中國投資基金有限公司
CHINA INVESTMENT FUND COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code : 00612

Annual Report 2013

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Luk Hong Man, Hammond *(Financial Controller)*
Ye Yinggang
Zhang Xi

Independent Non-executive Directors

Wong Chung Kin, Quentin
Tsang Kwok Wa, Edward
Ng Man Fai, Matthew

COMPANY SECRETARY

Hong Lai Ping

AUDIT COMMITTEE

Wong Chung Kin, Quentin *(Chairman)*
Tsang Kwok Wa, Edward
Ng Man Fai, Matthew

REMUNERATION COMMITTEE

Ng Man Fai, Matthew *(Chairman)*
Wong Chung Kin, Quentin
Tsang Kwok Wa, Edward

NOMINATION COMMITTEE

Tsang Kwok Wa, Edward *(Chairman)*
Luk Hong Man, Hammond
Ng Man Fai, Matthew

INVESTMENT MANAGER

Asia Investment Management Limited
14B, Vulcan House
21–23 Leighton Road
Causeway Bay
Hong Kong

CUSTODIAN

DBS Bank Ltd. Hong Kong Branch
18/F, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

Bank of Communications Company Limited
20 Pedder Street
Central
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITOR

HLM CPA Limited
Certified Public Accountants
Room 305
Arion Commercial Centre
2–12 Queen's Road West
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1–1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23/F., Sunshine Plaza
353 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

00612 (Listed on the Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE

www.cifund.com.hk

Management Discussion and Analysis

BUSINESS REVIEW

The uncertainty on tapering the Quantitative Easing Programs under US Federal Reserve System has caused the uncertainty and volatility in the global financial market during last year. Facing such unfavorable investment environment, the Directors have taken the cautiously defensive measure and prudent investment strategy to manage the portfolio of investments of the Group.

For the year ended 31 December 2013, the Group recorded a net loss of approximately HK$19,998,000 (2012: approximately HK$20,937,000), representing a decrease in net loss of approximately HK$939,000 or 4.5% as compared to last year. The decrease was mainly attributable for the improvement in sentiment of the Hong Kong Stock Market that the Company recorded realised gain on the listed securities.

SECURITIES INVESTMENTS

The Board exercised caution when managing the investment process during the year. For the year ended 31 December 2013, the Group recorded an audited revenue of approximately HK$1,718,000 (2012: approximately HK$1,191,000), increased by approximately 44% over the previous year. The Group made a net realised gain on disposal of available-for-sale financial assets of approximately HK$1,337,000 (2012: loss of approximately HK$3,304,000).

Given the recent fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. We will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$18,422,000 as at 31 December 2013 (2012: approximately HK$31,153,000).

The Group's gearing ratio, representing the total debt divided by equity attributable to equity holders of the Company, was not applicable as the Group did not have any bank loans or borrowings as at 31 December 2013 and 2012.

There were no capital commitments as at 31 December 2013 which would require a substantial use of the Group's present cash resources or external funding.

Exchange risk of the Group is minimal as the assets of the Group comprised substantially of bank deposits denominated in Hong Kong dollars and US dollars. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

ESTABLISHMENT OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARIES

Total 11 subsidiaries were established and 4 subsidiaries were disposed of during the year ended 31 December 2013.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year, there is no movement in the Company's share capital.

EMPLOYEE INFORMATION

As at 31 December 2013, the Company had 17 employees (2012: 18), including executive Directors and independent non-executive Directors. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

PROSPECTS

Under the new leadership of Mr. Xi Jinping, who became President in 2013, China is going through a transitional period. Growing problems associated with high-yield debts (or "shadow banking" products) increase the uncertainties in the domestic financial sector. Escalating tension in Eurasia and continuing liquidity injection into the financial sector could bring great volatility in the global market. Overall, the economic recovery in the developed countries remain weak while economic growth in China could reach 7.2%, which is the "bottom line" for Premier Mr. Li Keqiang. Therefore, the Directors remain cautious about overall economic environment but will look for investment opportunities in high growth companies in China.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

All the financial and other related information of the Group required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange will be dispatched to our shareholders on or before 29 April 2014 and published on the websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of member of the Company will be closed from Tuesday, 24 June 2014 to Thursday, 26 June 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM to be held on Thursday, 26 June 2014, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 23 June 2014.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Luk Hong Man, Hammond ("Mr. Luk"), aged 33, is currently a member of the Certified General Accountants Association of Canada and the Hong Kong Institute of Directors. Mr. Luk is also an associated member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Luk obtained a degree of bachelor of laws from University of London and a degree of bachelor of commerce from University of Alberta. Mr. Luk has about ten years of experience in management accounting, financial control, internal audit and compliance through his previous employment with different companies in Canada and Hong Kong. Prior to joining the Company, Mr. Luk had worked as an executive director and compliance officer in Rojam Entertainment Holdings Limited (now know as Media Asia Group Holdings Limited, stock code: 8075) and an executive officer in charge of the accounting and finance department in Sunny Global Holdings Limited (now known as China Public Procurement Limited, stock code: 1094).

Mr. Ye Yinggang ("Mr. Ye"), aged 40, is a Chartered Financial Analyst (CFA) charterholder and has over 14 years of experience in the PRC finance and securities industry. Mr. Ye has been the director of investment, head office of asset management branch, Central China Securities Co. Ltd. since April 2011. Mr. Ye was a member of the QFII team of Power Corporation of Canada, a company incorporated in Canada and listed on the Toronto Stock Exchange (POW. TO), from July 2004 to March 2011. He was responsible for research and investment on equity market in the PRC and Hong Kong. Mr. Ye obtained a master of Business Administration from Guanghua Management College, Peking University in 2005 and a bachelor's degree in finance from The College of Economics, Minzu University of China in 1998. Mr. Ye currently holds a licence as Securities Industry General Practitioner with the Securities Association of China.

Mr. Zhang Xi ("Mr. Zhang"), aged 45, has over 13 years of experience in the financial sector. He is currently a Chartered Financial Analyst (CFA) charterholder. Mr. Zhang graduated with a Bachelor's degree in Science (Electrical Engineering) from Shanghai Jiao Tong University in July 1991. Mr. Zhang obtained an International Master's degree of Business Administration from York University in Canada in 1998. Mr. Zhang was appointed as an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351) and Media Asia Group Holdings Limited (stock code: 8075) in March 2006 and September 2009 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chung Kin, Quentin ("Mr. Wong"), is a fellow member of Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong and Association of Chartered Certified Accountants. He is also a member of The Society of Chinese Accountants & Auditors and The Institute of Chartered Accountants in England and Wales. He holds a bachelor of Arts degree in Accounting and Financial Management from University of Essex and a master degree of Science in Internal Auditing and Management from The City University, London. He has over 10 years working experience in audit and accounting gained from a sizeable international firm. He has set up his own practice, Quentin Wong & Co. Certified Public Accountants (Practising) since 1 January 2005 and has had over 9 years of practicing experience. He also taught the master degree course at the Open University of Hong Kong in 2005 and 2006. Mr. Wong was appointed as an independent non-executive director of Value Convergence Holdings Limited (Stock Code: 821) in March 2012.

Mr. Tsang Kwok Wa, Edward ("Mr. Tsang"), aged 48, is a member of the Hong Kong Institute of Certified Public Accountants, a member of the CPA Australia and a fellow member of the Taxation Institute of Australia. He holds a master degree of commerce with major in accounting from Charles Sturt University in Australia. He has over 22 years of experience in accounting area. Mr. Tsang was appointed as an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351) in July 2007 and resigned in June 2010.

Mr. Ng Man Fai, Matthew ("Mr. Ng"), aged 46, is a member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a provisional member of the Institute of Certified Public Accountants of Singapore. He is also an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries, and an associate member/certified tax adviser of The Taxation Institute of Hong Kong. Mr. Ng holds a Master of Accountancy from Charles Sturt University, Australia, and a Bachelor of Business Administration from the University of East Asia, Macau. Mr. Ng has over 22 years working experience in audit and accounting, gained from international firms and companies listed on the Stock Exchange. He is currently a deputy financial controller of Burwill Holdings Limited (Stock Code: 24).

Report of the Directors

The Directors of the Company (the "Directors") are pleased to present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group is principally engaged in investing in listed and unlisted securities. The activities of the subsidiaries of the Company are set out in note 27 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 75. The Directors do not recommend the payment of a final dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 20 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company during the year are set out in note 21(b). Under the Companies Law of the Cayman Islands, share premium of the Company is available for distributions or paying dividends to the shareholders subject to the provisions of its Memorandum ("Memorandum") and Articles of Association ("Articles") and a statutory solvency test. In accordance with Article 143 of the Articles, dividends may be declared and paid out of the profit of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared or paid out of share premium account. There were no reserves available for distribution in both years ended 31 December 2013 and 2012.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's entire revenue is derived from the Group's investments in listed and unlisted securities and financial institutions and thus the disclosure of customers and suppliers information would not be meaningful.

