	182
At 31 December 2012		444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424

The notes on pages 52 to 131 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Operating activities			
Loss before taxation		**(19,269)**	(10,412)
Adjustments for:			
Impairment loss on loan and other receivables	5	**19,463**	—
Depreciation of property, plant and equipment	14(a)	**505**	2,004
Gain on disposal of property, plant and equipment	6(c)	**(32)**	—
Gain on disposal of subsidiaries	28	**(685)**	(63)
Share of loss of an associate		**1,062**	—
Share of profits less losses of joint ventures		**(193)**	(2,154)
Net (gain)/loss on financial assets designated at fair value through profit or loss		**(5,752)**	1,109
Finance costs	6(a)	**—**	2,445
Equity-settled share-based payment expenses	6(b)	**1,966**	—
Adjusted operating loss before changes in working capital		**(2,935)**	(7,071)
Increase in other receivables		**(24,999)**	(17,402)
Decrease in held-for-trading investments		**598**	69
Decrease in amount due from ultimate holding company		**79**	13,614
(Decrease)/increase in accruals and other payables		**(58)**	4,835
Increase in amount due to a substantial shareholder		**2,839**	—
Decrease in amount due to ultimate holding company		**—**	(13,994)
Cash used in operations		**(24,476)**	(19,949)
Tax paid in Hong Kong		**(705)**	(845)
Tax paid outside Hong Kong		**(1,299)**	(11,402)
Interest paid		**—**	(2,445)
Net cash used in operating activities		**(26,480)**	(34,641)

	Note	2013 HK$'000	2012 HK$'000
Investing activities			
Proceeds from disposal of property, plant and equipment		**123**	—
Proceeds from disposal of subsidiaries	*28*	**220**	—
Investment in an associate		**(4,452)**	—
Investments in held-for-trading investments		**—**	(2,584)
Proceeds from disposal of held-for-trading investments		**—**	1,877
Proceeds from disposal of financial assets designated at fair value through profit or loss		**18,676**	—
Loans repaid by third parties		**45,090**	36,212
Loan to a third party		**—**	(34,198)
Loan to an associate	*19(a)*	**(150,000)**	—
Decrease in pledged bank deposit		**—**	65,000
Dividend distribution from a joint venture	*17*	**21,802**	7,618
Net cash (used in)/generated from investing activities		**(68,541)**	73,925
Financing activities			
Repayment of secured bank loan		**—**	(60,966)
Net proceeds from the issue of new shares	*25(c)(iii)*	**247,717**	—
Net cash generated from/(used in) financing activities		**247,717**	(60,966)
Net increase/(decrease) in cash and cash equivalents		**152,696**	(21,682)
Cash and cash equivalents at 1 January		**246,820**	267,824
Effect of foreign exchange rate changes		**105**	678
Cash and cash equivalents at 31 December	*22*	**399,621**	246,820

The notes on pages 52 to 131 form part of these financial statements.

Notes to the Financial Statements

1. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by CIAM Group Limited (the "Company") and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprises the Group and the Group's interest in an associate and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial assets at fair value through profit or loss

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 35.

1. Significant accounting policies *(continued)*

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(i).

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 1(d)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 1(h)).

1. Significant accounting policies *(continued)*

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(h)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

1. Significant accounting policies *(continued)*

(d) Associates and joint ventures *(continued)*

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(e)).

(e) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired. The categories are: financial assets at fair value through profit or loss and loans and receivables.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

The Group recognises financial assets on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets at fair value through profit or loss is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss are recorded.

1. Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Categorisation

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Financial instruments are designated at fair value through profit or loss upon initial recognition when:

— the assets are managed, evaluated and reported internally on a fair value basis;

— the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;

— the asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or

— the separation of the embedded derivative(s) from the financial instrument is not prohibited.

Financial assets under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is included in profit or loss.

1. Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Categorisation *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; or (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss. Loans and receivables mainly comprise loans to customers.

Loans and receivables include loans made under entrusted arrangement which are loans granted by licensed banks incorporated in the People's Republic of China (the "PRC") on behalf of the Group to external PRC customers which the Group bears the risks and rewards.

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses (see note 1(h)), if any, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses, if any.

1. Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

(v) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

1. Significant accounting policies *(continued)*

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(h)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	Over the shorter of the term of the lease, or 5 years
– Furniture, fixtures and equipment	3-10 years
– Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Operating lease charges

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1. Significant accounting policies *(continued)*

(h) Impairment of assets

The carrying amount of the Group's assets is reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that borrower are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1. Significant accounting policies *(continued)*

(h) Impairment of assets *(continued)*

(i) Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. The individual impairment allowance is based upon management's best estimate of the present value of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its own merits.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances. While this necessarily involves judgement, the Group believes that the impairment allowances on loans and receivables are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to profit or loss. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

When there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

1. Significant accounting policies *(continued)*

(h) Impairment of assets *(continued)*

(ii) Other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— investments in subsidiaries, an associate and joint ventures; and

— other non-current assets.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1. Significant accounting policies *(continued)*

(h) Impairment of assets *(continued)*

(ii) Other assets (continued)

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, if determinable.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (see notes 1(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates.

1. Significant accounting policies *(continued)*

(i) Accruals and other payables

Accruals and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

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

(k) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

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

(ii) Carried interest

Eligible employees are entitled to receive a share of the realised profits less losses on investments of the Group. The Group recognises a liability based on estimated fair value of its assets at the end of the reporting period. Carried interest payable is accrued on those investments over and above the performance hurdle of 10% internal rate of return, measured at the end of the reporting period. Carried interest is paid when the investment return is realised without any recourse.

1. Significant accounting policies *(continued)*

(k) Employee benefits *(continued)*

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

(l) Income tax

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

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. Significant accounting policies *(continued)*

(l) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

1. Significant accounting policies *(continued)*

(m) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(n) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on all financial assets that are classified as trading or designated at fair value through profit and loss are considered to be incidental and are therefore presented together with all other changes in fair value arising from the portfolio. Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and foreign exchange differences attributable to those financial instruments.

1. Significant accounting policies *(continued)*

(n) Revenue recognition *(continued)*

(ii) Fee income

Fee income arises from financial services provided by the Group including project and structured finance transactions. Fee income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

(iii) Dividend income

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1. Significant accounting policies *(continued)*

(o) Translation of foreign currencies *(continued)*

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented in profit or loss.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. Significant accounting policies *(continued)*

(q) Related parties

(A) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of 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).

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

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

1. Significant accounting policies *(continued)*

(r) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Changes in accounting policies *(continued)*

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

2. Changes in accounting policies *(continued)*

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 15, 16 and 17.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 30.

3. Investment income

	2013	2012
	HK$'000	*HK$'000*
Interest income from financial assets that are not at fair value through profit or loss	**26,881**	13,736
Dividend income from:		
– listed securities	**61**	87
– unlisted funds	**387**	416
	27,329	14,239

4. Advisory fee income

Advisory fee relates to fees earned by the Group in 2012 for provision of advisory services to the customers.