DIRECTORS

As at the date of this annual report, the Board consists of the following Directors:

Executive Directors

Luk Hong Man, Hammond (Financial Controller)
Ye Yinggang
Zhang Xi (appointed on 15 February 2013)

Independent Non-executive Directors

Wong Chung Kin, Quentin
Tsang Kwok Wa, Edward
Ng Man Fai, Matthew

At the forthcoming annual general meeting ("AGM") of the Company, two Directors will retire as Directors by rotation and, being eligible, offer themselves for re-election in accordance with the Articles.

None of the Directors proposed for re-election at the AGM has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2013, none of the Directors, the executive of the Company or any of their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its subsidiaries or other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) 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 Companies.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 22 to the consolidated financial statements. No option has been granted or agreed to be granted under the share option scheme from the date of adoption of the scheme.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme as disclosed in note 22 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than being a Director or the executive of the Company, the following shareholders had notified the Company of the relevant interests amounting to 5% or more of the ordinary shares in issue:

Long positions

Name	Note	Number of shares	Type of interest	Approximately percentage of issued share capital of the Company
Hung Chao Hong	1	229,468,305	Interest of controlled corporation	29.99%

Note:

1. Mr. Hung Chao Hong ("Mr. Hung") is deemed to be interested in 229,468,305 shares held by Hyatt Servicing Limited which is 99.99% owned by Mr. Hung.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of the Part XV of the SFO), or is directly or is indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Listing Rules).

CONNECTED TRANSACTION AND DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

Details of transaction regard as connected transaction and required to be disclosed as defined under the Listing Rules, is as follow:

Under the investment management agreement dated 31 January 2013 (the "Investment Management Agreement") entered into between the Company and Asia Investment Management Limited, (the "Investment Manager"), the Investment Manager has agreed to provide the Company with investment management services commencing from 1 February 2013 to 31 January 2015. The Investment Manager is defined as connected person of the Company pursuant to the Rule 21.13 of the Listing Rules. Under the Investment Management Agreement, the investment management fee payable to the Investment Manager shall be HK$80,000 per month. The Company shall also reimburse the Investment Manager for all its expenses incurred in relation to the performance of its duties up to a maximum amount of HK$200,000 per annum.

The independent non-executive Directors have confirmed that the above transactions were conducted (1) in the ordinary and usual course of business of the Company; (2) on normal commercial terms and (3) in accordance with the relevant agreement governing them that terms are fair and reasonable and in the interests of the shareholders of the Company as a whole. The Company confirms that it has received written confirmation from its auditors confirming the matters stated under Rule 14A.38 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2013, the Directors had not aware of any business or interest of the Directors and their associates that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company currently comprised solely of independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin (chairman), Mr. Tsang Kwok Wa, Edward and Mr. Ng Man Fai, Matthew. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with the management of the Company including a review on the consolidated financial statements of the Group for the year ended 31 December 2013.

CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, during the year, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the independent non-executive Directors are not appointed for a specific terms as they are subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 31 December 2013.

FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 76.

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 Listing Rules. The Company considers that all the independent non-executive Directors are independent.

AUDITOR

The consolidated financial statements for the year ended 31 December 2011 were audited by Messrs. HLM & Co.. On 16 January 2013, Messrs. HLM & Co. resigned as the auditors due to the change of entity status from partnership to limited company.

The consolidated financial statements for the year ended 31 December 2012 and 31 December 2013 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming AGM.

On behalf of the Board
China Investment Fund Company Limited

Luk Hong Man, Hammond
Hong Kong, 26 March 2014

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the CG Code. We have, throughout the year ended 31 December 2013, complied with the code provisions of the CG Code as and when they were/are applicable and in force, except for the deviations from code provisions A.2.1 and E.1.2 set out as below:

Code Provision A.2.1

In accordance with Code Provision A.2.1, it stipulates that the roles of the chairman and the chief executive are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Board has not appointed individuals to the posts of chairman and chief executive. The Board is in the process of identifying suitable candidates to fill in the vacancies for chairman and chief executive in compliance with the requirement of the Code Provision A.2.1. Further announcement will be made by the Company with regard to the new appointment of chairman and chief executive of the Company in due course.

Code Provision E.1.2

In accordance with Code Provision E.1.2, it stipulates that the chairman of the Board should attend the annual general meeting ("AGM"). No chairman of the Board had attended the AGM of the Company held on 27 June 2013 as the Board is in the process of identifying suitable candidate to fill in the vacancy for chairman. The said AGM was chaired by an executive Director.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

BOARD OF DIRECTORS

Composition and role

The board of directors (the "Board") of the Company comprises:

Executive Directors:	Luk Hong Man, Hammond
	Ye Yinggang
	Zhang Xi (appointed on 15 February 2013)
Independent Non-executive Directors:	Wong Chung Kin, Quentin
	Tsang Kwok Wa, Edward
	Ng Man Fai, Matthew

There is no relationship between members of the Board.

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, Director's appointments or re-appointments, and dividend and accounting policies.

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the executive Directors.

The key responsibilities of the Board include the formulation of the Group's overall strategies, setting performance targets, regulate and maintain internal controls, monitoring financial reporting process and manage day-to-day business operations. The Board is responsible to promote the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner which the affairs of the Company are managed, controlled and operated.

The Board comprises of three executive Directors and three independent non-executive Directors. The biographical details of all Directors are presented on page 5 and 6 of this annual report. Two Directors are subject to retirement by rotation and re-election at the forthcoming AGM to be held on 26 June 2014, being eligible, offer themselves for re-election.

Three independent non-executive Directors, Mr. Wong Chung Kin, Quentin, Mr. Tsang Kwok Wa, Edward and Mr. Ng Man Fai, Matthew possess appropriate professional accounting qualifications and financial management expertise, which satisfies Rule 3.10(2) of the Listing Rules. Through positive contributions to the Board and committee works, the independent non-executive Directors provide independent directives and views on important decisions in respect of strategic developments, corporate governance practices, financial reporting framework, internal controls and risk management.

The Board currently has three principal board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The independent non-executive Directors bring independent judgement on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work. Pursuant to Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Director an annual confirmation of independence and the Company considers that all of the independent non-executive Directors are independent.

Board meetings and Directors' Attendance

The full Board meets regularly and on other occasions when a Board decision is required on major issues. Details of Directors' attendance at the AGM and board meeting held in 2013 are set out in the following table:

Name of Directors	Meeting attended/held Board meeting	AGM held on 27 June 2013
Executive Directors		
William Robert Majcher (resigned on 15 January 2013)	1/42	N/A
Luk Hong Man, Hammond	42/42	1/1
Ye Yinggang	42/42	0/1
Zhang Xi (appointed on 15 February 2013)	33/42	1/1
Independent Non-executive Directors		
Wong Chung Kin, Quentin	11/42	1/1
Tsang Kwok Wa, Edward	11/42	1/1
Ng Man Fai, Matthew	11/42	1/1

Directors' Training and Professional Development

During the year, all Directors participated in continuous professional development to develop and refresh their knowledge and skill by way of attending seminars, briefings or training courses and reading the relevant materials. The Company has arranged in-house trainings for Directors on duties and liabilities of a listed company.

In addition, every newly appointed Director will receive an introduction on the first occasion of his appointment, so as to ensure that he has a proper understanding of the operations and business of the Company, and his responsibilities under the Listing Rules and relevant regulatory requirements.

According to the records maintained by the Company, the Directors received the training in compliance with the requirement of the Code on continuous professional development during the period from 1 January 2013 to 31 December 2013:

Name of Directors	Reading materials	Attending seminars/ briefings/ training courses
Executive Directors		
Luk Hong Man, Hammond	v	v
Ye Yinggang	v	v
Zhang Xi	v	v
Independent Non-executive Directors		
Wong Chung Kin, Quentin	v	v
Tsang Kwok Wa, Edward	v	v
Ng Man Fai, Matthew	v	v

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Chairman of the Board is responsible for the leadership and effective running of the Board. The Chief Executive is delegated with the authorities to manage the Group's business in all aspects effectively, implement major strategies, make day-to-day decision and coordinate overall business operation.

The Board has not appointed individuals to the posts of Chairman and Chief Executive. The Board is in the process of identifying suitable candidates to fill in the vacancies for Chairman and Chief Executive in compliance with the requirement of the Code Provision A.2.1. Further announcement will be made by the Company with regard to the new appointment of Chairman and Chief Executive of the Company in due course.

Appointments, Re-election and Removal

In accordance with Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, all independent non-executive Directors have been appointed for a specific term of 3 years but are subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

In accordance with our articles of association, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the affairs of our Company. These committees are established with written terms of reference. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are available on our website and on the website of The Stock Exchange of Hong Kong Limited.

Audit Committee

Audit Committee currently comprised solely of independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin (chairman), Mr. Ng Man Fai, Matthew and Mr. Tsang Kwok Wa, Edward. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with management including a review of the consolidated financial statements for the year ended 31 December 2013.

The Group's 2013 audited financial statements had been duly reviewed by the Audit Committee with the auditor. The members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that it is satisfied with the professional performance of the auditor and therefore recommends the Board that HLM CPA Limited ("HLM") be re-appointed as our auditor in the AGM.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2013 consolidated financial statements of the Company, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

HLM was appointed as auditor of the Company until conclusion of the AGM. During the year, the remuneration paid for the services provided by the auditor is as follow:

Audit services	HK$300,000

The Audit Committee held three meetings during 2013. The Committee recommended the Board regarding the appointment of HLM to act as the auditor of the Company and its subsidiaries and has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with management including a review of the consolidated financial statements for the period ended 30 June 2013 and for the year ended 31 December 2012.

The attendance of each member at the Audit Committee meetings is as follows:-

Audit Committee members	**Meetings attended/held**
Independent Non-executive Directors	
Wong Chung Kin, Quentin, Chairman	3/3
Tsang Kwok Wa, Edward	3/3
Ng Man Fai, Matthew	3/3

Remuneration Committee

Remuneration Committee currently comprised solely of independent non-executive Directors, namely, Mr. Ng Man Fai, Matthew (chairman), Mr. Wong Chung Kin, Quentin and Mr. Tsang Kwok Wa, Edward.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

The Remuneration Committee held three meetings during 2013 to discuss about the remuneration package of Directors and make recommendation to the Board on the remuneration of newly appointed Directors of the Company.

The attendance of each member at the Remuneration Committee meetings is as follows:

Remuneration Committee members	Meetings attended/held
Independent Non-executive Directors	
Wong Chung Kin, Quentin	3/3
Tsang Kwok Wa, Edward	3/3
Ng Man Fai, Matthew, Chairman	3/3

Nomination Committee

The Nomination Committee comprised of executive Director, namely, Mr. Luk Hong Man, Hammond, independent non-executive Directors, Mr. Ng Man Fai, Matthew and Mr. Tsang Kwok Wa, Edward. Mr. Tsang Kwok Wa, Edward is the chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company's business while taking into account diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

The Nomination Committee held three meetings during 2013 to identify individual suitably qualified to become Board member, make recommendation to the Board on the appointment of newly appointed Director, review the structure, size and composition of the Board and propose the Board diversity policy to the Board.

The attendance of each member at the Nomination Committee meeting is as follows:

Nomination Committee members	Meetings attended/held
Executive Director	
Luk Hong Man, Hammond	3/3
Independent Non-executive Directors	
Tsang Kwok Wa, Edward, Chairman	3/3
Ng Man Fai, Matthew	3/3

INTERNAL CONTROLS

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and protect the shareholders' interests. The Board assesses the effectiveness of the internal control system and procedures derived from discussions with the Directors and reviews conducted by the Audit Committee. The Board believes that the existing internal control system is adequate and effective.

COMPANY SECRETARY

Ms. Hong Lai Ping was appointed as the Company Secretary of the Company on 5 February 2010 and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Directors of the Company and is responsible for advising the Board on governance matters. According to the Rule 3.29 of the Listing Rules, the Company Secretary has taken not less than 15 hours of relevant professional training during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility for preparing the Group's consolidated financial statements in accordance with statutory requirements and applicable accounting standards. The responsibilities of the Directors are to prepare the financial accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Directors also acknowledge that the publication of the consolidated financial statements should be distributed to the shareholders of the Company in a timely manner. In preparing the accounts for the year ended 31 December 2013, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent, fair and reasonable and prepared accounts on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Procedures for convening an extraordinary general meeting and putting forward proposals at general meeting

Any one or more members 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 Secretary of the Company at the principal place of business in Hong Kong situated at 23/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

ENQUIRIES TO THE BOARD

The Board always welcomes shareholders' views and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary of the Company and the contact details are as follows:

Company Secretary
China Investment Fund Company Limited
23/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong
Email: info@cifund.com.hk
Tel. No.: (852) 2838 9806
Fax No.: (852) 2838 6782

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2013, the Company has not made any changes to its memorandum and articles of association.

Independent Auditor's Report

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

TO THE SHAREHOLDERS OF CHINA INVESTMENT FUND COMPANY LIMITED
中國投資基金有限公司
(Incorporated as an exempted company in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Investment Fund Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 75, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 the 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants
Yuen Suk Ching
Practising Certificate Number P01107
Hong Kong, 26 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Notes	2013 HK$	2012 HK$
Revenue	6	**1,718,126**	1,191,439
Net realised gain (loss) on disposal of available-for-sale financial assets		**1,336,598**	(3,304,002)
Net realised gain on disposal of financial assets designated as held for trading		**993,920**	2,551,329
Net unrealised (loss) gain on financial assets designated as held for trading		**(8,448)**	3,361,631
		4,040,196	3,800,397
Other income	6	**247,983**	150,000
Gain on disposal of subsidiaries	26	**321,892**	—
Administrative expenses		**(24,500,899)**	(24,872,414)
Finance costs	8	**(107,240)**	(15,171)
Loss before tax	9	**(19,998,068)**	(20,937,188)
Income tax expense	10	**—**	—
Loss for the year attributable to owners of the Company		**(19,998,068)**	(20,937,188)
Loss per share	13		
— Basic (HK cents)		**(2.61)**	(2.74)
— Diluted (HK cents)		**(2.61)**	(2.74)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013 HK$	2012 HK$
Loss for the year attributable to owners of the Company	**(19,998,068)**	(20,937,188)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain (loss) on translation of available-for-sale financial assets	**3,011**	(12,590)
Exchange differences arising on translation of a foreign operation	**(586)**	15,400
Reclassification of exchange differences upon disposal of subsidiaries	**(14,814)**	—
Net gain (loss) arising on revaluation of available-for-sale financial assets	**18,010,793**	(11,990,900)
Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets	**1,623,597**	1,988,340
Other comprehensive income (expenses) for the year, net of tax	**19,622,001**	(9,999,750)
Total comprehensive expenses attributable to owners of the Company	**(376,067)**	(30,936,938)

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment	14	**5,593,041**	6,512,285
Available-for-sale financial assets	15	**162,692,895**	117,117,922
		168,285,936	123,630,207
Current assets			
Available-for-sale financial assets	15	**—**	5,523,640
Prepayments, deposits and other receivables	16	**2,340,780**	7,932,496
Financial assets designated as held for trading	17	**234,696**	20,424,000
Cash and cash equivalents	18	**18,422,121**	31,152,802
		20,997,597	65,032,938
Current liability			
Accruals and other payables	19	**1,840,000**	843,545
Net current assets		**19,157,597**	64,189,393
Total assets less current liability		**187,443,533**	187,819,600
Capital and reserves			
Share capital	20	**38,256,000**	38,256,000
Reserves	21	**149,187,533**	149,563,600
Equity attributable to owners of the Company		**187,443,533**	187,819,600
Net asset value per share	13	**0.24**	0.25

The consolidated financial statements on pages 22 to 75 were approved and authorised for issue by the Board of Directors on 26 March 2014 and are signed on its behalf by:

Luk Hong Man, Hammond
Director

Zhang Xi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital HK$	Share premium HK$	Exchange reserve HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2012	38,256,000	197,332,138	5,565	(5,861,213)	(10,975,952)	218,756,538
Other comprehensive income (expenses) for the year	—	—	2,810	(10,002,560)	—	(9,999,750)
Loss for the year	—	—	—	—	(20,937,188)	(20,937,188)
Total comprehensive income (expenses) for the year	—	—	2,810	(10,002,560)	(20,937,188)	(30,936,938)
At 31 December 2012 and 1 January 2013	38,256,000	197,332,138	8,375	(15,863,773)	(31,913,140)	187,819,600
Other comprehensive income (expenses) for the year	**—**	**—**	**(12,389)**	**19,634,390**	**—**	**19,622,001**
Loss for the year	**—**	**—**	**—**	**—**	**(19,998,068)**	**(19,998,068)**
Total comprehensive income (expenses) for the year	**—**	**—**	**(12,389)**	**19,634,390**	**(19,998,068)**	**(376,067)**
At 31 December 2013	**38,256,000**	**197,332,138**	**(4,014)**	**3,770,617**	**(51,911,208)**	**187,443,533**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 HK$	2012 HK$
Cash flows from operating activities			
Loss for the year		**(19,998,068)**	(20,937,188)
Adjustments for:			
Depreciation of property, plant and equipment	14	**1,565,013**	991,484
Dividend income		**(539,898)**	(290,900)
Interest income		**(1,178,228)**	(900,539)
Interest expenses		**107,240**	15,171
Written back on over-provision of rental expenses		**(200,000)**	—
Gain on disposal of subsidiaries	26	**(321,892)**	—
Write off of property, plant and equipment		**4,791**	—
Net realised (gain) loss on disposal of available-for-sale financial assets		**(1,336,598)**	3,304,002
Net realised gain on disposal of financial assets designated as held for trading		**(993,920)**	(2,551,329)
Net unrealised loss (gain) on financial assets designated as held for trading		**8,448**	(3,361,631)
Operating cash flows before movements in working capital		**(22,883,112)**	(23,730,930)
Decrease (increase) in prepayments, deposits and other receivables		**5,339,585**	(7,430,045)
Increase (decrease) in accruals and other payables		**1,660,369**	(12,249,337)
Cash used in operations		**(15,883,158)**	(43,410,312)
Interest paid		**(107,240)**	(15,171)
Net cash used in operating activities		**(15,990,398)**	(43,425,483)
Cash flows from investing activities			
Interest received		**1,172,204**	900,539
Dividend received		**296,754**	290,900
Net cash inflow from disposal of subsidiaries	26	**103,166**	31,000,000
Proceeds on disposal of financial assets designated as held for trading		**29,850,900**	23,805,300
Proceeds on disposal of available-for-sale financial assets		**18,896,456**	42,751,050
Purchase of property, plant and equipment		**(652,993)**	(7,481,432)
Purchase of financial assets designated as held for trading		**(8,432,980)**	(38,316,340)
Purchase of available-for-sale financial assets		**(37,973,790)**	(92,906,090)
Net cash generated from (used in) investing activities		**3,259,717**	(39,956,073)
Net decrease in cash and cash equivalents		**(12,730,681)**	(83,381,556)
Cash and cash equivalents at beginning of year		**31,152,802**	114,518,958
Effect of foreign exchange rate changes		**—**	15,400
Cash and cash equivalents at end of year	18	**18,422,121**	31,152,802