5. Impairment loss on loan and other receivables

	2013 HK$'000	2012 HK$'000
Impairment loss charged on loan and other receivables *(note 19(b))*	**19,463**	—

6. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	2013 HK$'000	2012 HK$'000
(a) Finance costs		
Interest on secured bank loans wholly repayable within five years	**—**	2,445
(b) Staff costs		
Contributions to defined contribution retirement plan*	**1,031**	841
Equity-settled share-based payment expenses *(note 26)*	**1,966**	—
Salaries, carried interest and other benefits*	**15,540**	15,934
	18,537	16,775
(c) Other items		
Depreciation of property, plant and equipment*	**557**	972
Gain on disposal of property, plant and equipment	**(32)**	—
Operating lease charges in respect of land and buildings*	**3,751**	3,035
Net foreign exchange gain	**(76)**	(204)
Auditor's remuneration	**790**	685
Directors' fees	**2,650**	3,200

* These amounts represented the net amount after expenses reimbursement arrangement under the Inter-companies Services and Cost Allocation Agreements ("Services Agreements") signed between the Company and CITIC International Assets Management Limited ("CIAM Parent"), a substantial shareholder of the Company, on 28 November 2011.

7. Income tax in the consolidated statement of comprehensive income

(a) Taxation in the consolidated statement of comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Under-provision in respect of prior years	**1,510**	–
Outside Hong Kong		
Provision for profits tax for the year *(note 24(a))*	**709**	4,279
Provision for withholding tax for the year *(note 24(a))*	**1,299**	–
Over-provision for profits tax in respect of prior years	**(558)**	–
	1,450	4,279
	2,960	4,279

No provision for Hong Kong Profits Tax for the years ended 31 December 2013 and 2012 has been made as the Group does not have any assessable profits in Hong Kong in both years. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2013	2012
	HK$'000	*HK$'000*
Loss before taxation	**(19,269)**	(10,412)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(1,725)**	(481)
Tax effect of non-deductible expenses	**1,368**	1,731
Tax effect of non-taxable income	**(557)**	(1,140)
Tax effect of unused tax losses not recognised	**2,973**	4,181
Utilisation of tax losses previously not recognised	**(51)**	(12)
Under-provision in prior years	**952**	–
Actual tax expense	**2,960**	4,279

8. Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 December 2013

Name of director	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses and carried interest	Retirement scheme contributions	Sub-Total	Share-based payments *(Note)*	2013 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dou Jianzhong	600	–	–	–	600	371	971
Lo Wing Yat Kelvin	250	2,062	174	217	2,703	564	3,267
Huang Bin (appointed on 31 May 2013)	117	–	–	–	117	–	117
Hung Chi Yuen Andrew	400	–	–	–	400	59	459
Lu Zhicheng	200	–	–	–	200	59	259
Sit Fung Shuen Victor	400	–	–	–	400	59	459
Toh Hock Ghim	400	–	–	–	400	59	459
Wong Yau Kar David	200	–	–	–	200	59	259
Chan Peng Kuan (resigned on 31 May 2013)	83	–	–	–	83	59	142
	2,650	2,062	174	217	5,103	1,289	6,392

8. Directors' remuneration *(continued)*

For the year ended 31 December 2012

Name of director	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses and carried interest HK$'000	Retirement scheme contributions HK$'000	Sub-Total HK$'000	Share-based payments HK$'000	2012 Total HK$'000
Dou Jianzhong	600	–	–	–	600	–	600
Lo Wing Yat Kelvin	250	1,949	160	175	2,534	–	2,534
Hung Chi Yuen Andrew	400	–	–	–	400	–	400
Lu Zhicheng	200	–	–	–	200	–	200
Sit Fung Shuen Victor	400	–	–	–	400	–	400
Toh Hock Ghim	400	–	–	–	400	–	400
Wong Yau Kar David	200	–	–	–	200	–	200
Chan Peng Kuan (appointed on 20 April 2012)	139	–	–	–	139	–	139
Zhao Tieliu (resigned on 20 April 2012)	61	–	–	–	61	–	61
Scott Anderberg Callon (resigned on 31 December 2012)	250	–	–	–	250	–	250
Graham Roderick Walker (resigned on 31 December 2012)	300	–	–	–	300	–	300
	3,200	1,949	160	175	5,484	–	5,484

For the years ended 31 December 2013 and 2012, the amounts represented the net amounts after expenses reimbursement arrangement under the Services Agreements.

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(k)(iii). Details of share-based payments, including the principal terms and number of options granted, are disclosed in note 26.

9. Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, one (2012: one) is director of the Company whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2012: four) individuals are as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other emoluments	**3,517**	2,907
Discretionary bonuses	**704**	1,124
Share-based payments	**621**	—
Retirement scheme contributions	**266**	165
	5,108	4,196

The emoluments of the four (2012: four) individuals with the highest emoluments are within the following bands:

	2013	2012
	Number of individuals	*Number of individuals*
Nil — HK$1,000,000	**—**	1
HK$1,000,001 — HK$1,500,000	**4**	3
HK$1,500,001 — HK$2,000,000	**—**	—
HK$2,000,001 — HK$2,500,000	**—**	—

For the years ended 31 December 2013 and 2012, the amounts represented the net amounts after expenses reimbursement arrangement under the Services Agreements.

10. Loss attributable to equity shareholders of the Company

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$25,091,000 (2012: HK$25,456,000) which has been dealt with in the financial statements of the Company.

11. Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2013			2012		
	Before-tax amount	**Tax credit**	**Net-of-tax amount**	Before-tax amount	Tax credit	Net-of-tax amount
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Exchange differences on translation of financial statements of foreign operations	**6,858**	**–**	**6,858**	3,882	–	3,882
Reclassification adjustment upon disposal of subsidiaries *(note 28)*	**(186)**	**–**	**(186)**	–	–	–
Other comprehensive income	**6,672**	**–**	**6,672**	3,882	–	3,882

(b) Reclassification adjustment relating to components of other comprehensive income

	2013	2012
	HK$'000	*HK$'000*
Exchange differences		
Reclassification adjustment for amounts transferred to profit or loss upon disposal of subsidiaries *(note 28)*	**(186)**	–
Tax credit	**–**	–
Net movement in the exchange reserve during the year recognised in other comprehensive income	**(186)**	–

12. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$22,229,000 (2012: HK$14,687,000) and the weighted average number of 491,667,464 (2012: 444,633,217) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at 1 January	**444,633,217**	444,633,217
Effect of new shares issued	**47,034,247**	—
Weighted average number of ordinary shares at 31 December	**491,667,464**	444,633,217

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2013 and 2012 were equal to the basic loss per share as the potential ordinary shares outstanding during the year had no dilutive effect on the basic loss per share for the years.

13. Segment reporting

The Group is principally engaged in direct investments, including financing, securities trading and asset investment, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

13. Segment reporting *(continued)*

(a) Segment results

Information regarding the Group's reportable segment as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

	Direct investments		Total	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**32,647**	22,067	**32,647**	22,067
Segment results	**29,773**	14,926	**29,773**	14,926
Impairment loss on loan and other receivables	**(19,463)**	–	**(19,463)**	–
Finance costs	**–**	(2,445)	**–**	(2,445)
Share of loss of an associate	**(1,062)**	–	**(1,062)**	–
Share of profits less losses of joint ventures	**193**	2,154	**193**	2,154
Unallocated corporate income			**2,671**	3,494
Central administrative costs and directors' remuneration			**(31,381)**	(28,541)
Loss before taxation			**(19,269)**	(10,412)

All of the segment revenue reported above is from external customers.

Segment results represent profit attributable to the segment without allocation of corporate income, central administrative costs and directors' remuneration.