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited since 2 January 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activities of the Company and its subsidiaries are engaged in investing in listed and unlisted securities. The principal activities of its subsidiaries are set out in note 27 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) Int — 12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs, and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

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

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

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Impairment of Assets — Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting[1]
HK (IFRIC) — Int 21	Levies[1]

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

New and revised HKFRSs issued but not yet effective *(continued)*

[1] Effective for annual periods beginning on or after 1 January 2014, with early application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with early application permitted.
[3] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[4] Available for application — the mandatory effective date will be determined when the outstanding phase of HKFRS 9 is finalised.
[5] Effective for annual periods beginning on or after 1 January 2016.

The Directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales of financial assets is recognised on a trade-date basis.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

(c) Property, plant and equipment

Property, plant and equipment including leasehold improvements, office equipment and motor vehicles held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment *(continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leasing

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(h) Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Taxation *(continued)*

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

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

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

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

(i) Impairment

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

Recoverable amount is the higher of 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Provisions

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

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

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

(k) Financial instruments

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

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

Financial assets

The Group consists its financial assets in the following specified categories: (i) financial assets at fair value through profit or loss ("FVTPL"); (ii) available-for-sale ("AFS") financial assets and (iii) loans and receivables. All recognised financials assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "revenue" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition of those items.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy of impairment loss of financial assets below).

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

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

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

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

For certain categories of financial assets, such as other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

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

Other financial liabilities

Other financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

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

(l) Cash and cash equivalents

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

(m) Related parties

A related party is a person or entity that is related to the Group.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Related parties *(continued)*

(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 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. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

The Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the Directors' estimated amount that the Group would currently obtain from the disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments

As described in note 5.3, the Directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted equity instruments includes some assumptions not supported by observable market prices or rates. The carrying amounts of the debt and equity instruments as at 31 December 2013 are HK$Nil and HK$162,927,591 respectively (2012: HK$5,523,640 and HK$137,541,922 respectively). Details of the assumptions used are disclosed in note 5.3. The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

Deferred tax assets

At 31 December 2013, no deferred tax asset has been recognised on the tax losses of HK$61,972,887 (2012: HK$48,583,461) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the estimated future assessable profits or taxable temporary difference are more than previously estimated, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which the revised estimate takes place.

For the year ended 31 December 2013

5. FINANCIAL RISKS MANAGEMENT

The management of financial risks is carried out by the investment manager and/or the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, the use of financial instruments and the investment of excess liquidity.

The Group's major financial instruments include financial assets designated as held for trading, available-for-sale financial assets and cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and operation risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

5.1 Classifications and fair value of financial assets and liabilities

The table below provided a reconciliation of the line items in the consolidated statement of financial position to the categories of financial instruments.

At 31 December 2013	Available-for-sale HK$	Financial assets at FVTPL-held for trading HK$	Loan and receivables HK$	Other liabilities HK$	Total carrying amount HK$
Available-for-sale financial assets	162,692,895	—	—	—	162,692,895
Deposits and other receivables	—	—	1,180,620	—	1,180,620
Financial assets designated as held for trading	—	234,696	—	—	234,696
Cash and cash equivalents	—	—	18,422,121	—	18,422,121
	162,692,895	234,696	19,602,741	—	182,530,332
Other payables	—	—	—	—	—

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.1 Classifications and fair value of financial assets and liabilities *(continued)*

At 31 December 2012	Available-for-sale HK$	Financial assets at FVTPL-held for trading HK$	Loan and receivables HK$	Other liabilities HK$	Total carrying amount HK$
Available-for-sale financial assets	122,641,562	—	—	—	122,641,562
Deposits and other receivables	—	—	7,593,198	—	7,593,198
Financial assets designated as held for trading	—	20,424,000	—	—	20,424,000
Cash and cash equivalents	—	—	31,152,802	—	31,152,802
	122,641,562	20,424,000	38,746,000	—	181,811,562
Other payables	—	—	—	196,714	196,714

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

5.2 Risk management

(a) *Market risk*

The Group's strategy for the management of market risk is driven by the Group's investment objective. The Group's market risk is managed on a daily basis by the investment manager and the Board of Directors in accordance with policies and procedures in place. The Group's market positions are monitored on a monthly basis by the Board of Directors, and the investments in equity of other entities are Hong Kong listed and overseas unlisted financial assets. Decisions to buy or sell financial assets are based on daily monitoring of the performance of individual financial assets compared to that of the relevant stock market index and other industry indicators, as well as the Group's liquidity needs. To manage its price risk arising from the financial assets, the Group maintains a portfolio of diversified investments in terms of industry distribution such as manufacturing and financial services. Temporarily, the Group management has monitored price risk and will consider hedging of the risk if necessary.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.2 Risk management *(continued)*

(a) Market risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to financial assets price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is remained at 15% in the current year.

If financial assets prices had been 15% higher/lower (2012: 15%), loss for the year ended 31 December 2013 would decrease/increase by HK$35,204 (2012: HK$3,063,600) which is mainly due to the changes in fair value of financial assets designated as held for trading. Also, if the fair value of the available-for-sale financial assets had increased/decreased by 15% (2012: 15%) and all other variables were held constant, the investment revaluation reserve would increase/decrease by HK$24,403,934 (2012: HK$18,396,234).

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of available-for-sale financial assets, financial assets designated as held for trading and bank balances.

The Group limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Group considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers.

Accordingly, the Group has no significant concentration of credit risk.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.2 Risk management *(continued)*

(c) *Liquidity risk (continued)*

The maturity profiles of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	2013			
Non-derivative financial liability	**On demand HK$**	**Within 1 year HK$**	**1–3 years HK$**	**Total carrying amount HK$**
Other payables	—	—	—	—

	2012			
Non-derivative financial liability	On demand HK$	Within 1 year HK$	1–3 years HK$	Total carrying amount HK$
Other payables	196,714	—	—	196,714

(d) *Interest rate risk*

The Group's variable interest bearing bank deposits are exposed to interest rate risk which is considered to be minimal.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2012: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2012: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2013 would decrease/increase by HK$183,740 (2012: HK$311,313). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank deposit.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.2 Risk management *(continued)*

(e) Foreign currency risk

The Group has foreign currency on financial assets, which expose the Group to foreign currency risk. Approximately 2% (2012: 17%) of the Group's financial assets are denominated in currencies other than the functional currency of the Company.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	ASSETS	
	2013	2012
	HK$	HK$
Euro ("EUR")	**—**	9,096
Renminbi ("RMB")	**38,722**	49,865
United States dollars ("USD")	**304,861**	26,102,496

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in USD. For the currency risk of the Group's monetary assets, the exposure is mainly in HKD against USD. If the exchange rate of HKD against USD has been increased/decreased by 5% (2012: 5%), the Group's loss for the year would increase/decrease by HK$15,243 (2012: HK$1,305,125).

(f) Operational risk

Operational risk is the risk of direct or indirect profit/(loss) arising from a wide variety of causes associated with the processes and technology supporting the Group's operations either internally within the Group or externally at the Group's service provider, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.2 Risk management *(continued)*

(f) Operational risk (continued)

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular discussions with the service providers and a review of the service providers' reports on internal controls, where available.

(g) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves. The Group had no debt as at 31 December 2013.

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.3 Fair value estimation

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

	Level 1 HK$	Level 3 HK$	Total HK$
At 31 December 2013			
Available-for-sale financial assets			
Equity securities (note a)	**162,692,895**	**—**	**162,692,895**
Financial assets designated as held for trading			
Equity securities (note a)	**234,696**	**—**	**234,696**
At 31 December 2012			
Available-for-sale financial assets			
Equity securities (note a)	117,117,922	—	117,117,922
Debt securities (note b)	—	5,523,640	5,523,640
	117,117,922	5,523,640	122,641,562
Financial assets designated as held for trading			
Equity securities (note a)	20,424,000	—	20,424,000

Notes:

(a) The fair value of equity securities classified as Level 1 was determined by the quoted price in an active market.

(b) The fair value of debt securities was determined by the discounted cash flow analysis using the applicable yield curve and was classified as Level 3 of the fair value hierarchy.

5. FINANCIAL RISKS MANAGEMENT *(continued)*

5.3 Fair value estimation *(continued)*

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

Reconciliation of Level 3 fair value measurement

At 31 December 2013	**Available-for-sale financial assets Debt securities HK$**
Opening balance	**5,523,640**
Redeemed during the year	**(5,523,640)**
Closing balance	**—**

	Available-for-sale financial assets	
At 31 December 2012	Equity securities HK$	Debt securities HK$
Opening balance	50,200,000	—
Additions	—	5,523,640
Disposals	(50,200,000)	—
Closing balance	—	5,523,640

There were no transfers between Level 1, 2 and 3 during both years.

(ii) Fair value of financial instruments carried at cost or amortised cost

The carrying amounts of Group's current financial assets and liabilities including deposit and other receivables, cash and cash equivalents and other payables approximates their fair value due to their short-term maturities.

6. REVENUE AND OTHER INCOME

Revenue represents interest income and dividend income from financial assets for the year. An analysis of the Group's revenue and other income for the year is as follows:

	2013 HK$	2012 HK$
Revenue		
Interest income from:		
Deposits in bank and financial institutions	**11,105**	415,607
Available-for-sale financial assets	**1,167,123**	484,932
Dividend income from:		
Financial assets designated as held for trading	**539,898**	290,900
	1,718,126	1,191,439
Other income		
Option fee income	**—**	150,000
Exchange gain	**7,020**	—
Written back on over-provision of rental expenses	**200,000**	—
Sundry income	**40,963**	—
	247,983	150,000

7. SEGMENT INFORMATION

For the years ended 31 December 2013 and 2012 respectively, the Group's revenue were mainly derived from the interest income and dividend income from investments. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the year, analysed by geographical markets, are as follows:

	Hong Kong		Others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$	HK$	**HK$**	HK$	**HK$**	HK$
Segment revenue:						
Interest income from deposits in bank and financial institutions	**11,105**	415,454	**—**	153	**11,105**	415,607
Interest income from available-for-sale financial assets*	**—**	—	**1,167,123**	484,932	**1,167,123**	484,932
Dividend income from financial assets designated as held for trading	**539,898**	290,900	**—**	—	**539,898**	290,900
	551,003	706,354	**1,167,123**	485,085	**1,718,126**	1,191,439
Total assets	**186,200,946**	178,907,553	**3,082,587**	9,755,592	**189,283,533**	188,663,145
Total liabilities (unallocated)					**1,840,000**	843,545
Other segment information:						
Additions to property, plant and equipment	**652,993**	7,478,919	**—**	2,513	**652,993**	7,481,432

* During the year 2013 and 2012, interest income from available-for-sale financial assets is derived from convertible notes issued by companies incorporated outside Hong Kong.

For the year ended 31 December 2013

8. FINANCE COSTS

	2013 HK$	2012 HK$
Interest expenses on bank and broker overdrafts wholly repayable within five years	**107,240**	15,171

9. LOSS BEFORE TAX

	2013 HK$	2012 HK$
The Group's loss before tax has been arrived at after charging (crediting):		
Directors' remuneration (Note 11):		
Fees	**300,000**	319,188
Other emoluments	**1,470,914**	947,127
Mandatory provident fund contributions	**29,000**	26,000
Staff costs:		
Salaries	**5,235,722**	4,953,160
Mandatory provident fund contributions	**120,695**	147,033
Total staff costs (including Directors' remuneration)	**7,156,331**	6,392,508
Auditor's remuneration	**300,000**	140,000
Investment management fee	**971,667**	900,000
Depreciation on property, plant and equipment	**1,565,013**	991,484
Write off of property, plant and equipment	**4,791**	—
Financial advisory fee	**—**	3,000,000
Net foreign exchange (gain) losses	**(7,020)**	71,511
Operating lease charges in respect of office premises	**4,115,852**	4,111,939

10. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the year.

The tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2013 HK$	2012 HK$
Loss before tax	**(19,998,068)**	(20,937,188)
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	**(3,299,681)**	(3,454,636)
Tax effect of income not taxable for tax purpose	**(564,325)**	(671,217)
Tax effect of expenses not deductible for tax purpose	**1,506,245**	3,614,495
Tax effect of temporary differences previously not recognised	**120,726**	(660,457)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**—**	(209,843)
Utilisation of tax losses previously not recognised	**(447,185)**	—
Tax effect of tax losses not recognised	**2,684,220**	1,381,658
Tax expense for the year	**—**	—

The domestic tax rate (which is Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

At the end of the reporting period, the Group has unused tax losses of HK$61,972,887 (2012: HK$48,583,461) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses do not expire under the current tax legislation and may be carried forward indefinitely.

The Group had no material un-provided deferred tax liabilities at the end of the reporting period (2012: Nil).

11. DIRECTORS' REMUNERATION

(a) Directors' remuneration paid or payable to each of 7 (2012: 10) Directors were as follows:

	2013			
	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Mandatory provident fund contributions HK$	Total HK$
Executive Directors				
William Robert Majcher (Note 1)	—	5,000	250	5,250
Luk Hong Man, Hammond	—	700,000	15,000	715,000
Ye Yinggang (Note 3)	—	200,000	—	200,000
Zhang Xi (Note 9)	—	565,914	13,750	579,664
Independent non-executive Directors				
Tsang Kwok Wa, Edward (Note 7)	100,000	—	—	100,000
Ng Man Fai, Matthew (Note 8)	100,000	—	—	100,000
Wong Chung Kin, Quentin	100,000	—	—	100,000
	300,000	1,470,914	29,000	1,799,914

	2012			
	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Mandatory provident fund contributions HK$	Total HK$
Executive Directors				
William Robert Majcher	—	120,000	6,000	126,000
Wan Chuen Hing, Alexander (Note 2)	—	151,250	6,250	157,500
Luk Hong Man, Hammond	—	580,909	13,750	594,659
Ye Yinggang	—	94,968	–	94,968
Independent non-executive Directors				
Cheng Wing Keung, Raymond (Note 4)	22,500	—	—	22,500
Yeung Chun Yue, David (Note 5)	22,500	—	—	22,500
Siu Hi Lam, Alick (Note 6)	7,500	—	—	7,500
Tsang Kwok Wa, Edward	91,674	—	—	91,674
Ng Man Fai, Matthew	75,006	—	—	75,006
Wong Chung Kin, Quentin	100,008	—	—	100,008
	319,188	947,127	26,000	1,292,315

11. DIRECTORS' REMUNERATION *(continued)*

(a) *(continued)*

Notes:

(1) Resigned on 15 January 2013
(2) Resigned on 1 June 2012
(3) Appointed on 3 July 2012
(4) Resigned on 23 March 2012
(5) Resigned on 29 March 2012
(6) Resigned on 1 February 2012
(7) Appointed on 1 February 2012
(8) Appointed on 23 March 2012
(9) Appointed on 15 February 2013

The above directors' fee, salaries, allowances and benefits in kind and mandatory provident fund contributions were paid to all Directors, executives and non-executives, in respect of their duties and responsibilities with the Group and the prevailing market value.

During the year, no emoluments were paid by the Group to any of the Directors of the Company or the five highest paid individuals of the Group (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during both years.

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2012: 1) were Directors of the Company whose emoluments are included in the disclosures in note 11(a) above. The emoluments of the remaining 3 employees (2012: 4) are as follows:

	2013 **HK$**	2012 HK$
Basic salaries and other benefits	**2,171,287**	2,063,773
Mandatory provident fund contributions	**45,000**	52,000
Total emoluments	**2,216,287**	2,115,773

The aggregate emoluments of each of the five highest paid employees were within the emoluments band ranging from HK$Nil to HK$1,000,000.

12. DIVIDEND

No dividend was paid or proposed during 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

13. NET ASSET VALUE PER SHARE AND LOSS PER SHARE

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of HK$187,443,533 (2012: HK$187,819,600) by the number of shares in issue as at 31 December 2013, being 765,120,000 (2012: 765,120,000).

Loss per share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company of HK$19,998,068 (2012: HK$20,937,188) and the weighted average number of 765,120,000 (2012: 765,120,000) ordinary shares in issue during the year.