These measures are reported to the Group's Office of Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

13. Segment reporting *(continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	2013 **HK$'000**	2012 HK$'000
Segment assets		
Direct investments	**958,928**	320,560
Total segment assets	**958,928**	320,560
Cash and cash equivalents	**399,621**	246,820
Unallocated assets	**5,849**	6,803
Consolidated assets	**1,364,398**	574,183
Segment liabilities		
Direct investments	**31**	31
Total segment liabilities	**31**	31
Unallocated liabilities	**27,867**	23,728
Consolidated liabilities	**27,898**	23,759

For the purposes of monitoring segment performance and allocating resources to segment:

– All assets are allocated to reportable segment other than property, plant and equipment, amount due from ultimate holding company, cash and cash equivalents, other non-current assets and the unallocated prepayments, deposits and other receivables; and

– All liabilities are allocated to reportable segment other than current taxation, amount due to a substantial shareholder, the unallocated accruals and other payables.

13. Segment reporting *(continued)*

(c) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

For revenue from listed investments, allocation is based on the location of investments being listed. For revenue from unlisted investments, funds, provision of finance and advisory services, allocation is based on the location of investees or borrowers.

Non-current assets are allocated by geographical location of the assets.

	Revenue		**Non-current assets** *(Note)*	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**8,220**	681	**1,964**	2,452
PRC	**25,163**	19,900	**669,705**	123,027
Others	**(736)**	1,486	**—**	—
	32,647	22,067	**671,669**	125,479

Note: Non-current assets excluded financial instruments.

14. Property, plant and equipment

(a) The Group

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1 January 2013	3,735	3,715	3,162	10,612
Derecognised on disposal of a subsidiary	—	(98)	—	(98)
Disposals	—	—	(920)	(920)
Exchange adjustments	—	15	9	24
At 31 December 2013	3,735	3,632	2,251	9,618
At 1 January 2012	3,735	3,704	3,144	10,583
Exchange adjustments	—	11	18	29
At 31 December 2012	3,735	3,715	3,162	10,612
Accumulated depreciation:				
At 1 January 2013	3,723	2,411	2,953	9,087
Charge for the year *(Note)*	12	373	120	505
Eliminated on disposal of a subsidiary	—	(97)	—	(97)
Written back on disposals	—	—	(829)	(829)
Exchange adjustments	—	13	7	20
At 31 December 2013	3,735	2,700	2,251	8,686
At 1 January 2012	2,717	1,919	2,425	7,061
Charge for the year *(Note)*	1,006	484	514	2,004
Exchange adjustments	—	8	14	22
At 31 December 2012	3,723	2,411	2,953	9,087
Net book value:				
At 31 December 2013	—	932	—	932
At 31 December 2012	12	1,304	209	1,525

Note: For the years ended 31 December 2013 and 2012, these amounts represented the gross amount before expenses reimbursement arrangement under the Services Agreements.

14. Property, plant and equipment *(continued)*

(b) The Company

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 31 December 2013, 1 January 2013 and 31 December 2012	3,735	3,108	1,387	8,230
Accumulated depreciation:				
At 1 January 2013	3,723	1,991	1,387	7,101
Charge for the year	12	257	—	269
At 31 December 2013	3,735	2,248	1,387	7,370
At 1 January 2012	2,717	1,678	1,215	5,610
Charge for the year	1,006	313	172	1,491
At 31 December 2012	3,723	1,991	1,387	7,101
Net book value:				
At 31 December 2013	—	860	—	860
At 31 December 2012	12	1,117	—	1,129

15. Investments in subsidiaries

	The Company	
	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**538,503**	541,503

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

				Proportion of ownership interest			
Name of company	**Place of incorporation and operations**	**Class of share capital**	**Issued and paid up share capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Bowen Limited	Hong Kong	Ordinary	HK$2	100%	100%	–	Investment holding
CIAM Investment (BVI) Limited	British Virgin Islands ("BVI")	Ordinary	USD100	100%	100%	–	Investment holding
逸百年投資諮詢(深圳)有限公司 *(Note)*	PRC	Registered	RMB60,000,000	100%	–	100%	Investment consultancy services

Note: This company is a wholly foreign-owned enterprise established in the PRC.

16. Interest in an associate

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Share of net assets attributable to equity shareholders of the associate	**98,144**	—
Goodwill	**458,291**	—
	556,435	—

Particulars of the associate at 31 December 2013 are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and operation	Issued and paid up share capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Agnita Limited ("Agnita")	Incorporated	BVI	USD10,000	41.5%	–	41.5%	Investment holding *(Note)*

Note: Agnita and its subsidiaries, a pioneer in the PRC to design and develop electric vehicles, possess a manufacturing license in the PRC with the plan of producing electric vehicles, which enables the Group to explore many other value chain investment opportunities surrounding new energy transportation.

The above associate is accounted for using the equity method in the consolidated financial statements.

16. Interest in an associate *(continued)*

Summarised financial information of Agnita, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2013 *HK$'000*
Gross amounts of Agnita's	
Current assets	387,571
Non-current assets	280,221
Current liabilities	(341,810)
Non-current liabilities	(9,521)
Non-controlling interests	(79,970)
Net assets attributable to equity shareholders of Agnita	236,491

	Year ended 31 December 2013 *HK$'000*	Period from 27 November 2013 to 31 December 2013 *HK$'000*
Revenue	24,521	1,562
Loss from continuing operations attributable to equity shareholders of Agnita	(37,497)	(2,560)
Other comprehensive income attributable to equity shareholders of Agnita	4,447	1,038
Total comprehensive income attributable to equity shareholders of Agnita	(33,050)	(1,522)
Dividend received from Agnita	—	—

	2013 *HK$'000*
Reconciled to the Group's interests in Agnita	
Gross amounts of Agnita's net assets attributable to equity shareholders	236,491
Group's effective interest	41.5%
Group's share of Agnita's net assets attributable to equity shareholders	98,144
Goodwill	458,291
Carrying amount in the consolidated financial statements	556,435

16. Interest in an associate *(continued)*

Acquisition of an associate

For the year ended 31 December 2013

In November 2013, the Group acquired 41.5% equity interest in Agnita and HK$175,000,000 shareholder's loan to Agnita (which was subsequently capitalised) from five third parties. The consideration was satisfied by the issuance of 290,500,000 new shares ("Consideration Shares"). The total value of the Consideration Shares, determined based on the closing share price of the Company as quoted on the Stock Exchange on 27 November 2013, the completion date of the acquisition, of HK$551,950,000 together with related direct transaction costs were recognised as the investment cost in Agnita. Upon acquisition, Agnita has been accounted for as an associate of the Group.

Except for the direct transaction costs incurred, this is a significant non-cash transaction for the purpose of the consolidated statement of cash flows.

17. Interest in joint ventures

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Share of net assets	**113,198**	122,850

Details of the principal joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and operation	Issued and paid up share capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
華能壽光風力發電有限公司 ("華能壽光")	Incorporated	PRC	RMB186,730,000	45%	–	45%	Investment, construction and operation of wind power electricity facility, development, generation and sale of wind power electricity; provision of consultancy and related services in respect of electricity projects

17. Interest in joint ventures *(continued)*

Summarised financial information of 華能壽光, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2013	2012
	HK$'000	*HK$'000*
Gross amounts of 華能壽光's		
Non-current assets	**541,728**	583,216
Current assets	**42,574**	128,028
Non-current liabilities	**(286,032)**	(360,799)
Current liabilities	**(48,888)**	(79,951)
Net assets	**249,382**	270,494
Included in the above assets and liabilities:		
Cash and cash equivalents	**11,085**	9,681
Current financial liabilities (excluding trade and other payables and provisions)	**(42,233)**	(41,127)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(286,032)**	(319,672)
Revenue	**60,667**	59,520
Profit from continuing operations	**825**	5,150
Other comprehensive income	**6,926**	4,545
Total comprehensive income	**7,751**	9,695
Dividend received from 華能壽光	**21,802**	7,618
Included in the above profit:		
Depreciation and amortisation	**(24,940)**	(24,748)
Interest income	**338**	49
Finance cost	**(16,572)**	(18,676)
Income tax	**(630)**	(1,037)

17. Interest in joint ventures *(continued)*

	2013 **HK$'000**	2012 HK$'000
Reconciled to the Group's interest in 華能壽光		
Gross amounts of 華能壽光's net assets	**249,382**	270,494
Group's effective interest	**45%**	45%
Group's share of 華能壽光's net assets	**112,222**	121,722
Carrying amount in the consolidated financial statements	**112,222**	121,722

Aggregate information of joint venture that is not individually material:

	2013 **HK$'000**	2012 HK$'000
Aggregate carrying amount of individually immaterial joint venture in the consolidated financial statements	**976**	1,128
Aggregate amounts of the Group's share of this joint venture's		
Loss from continuing operations	**(178)**	(164)
Other comprehensive income	**28**	20
Total comprehensive income	**(150)**	(144)

18. Financial assets at fair value through profit or loss

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Non-current				
Securities designated at fair value through profit or loss:				
Unlisted debt securities with embedded options	**28,295**	28,287	**28,295**	28,287
Current				
Securities designated at fair value through profit or loss:				
Listed equity securities in Hong Kong	**—**	12,180	**—**	12,180
Unlisted fund	**18,727**	19,479	**18,727**	19,479
	18,727	31,659	**18,727**	31,659
Held-for-trading investments:				
Listed equity securities				
— in Hong Kong	**1,512**	1,573	**1,512**	1,573
— outside Hong Kong	**236**	183	**—**	—
Unlisted funds	**9,815**	10,405	**—**	—
	11,563	12,161	**1,512**	1,573
	30,290	43,820	**20,239**	33,232

All listed and unlisted securities classified as financial assets at fair value through profit or loss are issued by corporate entities.

19. Loan and other receivables

(a) Loan and other receivables less impairment allowances

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loan to an associate				
Manufacturing *(Note (i))*	**150,000**	—	**—**	—
Loans to external customers				
Property investments	**483**	37,185	**—**	—
Manufacturing	**114,410**	114,410	**—**	—
Mining	**62,731**	61,089	**—**	—
	177,624	212,684	**—**	—
Gross loan receivables *(Note (ii))*	**327,624**	212,684	**—**	—
Prepayments, deposits and other receivables	**60,858**	53,010	**1,493**	1,345
	388,482	265,694	**1,493**	1,345
Individually assessed impairment allowances *(note 19(b))*	**(153,959)**	(135,996)	**—**	—
	234,523	129,698	**1,493**	1,345
Presented by:				
Non-current assets	**451**	38,791	**—**	—
Current assets	**234,072**	90,907	**1,493**	1,345
	234,523	129,698	**1,493**	1,345

Notes:

(i) The amount is non-interest bearing, unsecured and will mature in September 2014.

(ii) Included in the balance were loans of HK$62,731,000 (2012: HK$95,985,000) granted by licensed banks incorporated in the PRC on behalf of the Group to external customers under entrusted arrangements which the Group bears the risk and reward.

All of the prepayments, deposits and other receivables classified as current assets are expected to be recovered or recognised in profit or loss within one year.

19. Loan and other receivables *(Continued)*

(b) Movement in impairment allowances on loan and other receivables

	The Group	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**135,996**	135,996
Impairment loss charged to profit or loss *(Note (i), note 5)*	**19,463**	–
Uncollectible amount written off	**(1,500)**	–
At 31 December *(note 19(a))*	**153,959**	135,996

Note:

(i) The principal amount of an entrusted loan to a mining company of HK$62,731,000 (2012: HK$61,089,000) was past due as at 31 December 2013. The total interest and consultancy fee income receivables in respect of this entrusted loan as at 31 December 2013 amounted to HK$37,935,000 (2012: HK$17,988,000). Based on the impairment assessment performed by management, an individually assessed impairment allowance of HK$19,463,000 (2012: HK$ Nil) was provided for the year ended 31 December 2013. (note 29(a)(i))

20. Other non-current assets

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Club debentures	**1,104**	1,104	**979**	979

21. Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

22. Cash and cash equivalents

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits placed with other financial institutions	**1,431**	784	**202**	133
Bank balances and cash	**398,190**	246,036	**346,066**	234,876
	399,621	246,820	**346,268**	235,009

23. Accruals and other payables

All accruals and other payables are unsecured and expected to be settled or recognised in profit or loss within one year or are repayable on demand.

24. Income tax in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax				
Provision for the year	**–**	–	**–**	–
Outside Hong Kong				
Provision for profits tax for the year *(note 7(a))*	**709**	4,279	**–**	–
Provision for withholding tax for the year *(note 7(a))*	**1,299**	–	**–**	–
Tax paid	**(1,299)**	(734)	**–**	
	709	3,545	**–**	–
Balance of profits tax provision relating to prior years	**6,324**	2,496	**–**	–
Exchange adjustments	**118**	36	**–**	–
	7,151	6,077	**–**	–

(b) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(l), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$460,838,000 (2012: HK$482,678,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

25. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share premium HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	31,970	7,094	2,184	(218,375)	(177,127)
Changes in equity for 2013:					
Loss for the year	–	–	–	(25,091)	(25,091)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(25,091)	(25,091)
Issue of new shares *(note 25(c)(iii))*	309,167	–	–	–	309,167
Equity-settled share-based transactions					
– amortiation for the year *(note 26)*	–	1,966	–	–	1,966
– transfer to accumulated losses upon forfeiture	–	(148)	–	148	–
At 31 December 2013	341,137	8,912	2,184	(243,318)	108,915
At 1 January 2012	31,970	13,033	2,184	(198,858)	(151,671)
Changes in equity for 2012:					
Loss for the year	–	–	–	(25,456)	(25,456)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(25,456)	(25,456)
Equity-settled share-based transactions					
– transfer to accumulated losses upon lapse and forfeiture	–	(5,939)	–	5,939	–
At 31 December 2012	31,970	7,094	2,184	(218,375)	(177,127)

25. Capital, reserves and dividends *(Continued)*

(b) Dividends

No dividend had been paid or declared during the year in respect of previous financial year. The board of directors (the "Board") does not recommend the payment of a dividend for the year ended 31 December 2013.

(c) Share capital

(i) Authorised and issued share capital

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$1 each		
Authorised:		
At 1 January 2012, 31 December 2012	750,000,000	750,000
Increase in authorised share capital on 13 November 2013 *(note 25(c)(ii))*	1,750,000,000	1,750,000
At 31 December 2013	2,500,000,000	2,500,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012	444,633,217	444,633
Issue of new shares on 27 November 2013 *(note 25(c)(iii))*	490,500,000	490,500
At 31 December 2013	935,133,217	935,133

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 13 November 2013, the Company's authorised share capital was increased to HK$2,500,000,000 by the creation of additional 1,750,000,000 ordinary shares of HK$1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

25. Capital, reserves and dividends *(Continued)*

(c) Share capital *(Continued)*

(iii) New shares issued

Acquisition of an associate

On 27 November 2013, the Company issued and allotted an aggregate of 290,500,000 shares to five third parties for the acquisition of 41.5% equity interest in Agnita and HK$175,000,000 shareholder's loan to Agnita (note 16). Total value of the Consideration Shares of HK$551,950,000 was determined based on the closing share price of the Company as quoted on the Stock Exchange on 27 November 2013, the completion date of the acquisition. HK$290,500,000 was credited to share capital and the balance of HK$261,450,000 was credited to the share premium account.