As there were no diluted potential ordinary shares, the diluted loss per share was the same as basic loss per share in 2013 and 2012.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Office equipment HK$	Motor vehicles HK$	Total HK$
COST				
At 1 January 2012	—	24,430	—	24,430
Additions	446,360	231,801	6,803,271	7,481,432
At 31 December 2012 and 1 January 2013	446,360	256,231	6,803,271	7,505,862
Additions	350,000	302,993	—	652,993
Written off	—	(5,468)	—	(5,468)
Disposal of subsidiaries	—	(2,522)	—	(2,522)
Exchange difference	—	9	—	9
At 31 December 2013	**796,360**	**551,243**	**6,803,271**	**8,150,874**
DEPRECIATION AND IMPAIRMENT				
At 1 January 2012	—	2,093	—	2,093
Charge for the year	50,365	34,716	906,403	991,484
At 31 December 2012 and 1 January 2013	50,365	36,809	906,403	993,577
Charge for the year	124,272	80,087	1,360,654	1,565,013
Eliminated on written off	—	(677)	—	(677)
Disposal of subsidiaries	—	(80)	—	(80)
At 31 December 2013	**174,637**	**116,139**	**2,267,057**	**2,557,833**
CARRYING AMOUNTS				
At 31 December 2013	**621,723**	**435,104**	**4,536,214**	**5,593,041**
At 31 December 2012	395,995	219,422	5,896,868	6,512,285

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20%
Office equipment	20%
Motor vehicles	20%

For the year ended 31 December 2013

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013 HK$	2012 HK$
Overseas convertible notes, at cost (note 1)	—	6,000,000
Fair value adjustment	—	(476,360)
	—	5,523,640
Equity securities listed overseas, at cost (note 2)	**19,080,813**	19,080,813
Fair value adjustment	**(15,998,226)**	(15,159,433)
	3,082,587	3,921,380
Equity securities listed in Hong Kong, at cost (note 3)	**139,845,479**	113,431,547
Fair value adjustment	**19,764,829**	(235,005)
	159,610,308	113,196,542
Total	**162,692,895**	122,641,562
Analysed for reporting purpose as:		
Non-current assets	**162,692,895**	117,117,922
Current assets	—	5,523,640
Total	**162,692,895**	122,641,562

Note 1: Overseas convertible notes (note a)

Name of investee companies	Place of incorporation	Percentage of effective interest held	At cost 2013 HK$	At cost 2012 HK$	Fair value adjustment 2013 HK$	Fair value adjustment 2012 HK$	Carrying amounts 2013 HK$	Carrying amounts 2012 HK$
AIM Resources Investment Limited	British Virgin Islands	N/A	—	2,000,000	—	(168,681)	—	1,831,319
Skill Tact Limited	British Virgin Islands	N/A	—	2,000,000	—	(159,300)	—	1,840,700
Perfect Action Limited	British Virgin Islands	N/A	—	2,000,000	—	(148,379)	—	1,851,621
			—	6,000,000	—	(476,360)	—	5,523,640

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

Note 2: Equity securities listed overseas (note b)

Name of investee companies	Place of incorporation	Percentage of effective interest held	At cost 2013 HK$	At cost 2012 HK$	Fair value adjustment 2013 HK$	Fair value adjustment 2012 HK$	Carrying amounts 2013 HK$	Carrying amounts 2012 HK$
Adamas Finance Asia Limited (Previously known as China Private Equity Investment Holdings Limited)	British Virgin Islands	3.82%	**19,080,813**	19,080,813	**(15,998,226)**	(15,159,433)	**3,082,587**	3,921,380

Note 3: Equity securities listed in Hong Kong (note c)

Name of investee companies	Place of incorporation	Percentage of effective interest held	At cost 2013 HK$	At cost 2012 HK$	Fair value adjustment 2013 HK$	Fair value adjustment 2012 HK$	Carrying amounts 2013 HK$	Carrying amounts 2012 HK$
Value Convergence Holdings Limited	Hong Kong	8.23%	**32,893,520**	32,893,520	**6,096,080**	6,096,080	**38,989,600**	38,989,600
Media Asia Group Holdings Limited	Bermuda	1.01%	**15,931,087**	16,952,057	**(11,598,415)**	(9,280,761)	**4,332,672**	7,671,296
China Nuclear Industry 23 International Corporation Limited	Bermuda	2.38%	**42,956,294**	24,133,120	**(10,762,274)**	1,611,340	**32,194,020**	25,744,460
Hao Tian Development Group Limited (Previously known as Hao Tian Resources Group Limited)	Cayman Islands	0.90%	**10,544,040**	—	**869,720**	—	**11,413,760**	—
Same Time Holdings Limited	Bermuda	5.67%	**29,186,723**	31,295,760	**24,427,277**	1,764,480	**53,614,000**	33,060,240
Asia Energy Logistics Group Limited	Hong Kong	0.07%	**666,830**	—	**144,070**	—	**810,900**	—
China Fortune Financial Group Limited	Cayman Islands	0.12%	**422,170**	422,170	**(82,814)**	(23,624)	**339,356**	398,546
Fornton Group Limited	Bermuda	1.44%	**7,244,815**	7,734,920	**10,671,185**	(402,520)	**17,916,000**	7,332,400
			139,845,479	113,431,547	**19,764,829**	(235,005)	**159,610,308**	113,196,542

Notes:

(a) In 2012, the Group acquired convertible notes in AIM Resources Investment Limited ("ARIL"), Skill Tact Limited ("STL") and Perfect Action Limited ("PAL") at HK$2,000,000 each due 2013. ARIL, STL and PAL are the companies incorporated in British Virgin Islands on 11 May 2006, 13 April 2010 and 23 January 2003 respectively. One of the terms and conditions in the convertible notes agreements stated that ARIL, STL and PAL shall pay the full redemption amount, including the outstanding principal, interest and any premium, to the Group on the day immediately preceding the first anniversary date from the date of the issue of the convertible notes or upon voluntary redemption by the issuer prior to the maturity date unless previously redeemed or converted or purchased and cancelled as provided. The Group has the right to convert the entire outstanding principal amount of the convertible notes into such number of conversion shares at any time during the conversion period at subscription price which shall be the principal amount of the convertible notes and used as the consideration for the issuance of the conversion shares. The convertible notes shall bear interest at the rate of 25% per annum. The overseas convertible notes investments are stated at fair value because the market for these financial assets is not active, the Group establishes the value by references provided by the independent professional valuer. In September 2013, the convertible notes in ARIL, STL and PAL were matured and fully redeemed by issuers.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

Notes: *(continued)*

(b) As at 31 December 2013, the Group held overseas listed equity securities, being 4,818,515 shares or 3.82% equity interest in Adamas Finance Asia Limited ("ADAM"), for a consideration of USD2,457,443 (equivalent to approximately HK$19,080,813). The company was set up with an intention to position itself to be a Chinese and Asian focused alternative investment market listed private equity investment holding group.

For the year ended 31 December 2012, the audited consolidated loss from ordinary activities attributable to owners of ADAM was approximately USD10,373,000 and the basic loss per share was US13.6 cents. At 31 December 2012, the audited consolidated net asset value attributable to owners of the ADAM was approximately USD23,174,000. No dividend was received during the year.

(c) As at 31 December 2013, the Group held listed equity securities being 33,904,000 shares or 8.23% equity interest in the Value Convergence Holdings Limited ("Value Convergence") for a consideration of HK$32,893,520 and which is principally engaged in the provision of financial services.

For the year ended 31 December 2013, the audited consolidated loss from ordinary activities attributable to owners of Value Convergence was approximately HK$40,741,000 and the basic loss per share was HK9.98 cents. At 31 December 2013, its audited consolidated net assets value attributable to owners of Value Convergence was approximately HK$503,354,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 135,396,000 shares or 1.01% equity interest in the Media Asia Group Holdings Limited ("Media Asia"), for a consideration of HK$15,931,087 and which is principally engaged in investment in, and the production of entertainment events; investment in, production of sale and distribution of films.

For the year ended 31 July 2013, the audited consolidated loss from ordinary activities attributable to owners of Media Asia was approximately HK$98,883,000 and the basic loss per share was HK0.75 cents. At 31 July 2013, its audited consolidated net assets value attributable to owners of Media Asia was approximately HK$439,056,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 26,174,000 shares or 2.38% equity interest in the China Nuclear Industry 23 International Corporation Limited ("China Nuclear"), for a consideration of HK$42,956,294 and which is principally engaged in restaurant operations, property investments and hotel operations.

For the year ended 31 December 2013, the audited consolidated loss from ordinary activities attributable to owners of China Nuclear was approximately HK$45,536,000 and the basic loss per share was HK4.16 cents. At 31 December 2013, its audited consolidated net assets value attributable to owners of China Nuclear was approximately HK$450,667,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 35,668,000 shares or 0.90% equity interest in the Hao Tian Development Group Limited ("Hao Tian"), for a consideration of HK$10,544,040 and which is principally engaged in the development and exploitation of underground coking coal mine and manufacture and sale of quality plastic and paper boxes for luxury consumer goods.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

Notes: *(continued)*

(c) For the year ended 31 March 2013, the audited consolidated loss from ordinary activities attributable to owners of Hao Tian was approximately HK$219,324,000 and the loss per share was HK5.58 cents. At 31 March 2013 , its audited consolidated net assets value attributable to owners of Hao Tian was approximately HK$2,442,305,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 4,874,000 shares or 5.67% equity interest in the Same Time Holdings Limited ("Same Time"), for a consideration of HK$29,186,723 and which is principally engaged in the manufacturing and selling of printed circuit boards.

For the year ended 31 March 2013, the audited consolidated loss from ordinary activities attributable to owners of Same Time was HK$175,393,042 and the basic loss per share was HK216.6 cents. At 31 March 2013, its audited consolidated net assets value attributable to owners of Same Time was HK$427,213,651. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 9,540,000 shares or 0.07% equity interest in the Asia Energy Logistics Group Limited ("Asia Energy"), for a consideration of HK$666,830 and which is principally engaged in railway construction and operations and shipping and logistics.