New subscriptions

On 27 November 2013, the Company issued and allotted an aggregate of 200,000,000 shares at a consideration of HK$250,000,000 to three third parties under the subscription agreements dated 29 May 2013 upon the completion of the acquisition of Agnita. Total net proceeds of HK$247,717,000 had been received from the subscriptions, of which HK$200,000,000 was credited to share capital and the balance of HK$47,717,000 was credited to the share premium account.

(iv) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2013 Number of share options	2012 Number of share options
9 September 2011 to 8 September 2014	HK$1.79	**11,715,000**	11,965,000
18 April 2013 to 8 September 2014	HK$1.79	**1,200,000**	–
15 April 2014 to 14 April 2016	HK$1.00	**8,850,000**	–
		21,765,000	11,965,000

Further details of these options are set out in note 26 to the financial statements.

25. Capital, reserves and dividends *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

Contributed surplus represents the difference between net assets of the companies acquired and the aggregate nominal value of shares issued by the Company under the scheme of arrangement in 1992.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note (1)(o).

(iv) Share option reserve

The share option reserve represents the grant date fair value of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 1(k)(iii).

(v) Other reserve

Other reserve arose as a result of (i) repurchase of the Company's listed securities, representing the excess of the nominal value of the shares repurchased over the consideration paid, (ii) goodwill reserve arising on acquisition of subsidiaries of the Company prior to 1 January 2005 and (iii) statutory surplus reserve for PRC subsidiaries.

Each PRC subsidiary is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

25. Capital, reserves and dividends *(Continued)*

(e) Distributability of reserves

At 31 December 2013 and 2012, the Company has no reserves available for distribution to equity shareholders of the Company.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group defines "capital" as including all components of equity. On this basis the amount of capital employed at 31 December 2013 was HK$1,336,500,000 (2012: HK$550,424,000).

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Companies Act 1981 of Bermuda. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Group was not subject to externally imposed capital requirements in either the current or prior year.

26. Equity-settled share-based transactions

The Company operates a share option scheme (the "Scheme"), which was approved and adopted by the shareholders at the special general meeting of the Company on 12 October 2007 for the primary purpose of providing incentives or rewards to Directors and eligible employees for their contribution to the Group. The Scheme will remain in force for ten years from the date of its adoption, unless otherwise cancelled or amended.

26. Equity-settled share-based transactions *(Continued)*

Under the Scheme, the Board of the Company may, at their absolute discretion, grant options to the following classes of participants, to subscribe for shares of the Company subject to the terms and conditions stipulated therein:

— any employees or proposed employees (whether full-time or part-time and including any executive directors), consultants or advisers of or to the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Group holds an equity interest;

— any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

— any suppliers of goods or services to any members of the Group or any Invested Entity;

— any customers of the Group or any Invested Entity;

— any person or entities that provide research, development, or other technological support to the Group or any Invested Entity; and

— any shareholders of any members of the Group or any Invested Entity, or any holders of any securities issued by any members of the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme. As at 31 December 2013, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised was 21,765,000 (2012: 11,965,000) representing approximately 2.3% (2012: 2.7%) of the issued share capital as at that date. The total number of shares issued and to be issued upon exercise of all share options granted to each participant in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval at a general meeting.

The period within which a share option may be exercised under the Scheme will be determined by the Board at its absolute discretion, such that it shall end in any event not later than 10 years from the date of grant of the share option (the "Offer Date") subject to the provisions for early termination.

The exercise price in respect of the share option shall be at the discretion of the Board, save that it must be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Company's share. A consideration of HK$1.00 is payable within 28 days from the Offer Date on acceptance of the offer of a share option.

26. Equity-settled share-based transactions *(Continued)*

The following table discloses movements of the Company's share options during the current year under the Scheme:

Name or category of participant	Date of grant	Vesting period	Exercise period	Exercise price HK$	Outstanding at 1.1.2013	Granted during the year	Forfeited during the year	Movement during the year *(Note (iv))*	Outstanding at 31.12.2013
					Number of shares under the share options				
Directors									
Dou Jianzhong	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	1,250,000	–	–	–	1,250,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	1,250,000	–	–	1,250,000
Lo Wing Yat Kelvin	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	1,900,000	–	–	–	1,900,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	1,900,000	–	–	1,900,000
Huang Bin *(Note (iv))*	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	–	–	–	400,000	400,000
Hung Chi Yuen Andrew	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000
Lu Zhicheng	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000
Sit Fung Shuen Victor	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000

26. Equity-settled share-based transactions *(Continued)*

					Number of shares under the share options				
Name or category of participant	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price** *HK$*	**Outstanding at 1.1.2013**	**Granted during the year**	**Forfeited during the year**	**Movement during the year** *(Note (iv))*	**Outstanding at 31.12.2013**
Toh Hock Ghim	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000
Wong Yau Kar David	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000
					4,150,000	4,150,000	–	400,000	8,700,000
Employees	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	5,815,000	–	(250,000)	–	5,565,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	4,500,000	–	–	4,500,000
	15.4.2013	*(Note (iii))*	18.4.2013 to 8.9.2014	1.79	–	1,200,000	–	–	1,200,000
					5,815,000	5,700,000	(250,000)	–	11,265,000
Other participants ***(note (iv))***	9.9.2009	*(Note (i))*	9.9.2011 to 8.9.2014	1.79	2,000,000	–	–	(400,000)	1,600,000
	15.4.2013	*(Note (ii))*	15.4.2014 to 14.4.2016	1.00	–	200,000	–	–	200,000
					2,000,000	200,000	–	(400,000)	1,800,000
Total					11,965,000	10,050,000	(250,000)	–	21,765,000

Notes:

(i) The share options are subject to a vesting period of two years from the date of grant and will be exercisable for a period of three years thereafter.

(ii) The share options are subject to a vesting period of one year from the date of grant and will be exercisable for a period of two years thereafter.

(iii) The share options are exercisable immediately after acceptance of the offer until 8 September 2014.

26. Equity-settled share-based transactions *(Continued)*

Notes: (Continued)

(iv) Following the resignation of Mr. Chan Peng Kuan as a Non-executive Director of the Company on 31 May 2013, all share options granted to Mr. Chan were included under “Other participants”. Following the appointment of Mr. Huang Bin as a Non-executive Director of the Company on 31 May 2013, all share options granted to him were moved from the category of “Other participants” to the category of “Directors”.

(v) The closing price of the shares of the Company immediately before 9 September 2009 and 15 April 2013, on which the share options were granted, were HK$1.79 and HK$0.89 per share respectively.

(vi) During the year, no share options were exercised by any director, chief executive of the Company or other participants.

(vii) All dates are shown day/month/year.

The fair value of the services received in return for the share options granted under the Scheme is measured by reference to the fair value of share options granted. The fair value of the options granted under the Scheme during the year ended 31 December 2013 was HK$2,733,000. The estimate of the fair value of the share options granted is measured on the Black-Scholes Option Pricing Model (the “Model”). The contractual life of the share option is used as an input into the Model. Expectations of early exercise are incorporated into the Model.

Fair value of share options and assumptions:

	Share options with no vesting period	**Share options with a vesting period of one year**	**Share options with a vesting period of two years**
Fair value per share option at measurement date	HK$0.09	HK$0.30	HK$0.59
Closing price on grant date	HK$0.89	HK$0.89	HK$1.79
Exercise price	HK$1.79	HK$1.00	HK$1.79
Expected volatility	90.599% per annum	67.923% per annum	63.725% per annum
Expected life of share options	—	1 year	2 years
Expected dividend yield	—	—	—
Risk-free interest rates (based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary Authority)	0.090% per annum	0.183% per annum	1.157% per annum

26. Equity-settled share-based transactions *(Continued)*

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Expenses recognised in the Group's financial statements as a result of granting share options amounted to HK$1,966,000 (2012: HK$Nil).

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 were no market conditions associated with the share option grants.

27. Employee retirement benefits

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Scheme ("the ORSO scheme") for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme and the ORSO scheme are defined contribution retirement plans administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to June 2012). Contributions to the plan vest immediately. The Group contributes 10% of relevant income to the ORSO scheme, with a vesting scale of 0%-100%, according to the years of service of relevant employees.

28. Disposal of subsidiaries

For the year ended 31 December 2013

During the year ended 31 December 2013, the Group disposed of its interests in certain wholly owned subsidiaries to CIAM Parent and its subsidiaries at a total consideration of HK$349,000.

The following summarises the effect of the disposal in the consolidated financial statements:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1
Cash and cash equivalents	129
Other receivables	101
Amount due to a shareholder	(242)
Accruals and other payables	(139)
	(150)
Gain on disposal of subsidiaries	685
Exchange differences reclassified from equity to profit or loss upon disposal of subsidiaries *(note 11)*	(186)
Total consideration received, satisfied in cash	349
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration	349
Cash and cash equivalents disposed of	(129)
	220

28. Disposal of subsidiaries *(Continued)*

For the year ended 31 December 2012

During the year ended 31 December 2012, the Group disposed of its interests in certain wholly owned subsidiaries to CIAM Parent at a total consideration of HK$1,000.

The following summarises the effect of the disposal in the consolidated financial statements:

	HK$'000
Net assets disposed of:	
Cash and cash equivalents	1
Amounts due to ultimate holding company	(63)
	(62)
Gain on disposal of subsidiaries	63
Total consideration received, satisfied in cash	1
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration	1
Cash and cash equivalents disposed of	(1)
	–

29. Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to loan and other receivables and unlisted debt securities. The Group manages this risk as follows:

In respect of loan and other receivables, individual credit evaluations are performed semi-annually on all loan receivables. The Group has policies and procedures to evaluate the potential credit risk of a particular counterparty. The Group also has a review process that ensures the proper level of review and approval depending on the size of the loan receivables granted.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Management does not expect any investment counterparty to fail to meet its obligations.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan and other receivables and unlisted debt securities are set out in notes 18 and 19.

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures.

29. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(i) Credit quality of loan and other receivables

The credit quality of loan and other receivables can be analysed as follows:

	The Group					
	Loan receivables		Prepayments, deposits and other receivables		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Gross loan and other receivables						
– neither past due nor impaired	**150,480**	35,734	**2,204**	14,651	**152,684**	50,385
– past due *(note 19(b)(i))*	**62,734**	61,040	**18,472**	17,988	**81,206**	79,028
– impaired	**114,410**	115,910	**39,549**	20,086	**153,959**	135,996
	327,624	212,684	**60,225**	52,725	**387,849**	265,409

29. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(i) Credit quality of loan and other receivables *(Continued)*

The ageing analysis of loan and other receivables that are past due is as follows:

	The Group					
	Loan receivables		Prepayments, deposits and other receivables		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Gross loan and other receivables that are past due						
– overdue 3 months or less	**3**	15,530	**–**	4,450	**3**	19,980
– 6 months or less but over 3 months	**–**	15,579	**–**	3,146	**–**	18,725
– 1 year or less but over 6 months	**–**	15,578	**–**	8,227	**–**	23,805
– over 1 year	**62,731**	14,353	**18,472**	2,165	**81,203**	16,518
	62,734	61,040	**18,472**	17,988	**81,206**	79,028

(ii) Collateral and other credit enhancements

The Group holds collateral against loan and other receivables in the form of second equitable mortgage, share charge, securities over mining license and assets, and guarantees. The Group considers that the credit risk arising from the loan and other receivables are significantly mitigated by the collaterals, with reference to their estimated market values as at 31 December 2013.

29. Financial risk management *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities or committed lines of funding (from major financial institutions or other group companies) to satisfy its contractual and reasonably foreseeable obligations as they fall due.

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

2013

	The Group						
	Repayable on demand *HK$'000*	Less than 1 month *HK$'000*	1 to 3 months *HK$'000*	3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*	Carrying amount *HK$'000*
Accruals and other payables	18,119	–	–	–	–	18,119	18,119
Amount due to a substantial shareholder	2,597	–	–	–	–	2,597	2,597
Loans from non-controlling shareholders	31	–	–	–	–	31	31
	20,747	–	–	–	–	20,747	20,747
Commitments	2,622	–	–	–	–	2,622	2,622
	23,369	–	–	–	–	23,369	23,369

29. Financial risk management *(Continued)*

(b) Liquidity risk *(Continued)*

2013 *(Continued)*

	The Company						
	Repayable on demand *HK$'000*	Less than 1 month *HK$'000*	1 to 3 months *HK$'000*	3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*	Carrying amount *HK$'000*
Accruals and other payables	15,571	–	–	–	–	15,571	15,571
Amount due to a substantial shareholder	2,597	–	–	–	–	2,597	2,597
Amounts due to subsidiaries	351,392	–	–	–	–	351,392	351,392
	369,560	–	–	–	–	369,560	369,560

2012

	The Group						
	Repayable on demand *HK$'000*	Less than 1 month *HK$'000*	1 to 3 months *HK$'000*	3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*	Carrying amount *HK$'000*
Accruals and other payables	17,548	–	–	–	–	17,548	17,548
Loans from non-controlling shareholders	31	–	–	–	–	31	31
	17,579	–	–	–	–	17,579	17,579
Commitments	5,159	–	–	–	–	5,159	5,159
	22,738	–	–	–	–	22,738	22,738

29. Financial risk management *(Continued)*

(b) Liquidity risk *(Continued)*

2012 *(Continued)*

	The Company						
	Repayable on demand *HK$'000*	Less than 1 month *HK$'000*	1 to 3 months *HK$'000*	3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*	Carrying amount *HK$'000*
Accruals and other payables	15,519	–	–	–	–	15,519	15,519
Amounts due to subsidiaries	683,903	–	–	–	–	683,903	683,903
	699,422	–	–	–	–	699,422	699,422

(c) Market risk

The Group is exposed to market risk through its interest bearing financial instruments and holdings of foreign currency denominated financial assets and liabilities. Further information about the Group's exposure to these risks and how they are managed is provided below. There have been no changes in the methods and assumptions used to prepare the information about the sensitivity of the Group's financial instruments to changes in variables compared to last year.

(i) Interest rate risk

Interest rate risk primarily results from the timing differences in the repricing of interest bearing assets, liabilities and commitments. It also relates to positions from assets with their value may be affected by the change in interest rates. The interest-sensitive positions are managed and monitored regularly, with an aim to control the interest rate risk.