For the year ended 31 December 2013, the audited consolidated loss from ordinary activities attributable to owners of Asia Energy was approximately HK$101,069,000 and the loss per share was HK0.78 cents. At 31 December 2013, its audited consolidated net assets value attributable to owners of Asia Energy was approximately HK$577,668,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 3,946,000 shares or 0.12% equity interest in the China Fortune Financial Group Limited ("China Fortune"), for a consideration HK$422,170 and which is principally engaged in securities, futures and insurance brokerage, margin financing, provision of corporate finance services and money lending services.

For the year ended 31 March 2013, the audited consolidated loss from ordinary activities attributable to owners of China Fortune was approximately HK$69,002,000 and the basic loss per share was HK2.18 cents. At 31 March 2013, its audited consolidated net assets value attributable to owners of China Fortune was approximately HK$298,986,000. No dividend was received during the year.

As at 31 December 2013, the Group held listed equity securities, being 5,972,000 shares or 1.44% equity interest in the Fornton Group Limited ("Fornton Group"), for a consideration of HK$7,244,815 and which is principally engaged in manufacturing and trading of knitwear.

For the year ended 31 December 2013, the audited consolidated loss from ordinary activities attributable to owners of Fornton Group was approximately HK$7,189,000 and the basic loss per share was HK0.86 cents. At 31 December 2013, its audited consolidated net assets value attributable to owners of Fornton Group was approximately HK$132,613,000. No dividend was received during the year.

(d) The Directors conducted a review of the Group's available-for-sale financial assets during the year and determined that the fair value adjustment based on estimated recoverable amount of available-for-sale financial assets.

For the year ended 31 December 2013

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013 HK$	2012 HK$
Prepayment for office rental	**1,000,000**	117,200
Other prepayments	**160,160**	222,098
Rental and utility deposits	**743,660**	969,571
Deposits paid for acquisition of financial assets	**—**	3,822,050
Due from brokers	**339,098**	1,442,403
Interest receivables	**6,024**	484,932
Other receivables	**91,838**	874,242
	2,340,780	7,932,496

17. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING

	2013 HK$	2012 HK$
Financial assets at fair value through profit or loss		
Held for trading assets:		
— Equity securities listed in Hong Kong, at market value	**234,696**	20,424,000

The fair values of listed securities are based on their quoted market closing prices in an active market.

As at 31 December 2013 and 2012, financial assets designated as held for trading included the following investments:

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's company capital owned	Carrying amounts HK$	Market value HK$	Unrealised (loss) gain arising on revaluation HK$	Dividend received/ receivable during the year HK$
At 31 December 2013							
The Hong Kong and China Gas Company Limited (note a)	**Hong Kong**	**13,200**	**Less than 0.01%**	**243,144**	**234,696**	**(8,448)**	**275,088**
At 31 December 2012							
Credit China Holdings Limited (note b)	Cayman Islands	27,600,000	1.30%	17,062,369	20,424,000	3,361,631	—

17. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING *(continued)*

A brief description of the business and financial information of the listed investee companies which represents all of the Group's assets, which are extracted from their latest published annual reports is as follows:

Notes:

(a) As at 31 December 2013, the Group held listed equity securities, being 13,200 shares or less than 0.01% equity interest in The Hong Kong and China Gas Company Limited ("HK Gas"), for a consideration of HK$243,144 and which is principally engaged in production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and mainland China.

For the year ended 31 December 2013, the audited consolidated profit from ordinary activities attributable to equity shareholders of HK Gas was approximately HK$6,853,800,000 and the basic earnings per share was HK71.7 cents. At 31 December 2013, its audited consolidated net assets value attributable to owners of HK Gas was approximately HK$49,867,600,000. During the year, the Group has recognised HK$275,088 for dividend income.

(b) As at 31 December 2012, the Group held listed equity securities, being 27,600,000 shares or 1.30% equity interest in the Credit China Holdings Limited ("Credit China"), for a consideration of HK$17,062,369 and which is principally engaged in providing financial consulting services and entrusted loans business.

18. CASH AND CASH EQUIVALENTS

	2013 **HK$**	2012 HK$
Fixed deposits in bank	**9,995,890**	—
Cash at bank and in hand	**8,426,231**	31,152,802
	18,422,121	31,152,802

At the end of the reporting period, cash and cash equivalents comprised mainly of short-term deposits with original maturity within 3 months which carry interests at prevailing market rates ranging from 0.01% per annum to 1% per annum (2012: 0.01% per annum to 2% per annum).

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group entities:

	2013	2012
EUR	**—**	EUR952
USD	**USD39,318**	USD3,367,956
RMB	**RMB30,666**	RMB40,090

19. ACCRUALS AND OTHER PAYABLES

	2013 HK$	2012 HK$
Accrued expenses	**1,840,000**	646,831
Due to brokers	**—**	3,706
Other payables	**—**	193,008
	1,840,000	843,545

20. SHARE CAPITAL

	Number of ordinary share of HK$0.05 each	Nominal value HK$
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	**4,000,000,000**	**200,000,000**
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 31 December 2013	**765,120,000**	**38,256,000**

21. RESERVES

(a) The Group

	Share premium HK$	Exchange reserve HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2012	197,332,138	5,565	(5,861,213)	(10,975,952)	180,500,538
Other comprehensive income (expense):					
— Exchange loss on translation of available-for-sale financial assets	—	(12,590)	—	—	(12,590)
— Exchange differences arising from translation of foreign operation	—	15,400	—	—	15,400
— Net loss arising on revaluation of available-for-sale financial assets	—	—	(11,990,900)	—	(11,990,900)
— Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets	—	—	1,988,340	—	1,988,340
Loss for the year	—	—	—	(20,937,188)	(20,937,188)
Total comprehensive income (expenses) for the year	—	2,810	(10,002,560)	(20,937,188)	(30,936,938)
At 31 December 2012 and 1 January 2013	197,332,138	8,375	(15,863,773)	(31,913,140)	149,563,600
Other comprehensive income (expense):					
— Exchange gain on translation of available-for-sale financial assets	**—**	**3,011**	**—**	**—**	**3,011**
— Exchange differences arising on translation of a foreign operation	**—**	**(586)**	**—**	**—**	**(586)**
— Reclassification of exchange differences upon disposal of subsidiaries	**—**	**(14,814)**	**—**	**—**	**(14,814)**
— Net gain arising on revaluation of available-for-sale financial assets	**—**	**—**	**18,010,793**	**—**	**18,010,793**
— Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets	**—**	**—**	**1,623,597**	**—**	**1,623,597**
Loss for the year	**—**	**—**	**—**	**(19,998,068)**	**(19,998,068)**
Total comprehensive income (expenses) for the year	**—**	**(12,389)**	**19,634,390**	**(19,998,068)**	**(376,067)**
At 31 December 2013	**197,332,138**	**(4,014)**	**3,770,617**	**(51,911,208)**	**149,187,533**

21. RESERVES *(continued)*

(b) The Company

	Share premium HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2012	197,332,138	(1,988,340)	(53,091,588)	142,252,210
Other comprehensive income:				
— Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets	—	1,988,340	—	1,988,340
Loss for the year	—	—	(10,400,684)	(10,400,684)
Total comprehensive income (expenses) for the year	—	1,988,340	(10,400,684)	(8,412,344)
At 31 December 2012 and 1 January 2013	**197,332,138**	**—**	**(63,492,272)**	**133,839,866**
Loss for the year	**—**	**—**	**(1,939,423)**	**(1,939,423)**
Total comprehensive expenses for the year	**—**	**—**	**(1,939,423)**	**(1,939,423)**
At 31 December 2013	**197,332,138**	**—**	**(65,431,695)**	**131,900,443**

22. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 June 2011. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceeding 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, without prior approval from the Company's shareholders.

HK$1 per option is payable on the acceptance of an option offer. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee but must not be exercised after the expiry of ten years from the date of grant of the option. There is no minimum period for which an option must be held or a performance target that must be achieved before an option can be exercised specified in the terms of the Scheme, however, the Board of Directors may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price is determined by the Board of Directors, and should not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of the option which must be a business day, (ii) the average of the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option and (iii) the nominal value of the Share on the date of offer of the option.

The Scheme will remain in force for a period of 10 years commencing on 27 June 2011.

As at 31 December 2013 and 2012, no option had been granted or agreed to be granted under the Scheme from the date of adoption of the Scheme.

23. RETIREMENT BENEFITS SCHEME

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme ("MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a maximum contribution of HK$1,250 per month and thereafter contributions are voluntary.

24. RELATED PARTY AND CONNECTED TRANSACTIONS

During the year, the Group had the following significant related party and connected transactions:

	Notes	2013 HK$	2012 HK$
Investment management fees paid to Asia Investment Management Limited	(i)	**971,667**	—
Investment management fees paid to Baron Asset Management Limited	(ii)	—	900,000
Sharing of administrative office fee paid to Baron Asia Limited	(iii)	—	1,200,000
Brokerage fee paid to Ping An Securities Limited	(iv)	—	25,697
Financial advisory fee paid to Baron Capital Limited	(v)	—	3,000,000

Notes:

(i) The investment management fee was paid under the investment management agreement entered into between the Company and Asia Investment Management Limited who acted as the Investment Manager of the Company since 1 February 2013. Under the relevant investment management agreement, the investment management fee payable to the Investment Manager was HK$80,000 per month together with expenses reimbursement up to a maximum amount of HK$200,000 per annum.

The Investment Manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules.

(ii) The investment management fee was paid under the investment management agreements entered into between the Company and Baron Asset Management Limited ("Baron Asset") who acted as the Investment Manager of the Company. Under the relevant investment management agreement and supplemental agreement, the investment management fee payable to the Investment Manager was HK$150,000 per month. This agreement had been terminated in June 2012 and there was no such fee paid to Baron Asset for the current year.

(iii) Pursuant to the sharing of administrative office agreement dated 21 December 2009 and a supplemental agreement entered into between the Company and Baron Asia Limited ("Baron Asia"), the Company is entitled to share the use of the office premises and facilities with Baron Asia. Under the relevant agreements, the fee payable to Baron Asia was HK$200,000 per month. This agreement had been terminated in June 2012 and there was no such fee paid to Baron Asia for the current year.

Baron Asia is indirectly wholly-owned by Ms. Wan Ho Yan, Letty ("Ms. Wan") who is the niece of Mr. Wan Chuen Hing, Alexander, who was an executive Director of the Company in previous year and resigned on 1 June 2012, and therefore Baron Asia ceased to be the connected person of the Company.

24. RELATED PARTY AND CONNECTED TRANSACTIONS *(continued)*

Notes: *(continued)*

(iv) Pursuant to the brokerage agreement dated 5 July 2011 ("Brokerage Agreement") entered into between the Company and Ping An Securities Limited ("Ping An Securities"), Ping An Securities provided the Company with brokerage service for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012. Under the Brokerage Agreement, the aggregate fee payable to Ping An Securities shall not exceed HK$200,000 per annum. This agreement had been terminated in June 2012 and there was no such fee paid to Ping An Securities for the current year.

Ping An Securities is indirectly wholly owned by Ms. Wan who is the niece of Mr. Wan Chuen Hing, Alexander, who was an executive Director of the Company in previous year and resigned on 1 June 2012, and therefore Ping An Securities ceased to be the connected person of the Company.

(v) Pursuant to the financial advisory agreement dated 8 July 2011 ("Old Financial Advisory Agreement") entered into between the Company and Baron Capital Limited ("Baron Capital"). Baron Capital provided corporate financial advisory services to the Company for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012. On 3 October 2012, the Company entered into the new financial advisory agreement ("New Financial Advisory Agreement") with Baron Capital for the provision of corporate financial advisory services to the Company for a period of one year commencing from 4 October 2012 and expiring on 3 October 2013. Under the Old Financial Advisory Agreement and the New Financial Advisory Agreement, the aggregate fee payable to Baron Capital shall not exceed HK$2,000,000 per annum and HK$4,000,000 per annum respectively. There was no such fee paid to Baron Capital for the current year.

Baron Capital is indirectly wholly owned by Ms. Wan who is the niece of Mr. Wan Chuen Hing, Alexander, who was an executive Director of the Company in previous year and resigned on 1 June 2012, and therefore Baron Capital ceased to be the connected person of the Company.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2013 HK$	2012 HK$
Directors' fee	**300,000**	319,188
Salaries, allowances and benefits in kind	**1,470,914**	947,127
Mandatory provident fund contributions	**29,000**	26,000
	1,799,914	1,292,315

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

25. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	2013 HK$	2012 HK$
Within one year	2,745,228	2,386,892
In the second to fifth years inclusive	—	3,332,394
	2,745,228	5,719,286

Operating lease payments represent rental payables by the Group for its office premises. Leases are negotiated and rentals are fixed respectively for an average term of one to two years.

26. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year 2013, the Group disposed of its 100% equity interest in Conqueringly Victory Investments Limited, which holds directly 100% equity interest in Prospect King Investment Development Limited and indirectly 100% equity interest in 中投基(深圳)投資諮詢有限公司 to an independent third party for consideration of HK$400,000.

The Group deregistered a dormant subsidiary, Ace Dynamic Investment Limited, which was incorporated in British Virgin Islands. There is no gain or loss arising from the deregistration of the subsidiary.

The net assets of the subsidiaries at the date of disposal are as follows:

	HK$
Property, plant and equipment	2,442
Prepayments, deposits and other receivables	259,333
Cash and cash equivalents	296,834
Accruals, deposits received and other payables	(465,687)
Net assets disposed of:	92,922
Release of exchange reserve	(14,814)
	78,108
Total consideration	(400,000)
Gain on disposal	(321,892)

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Net cash inflow arising on disposal:	
Cash consideration received	400,000
Cash and cash equivalents disposed of	(296,834)
	103,166

26. GAIN ON DISPOSAL OF SUBSIDIARIES *(continued)*

During the year 2012, the Group disposed of its entire interest in On Kong Group Limited and its net assets at the date of disposal are as follows:

	HK$
Available-for-sale financial asset	31,000,000
Net asset disposed of:	31,000,000
Total consideration	(31,000,000)
Gain on disposal	—

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiary is as follows:

Net cash inflow arising on disposal:	
Cash consideration	31,000,000

27. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Interests in subsidiaries

	2013 **HK$**	2012 HK$
Unlisted shares, at cost	**1,568**	1,568

27. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Interest in subsidiaries *(continued)*

Name of subsidiaries	Place of incorporation/ registration/operations	Class of shares held	Paid up issued/ registered capital	Proportion ownership interest and voting power held by the Company Directly 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Principal activities
Long Term Aim Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	100%	100%	—	—	Securities investments
Eternity Sky Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	100%	—	—	Investment holdings
Happy Amigo Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	100%	—	—	Investment holdings
Final Destination Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	—	—	100%	Investment holdings
Forever Corporate Management Limited	Hong Kong	Ordinary	100 shares of HK$1 each	—	—	100%	100%	Investment holdings
Super Summit Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	—	—	100%	100%	Securities investments
All Famous Limited	Hong Kong	Ordinary	100 shares of HK$1 each	—	—	100%	100%	Investment holdings
Rich Lead Corporation Limited	Hong Kong	Ordinary	100 shares of HK$1 each	—	—	100%	100%	Investment holdings
Wildfire Sensation Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	—	—	100%	100%	Securities investments
Perpetual Wealth Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	—	—	100%	100%	Securities investments
Golden Enchantment Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	—	—	100%	100%	Securities investments
Time Magic Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	—	—	100%	100%	Securities investments
Nobility Bright Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	—	—	100%	100%	Securities investments

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

28. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 HK$	2012 HK$
Non-current assets		
Interests in subsidiaries (note 27)	1,568	1,568
Property, plant and equipment	33,126	44,505
	34,694	46,073
Current assets		
Prepayments, deposits and other receivables	239,172	4,698,076
Advances to subsidiaries	138,990,205	107,396,105
Amounts due from subsidiaries (note)	43,782,440	54,255,192
Cash and cash equivalents	13,572,611	29,700,904
	196,584,428	196,050,277
Current liabilities		
Accrued liabilities and other payables	1,840,000	375,925
Amounts due to subsidiaries (note)	24,622,679	23,624,559
	26,462,679	24,000,484
Net current assets	170,121,749	172,049,793
Total assets less current liabilities	170,156,443	172,095,866
Capital and reserves		
Share capital (note 20)	38,256,000	38,256,000
Reserves (note 21(b))	131,900,443	133,839,866
Total equity	170,156,443	172,095,866

Note:

Amounts due from/to subsidiaries are unsecured, interest-free and have no fixed term of repayment.

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Five Years Financial Summary

For the year ended 31 December

	2013 HK$	2012 HK$	2011 HK$	2010 HK$	2009 HK$
Results					
Revenue	**1,718,126**	1,191,439	2,363,375	1,168,424	10,679,063
(Loss) profit before tax	**(19,998,068)**	(20,937,188)	(12,070,510)	29,728,547	17,943,604
Income tax expense	**—**	—	—	—	—
(Loss) profit for the year attributable to owners of the Company	**(19,998,068)**	(20,937,188)	(12,070,510)	29,728,547	17,943,604
Assets and Liabilities					
Total assets	**189,283,533**	188,663,145	231,849,420	147,372,232	128,239,402
Total liabilities	**(1,840,000)**	(843,545)	(13,092,882)	(2,512,980)	(3,487,499)
Total assets less current liabilities	**187,443,533**	187,819,600	218,756,538	144,859,252	124,751,903
Share capital	**38,256,000**	38,256,000	38,256,000	11,152,000	10,952,000
Reserves	**149,187,533**	149,563,600	180,500,538	133,707,252	113,799,903
Equity attributable to owners of the Company	**187,443,533**	187,819,600	218,756,538	144,859,252	124,751,903
(Loss) earnings per share					
— Basic and diluted (HK cents)	**(2.61)**	(2.74)	(1.72)	7.24	6.29