The major interest bearing financial instruments and their range of effective interest rate, before impairment allowances, if any, are:

	The Group		**The Company**	
	2013 %	2012 %	**2013 %**	2012 %
Loan to an associate	**0.00**	N/A	**N/A**	N/A
Loans to external customers	**6.00-30.00**	2.00-21.00	**N/A**	N/A
Cash and cash equivalents	**0.001-1.08**	0.001-1.53	**0.001-1.08**	0.001-1.53

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(i) Interest rate risk *(Continued)*

The following table indicates the mismatches of the expected interest repricing dates for interest bearing assets and liabilities at the end of the reporting period. Actual repricing dates may differ from the contractual dates owing to prepayments.

2013

	The Group				
	3 months or less (include overdue) *HK$'000*	Over 3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Non-interest bearing *HK$'000*	Total *HK$'000*
Loan to an associate	–	–	–	150,000	150,000
Loans to external customers	63,214	–	–	–	63,214
Cash and cash equivalents	395,734	–	–	3,887	399,621
	458,948	–	–	153,887	612,835

	The Company				
	3 months or less (include overdue) *HK$'000*	Over 3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Non-interest bearing *HK$'000*	Total *HK$'000*
Cash and cash equivalents	343,748	–	–	2,520	346,268

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(i) ***Interest rate risk*** *(Continued)*

2012

	The Group				
	3 months or less (include overdue) *HK$'000*	Over 3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Non-interest bearing *HK$'000*	Total *HK$'000*
Loans to external customers	35,684	61,089	–	–	96,773
Cash and cash equivalents	240,700	–	–	6,120	246,820
	276,384	61,089	–	6,120	343,593

	The Company				
	3 months or less (include overdue) *HK$'000*	Over 3 months to 1 year *HK$'000*	Over 1 year *HK$'000*	Non-interest bearing *HK$'000*	Total *HK$'000*
Cash and cash equivalents	231,942	–	–	3,067	235,009

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, the Group's and the Company's loss after tax would be HK$4,305,000 and HK$3,437,000 lower respectively (2012: HK$3,131,000 and HK$2,319,000 respectively). The extent of decrease in interest rates is expected to be minimal that the Group's and the Company's loss after tax would be lower by an insignificant amount.

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(i) Interest rate risk *(Continued)*

Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or minimal decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for the year ended 31 December 2012.

(ii) Currency risk

The following table details the Group's material exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(ii) Currency risk *(Continued)*

2013

	The Group		The Company		
	United States Dollars	Singapore Dollars	United States Dollars	Singapore Dollars	Renminbi
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	37,754	437	28,295	–	–
Cash and cash equivalents	52,734	2,040	51,516	2,040	30
Amounts due from subsidiaries	–	–	1,025	–	1,504
Amounts due to subsidiaries	–	–	(7,777)	(2,166)	(2,199)
Net exposure arising from recognised assets and liabilities	90,488	2,477	73,059	(126)	(665)

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(ii) ***Currency risk*** *(Continued)*

2012

	The Group		The Company		
	United States Dollars	Singapore Dollars	United States Dollars	Singapore Dollars	Renminbi
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	37,983	765	28,287	—	—
Cash and cash equivalents	52,106	2,040	58,038	2,040	—
Amounts due from subsidiaries	—	—	6,658	—	2,169
Amounts due to subsidiaries	—	—	(13,264)	(2,073)	(2,148)
Net exposure arising from recognised assets and liabilities	90,089	2,805	79,719	(33)	21

For purchases denominated in foreign currencies the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(ii) Currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's and the Company's loss before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	The Group			
	2013		2012	
	Higher/ (lower) in foreign exchange rates	**Lower/ (higher) on loss before tax**	Higher/ (lower) in foreign exchange rates	Lower/ (higher) on loss before tax
		HK$'000		*HK$'000*
Singapore Dollars	**10%**	**248**	10%	281
	(10)%	**(248)**	(10)%	(281)

	The Company			
	2013		2012	
	Higher/ (lower) in foreign exchange rates	**(Higher)/ lower on loss before tax**	Higher/ (lower) in foreign exchange rates	(Higher)/ lower on loss before tax
		HK$'000		*HK$'000*
Singapore Dollars	**10%**	**(13)**	10%	(3)
	(10)%	**13**	(10)%	3
Renminbi	**10%**	**(67)**	10%	2
	(10)%	**67**	(10)%	(2)

29. Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(ii) Currency risk *(Continued)*

Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's and the Company's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next end of the reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the USD against other currencies. The analysis was performed on the same basis for the year ended 31 December 2012.

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss (see note 18).

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment (stock-specific) or its issuer, or factors affecting all instruments (generic risks) trade in the market.

The Group's listed investments are listed on the Stock Exchange and other overseas recognised stock exchanges. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market index and other industry indicators, as well as the Group's liquidity needs.

The Group's unquoted investments are held for strategic purposes. Their performance is assessed at least bi-annually based on the information available to the Group, together with an assessment of their relevance to the Group's strategic plans.

29. Financial risk management *(Continued)*

(d) Equity price risk *(Continued)*

At 31 December 2013, if the quoted market price of the Group's and Company's listed equity securities had been 10% higher/lower, then loss after tax (and accumulated losses) for the year would have been HK$146,000 (2012: HK$1,164,000) and HK$126,000 (2012: HK$1,148,000) lower/higher respectively, the effect of which will be classified as unrealised gain or loss on trading securities.

The sensitivity analysis has been determined assuming that the possible changes had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. The analysis was performed on the same basis for the year ended 31 December 2012.

30. Fair values measurement of financial instruments

(a) Financial instruments measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

30. Fair values measurement of financial instruments *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

(i) Fair value hierarchy *(Continued)*

The Group has a team headed by different investment division general managers performing valuations for the financial instruments, including unlisted debt securities and the conversion option embedded in convertible notes which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the management. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the management. Discussion of the valuation process and results with the management is held twice a year, to coincide with the reporting dates.

2013

	The Group				The Company			
	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Held-for-trading investments:								
– Listed equity securities	1,748	–	–	1,748	1,512	–	–	1,512
– Unlisted funds	–	9,815	–	9,815	–	–	–	–
Financial assets designated at fair value through profit or loss:								
– Unlisted debt securities with embedded options	–	–	28,295	28,295	–	–	28,295	28,295
– Unlisted funds	–	18,727	–	18,727	–	18,727	–	18,727
	1,748	28,542	28,295	58,585	1,512	18,727	28,295	48,534

30. Fair values measurement of financial instruments *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

(i) ***Fair value hierarchy*** *(Continued)*

2012

	The Group				The Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Held-for-trading investments:								
– Listed equity securities	1,756	–	–	1,756	1,573	–	–	1,573
– Unlisted funds	–	10,405	–	10,405	–	–	–	–
Financial assets designated at fair value through profit or loss:								
– Unlisted debt securities with embedded options	–	–	28,287	28,287	–	–	28,287	28,287
– Listed equity securities	12,180	–	–	12,180	12,180	–	–	12,180
– Unlisted funds	–	19,479	–	19,479	–	19,479	–	19,479
	13,936	29,884	28,287	72,107	13,753	19,479	28,287	61,519

During the years ended 31 December 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) ***Valuation techniques and inputs used in Level 2 fair value measurements***

Fair value of unlisted funds in Level 2 is determined based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs at the end of the reporting period without any deduction for transaction costs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

30. Fair values measurement of financial instruments *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

(iii) Information about Level 3 fair value measurements

The fair value of unlisted debt securities with embedded options is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2013, if the discount for lack of marketability had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year would have been HK$337,000 higher/lower.

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2013	2012
	HK$'000	*HK$'000*
Unlisted debt securities with embedded options:		
At 1 January	**28,287**	28,346
Changes in fair value recognised in profit or loss during the year	**8**	(59)
At 31 December	**28,295**	28,287
Total gain/(loss) for the year included in profit or loss for assets held at the end of the reporting period	**8**	(59)

The gains or losses arising from the remeasurement of the unlisted debt securities with embedded options are presented in "net gain/(loss) on financial assets designated at fair value through profit or loss" in the consolidated statement of comprehensive income.

(b) Fair values of financial assets and liabilities carried at other than fair value

All of the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 2012 respectively.

31. Commitments

(a) Capital commitments outstanding for investments at 31 December 2013 not provided for in the financial statements were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted for	**2,622**	5,159	**–**	–

(b) At 31 December 2013, total future minimum lease payments under non-cancellable operating lease for properties are payable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**131**	362	**–**	–

The Group is the lessee in respect of a property held under operating lease. The lease typically runs for an initial period of two years, with an option to renew the lease for a further period of one year when all terms are renegotiated.

32. Material related party transactions

(a) Transactions with related companies

During the year, the Group had transactions with related parties as follows:

		The Group		The Company	
		2013	2012	**2013**	2012
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Gain on disposal of subsidiaries to a substantial shareholder and its subsidiaries		**685**	—	**—**	—
Gain on disposal of subsidiaries to ultimate holding company and its subsidiary		**—**	63	**—**	1
Expenses reimbursed from a substantial shareholder	*(i)*	**4,113**	—	**4,092**	—
Expenses reimbursed from ultimate holding company	*(i)*	**—**	4,932	**—**	4,794
Expenses reimbursed to a substantial shareholder	*(i)*	**(16,332)**	—	**(16,332)**	—
Expenses reimbursed to ultimate holding company	*(i)*	**—**	(11,626)	**—**	(11,626)

The directors consider the above transactions were entered in the normal course of the Group's business.

32. Material related party transactions *(Continued)*

(b) Balances with related companies

	Note	The Group		The Company	
		2013	2012	**2013**	2012
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due from ultimate holding company	*(ii)*	**–**	79	**–**	79
Bank deposits with related companies of the ultimate holding company (included in cash and cash equivalents)	*(iii)*	**–**	234,415	**–**	230,168
Amount due to a substantial shareholder	*(ii)*	**2,597**	–	**2,597**	–
Loans from non-controlling shareholders		**31**	31	**–**	–
Dividend receivable from a joint venture		**–**	8,813	**–**	–
Loan to an associate	*(ii)*	**150,000**	–	**–**	–

The directors consider the above transactions were entered in the normal course of the Group's business.

Notes:

(i) The amounts represented expenses reimbursed from/(to) a substantial shareholder/ultimate holding company under the Services Agreements.

(ii) The amounts are non-interest bearing, unsecured and is expected to be settled within one year.

(iii) The balance represents bank balances with two banking institutions, which are related companies of the ultimate holding company as at 31 December 2012.

32. Material related party transactions *(Continued)*

(c) Key management personnel compensation

The remuneration of directors and other members of key management during the year was as follows:

	2013	2012
	HK$'000	*HK$'000*
Short-term employment benefits	**9,753**	9,759
Post-employment benefits	**536**	382
Equity compensation benefits	**1,840**	—
	12,129	10,141

The amounts represented the net amounts after expenses reimbursement arrangement under the Services Agreements.

The remuneration of directors and key executives is determined by the Nomination and Remuneration Committee having regard to the performance of individuals and market trends.

Total remuneration is included in "staff costs" (see note 6(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transaction in relation to the provision of certain services between the Group and CIAM Parent constituted connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Report of the Directors.

33. Immediate and ultimate controlling party

Following the issuance of 290,500,000 new shares by the Company to five third parties as the consideration for the acquisition of 41.5% equity interest in Agnita and HK$175,000,000 shareholder's loan to Agnita (note 16 and 25(c)(iii)) and the issuance of 200,000,000 new shares to three third parties pursant to the subscription agreements dated 29 May 2013 (note 25(c)(iii)) on 27 November 2013, the effective shareholding interest of Right Precious Limited and CIAM Parent, the controlling party of Right Precious Limited, in the Company has decreased from 67.67% to 32.17% and from 67.88% to 32.27% respectively. Right Precious Limited and CIAM Parent are no longer the immediate parent and the ultimate controlling party of the Company respectively as at 31 December 2013.

34. Non-adjusting event after the reporting period

On 22 January 2014, the Group entered into a subscription agreement to invest RMB15,000,000 (equivalent to approximately HK$19,100,000) in cash into 天津銘度科技有限公司 ("Tianjin MTEC"), a limited liability company incorporated in the PRC, to subscribe for 20% of the enlarged equity interest in Tianjin MTEC. Tianjin MTEC is engaged in the development, manufacturing and sales of electric bike driving units in the PRC, the major component being permanent magnet brushless direct current ("DC") motors and related parts. The subscription was completed in February 2014.

35. Accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects. Management has discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies.

35. Accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty

(i) Loan and other receivables

Loans portfolios are reviewed periodically to access whether impairment losses exist. The Group makes judgements as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payments status of borrowers in a group has adversely changed. It may also include observable data in local or economic conditions that correlate with defaults on the assets in the Group. If management has determined, based on their judgement, that objective evidence of impairment exists, expected future cash flows are estimated based on historical loss experience for assets with credit risk characteristics similar to those of the Group. Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

(ii) Unlisted investments

The fair values of unlisted debt securities with embedded option and financial assets at fair value through profit or loss are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the underlying sample chosen. The valuation methodologies and the source of the parameters adopted by the Group are discussed in note 30(a)(ii) and (iii).

The Group held certain investments with carrying value of HK$28,542,000 (2012: HK$29,884,000) in unlisted funds. The fair values of these investments were determined by the manager or trustee of the fund in the absence of a readily ascertainable market value. Management was of the opinion that this estimated fair value may differ significantly from the value that would have been used had a ready market existed, and the difference could be material.

(iii) Carried interest provision

Carried interest accruals are calculated based on hypothetical share of profits by eligible employees taking into account the cash already distributed from the Group and the amount of divestment proceeds receivable or to be received upon disposal. The Group recognises a provision based on estimated fair value of its assets at the end of the reporting period in accordance with the methodology as stated in note 30. Carried interest will be distributed to the eligible employees upon realisation of the investments.

36. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	Unspecified

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Unaudited Supplemental Information

Five-year Financial Summary

Results

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Revenue	**32,647**	22,067	29,107	85,284	36,952
(Loss)/profit before taxation	**(19,269)**	(10,412)	(120,808)	45,890	67,147
Income tax	**(2,960)**	(4,279)	(10,645)	(1,952)	—
(Loss)/profit for the year	**(22,229)**	(14,691)	(131,453)	43,938	67,147
Attributable to:					
Equity shareholders of the Company	**(22,229)**	(14,687)	(131,455)	44,149	64,332
Non-controlling interests	**—**	(4)	2	(211)	2,815
(Loss)/profit for the year	**(22,229)**	(14,691)	(131,453)	43,938	67,147

Assets and liabilities

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Total assets	**1,364,398**	574,183	663,386	869,026	706,447
Total liabilities	**(27,898)**	(23,759)	(102,335)	(174,184)	(77,575)
	1,336,500	550,424	561,051	694,842	628,872
Equity attributable to equity shareholders of the Company	**1,336,460**	550,384	561,189	694,982	623,869
Non-controlling interests	**40**	40	(138)	(140)	5,003
Total equity	**1,336,500**	550,424	561,051	694,842	628,872

CIAM Group Limited

事安集團有限公司

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