

**SHANGHAI INTERNATIONAL  
SHANGHAI GROWTH INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

**2014**  
**Annual Report**

INVESTMENT MANAGER  
SHANGHAI INTERNATIONAL ASSET MANAGEMENT (H.K.) CO., LTD.

# CONTENTS

	Page
Corporate Information	2
Board of Directors' Statement	3
Management Discussion and Analysis	7
Economic Review	7
Listed Investments Review	9
Unlisted Investments Review	13
Biographical Details of Directors	15
Corporate Governance Report	18
Directors' Report	31
Independent Auditors' Report	39
Statement of Profit or Loss and Other Comprehensive Income	41
Statement of Financial Position	42
Statement of Changes in Equity	43
Statement of Cash Flows	45
Notes to Financial Statements	46
Five Year Financial Summary	80

## Corporate Information

### DIRECTORS

#### Executive Directors:

Dr. WANG Ching  
Mr. WU Bin

#### Independent Non-Executive Directors:

Dr. HUA Min  
Mr. ONG Ka Thai  
Mr. YICK Wing Fat Simon

#### Other Non-Executive Directors:

Mr. CHEN Chi-chuan  
Mr. LEE Tien-chieh  
Mr. NI Jianwei (appointed 19 March 2015)  
Mr. TSENG Ta-mon  
Dr. ZHU Zhongqun (resigned 19 March 2015)

### COMPANY SECRETARY

Mr. LIANG Kwan Wah Andrew

### INVESTMENT MANAGER

Shanghai International Asset Management (Hong Kong)  
Company Limited

#### In Hong Kong:

Room 1703, 17/F  
Shanghai Industrial Investment Building  
48-62 Hennessy Road  
Wanchai, Hong Kong

#### In Shanghai:

16/F, Golden Bell Plaza  
No. 98 Huai Hai Zhong Road  
Shanghai 200021, China

### LEGAL ADVISERS

#### In Hong Kong:

Charltons Solicitors & Notary Public

#### In the Cayman Islands:

Maples and Calder

### AUDITORS

Ernst & Young  
*Certified Public Accountants*

### CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

### SHARE REGISTRAR AND TRANSFER OFFICE

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

### REGISTERED OFFICE

P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

Room 1703, 17/F  
Shanghai Industrial Investment Building  
48-62 Hennessy Road, Wanchai  
Hong Kong

### COMPANY'S WEBSITE

<http://shanghaigrowth.etnet.com.hk>

### STOCK CODE

770

## Board of Directors' Statement

The Board of Directors (the "Board") of Shanghai International Shanghai Growth Investment Limited (the "Company") is pleased to present its annual report of the Company for the year ended 31 December 2014.

### REVIEW OF RESULTS

The Company recorded a net profit of US\$2,408,938 for the year ended 31 December 2014, compared with a net loss of US\$8,045,762 in 2013. This strong turnaround was mainly attributable to unrealised fair value gain on one of the Company's investments, Global Market Group Limited ("GMG"), which listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 22 June 2012.

The significant recovery in market value of GMG was a major factor contributing to the Company's profitable operating performance. Effective strategy in converting customers from its "Free GMG Scheme" to fee-paying customers, participation by a prominent strategic investor in its new M2C trading platform, as well as the completion in early 2014 of a share buy-back scheme by GMG management, all led to a significant recovery in GMG's share price by some 74.60% as compared to the end of 2013. As a consequence, the Company recorded a US\$2.9 million unrealised gain on the change in fair value of this investment at the end of 2014.

The Company's investment through private placement in C-Media Electronics Inc. ("C-Media"), a Taiwan listed corporation, recorded a fair value of US\$659,124 as at 31 December 2014 (31 December 2013: US\$749,850). During the year, the Company received cash dividend of US\$33,122 (2013: US\$33,340) from this unlisted investment.

As for listed securities, the Company received dividend income of US\$27,852 for the 2014 year (2013: US\$51,234) and realised gain on disposal of listed investments of US\$174,650 (2013 loss: US\$113,741). In 2014, the Hang Seng Index ("HSI") fluctuated up and down repeatedly. Shanghai-Hong Kong Direct Access Program did not start off as planned and with a significant downturn in China economic indicators, coupled with the effects of "Occupy Central" movement, the HSI fell below 23,000 at the end of the third quarter. In the fourth quarter, HSI at one stage rebounded shortly, but suffered from worse-than-expected Shanghai-Hong Kong Direct Access Program and retreated again. On the other hand, Mainland capital overweighed stocks, which set off the bull market of A-shares. The Shanghai Composite Index rose 52.87% throughout the year. Part of the H shares became discounted to A shares. After that, People's Bank of China cut reserve ratio and interest rate. Monetary policy showed easing signs. At the year end, driven by China stocks, the HSI went up slightly by 1.28% to close at 23,605 points. The Company's investment portfolio of listed securities recorded a gain of 7.93% in 2014, which outperformed the HSI by 6.65%, mainly due to grasping opportunities arisen with structural transformation of China economy, State-owned Enterprise reform and monetary stimulus.

The Company paid its shareholders ("Shareholders") a special final dividend of US\$0.10 per share in June 2014. The Company's audited net asset value ("NAV") per share as at 31 December 2014 was US\$1.43, a 12.6% increase as compared with US\$1.27 at the end of 2013. Such increase was mainly due to significant unrealised gain on the fair value of GMG. As at the end of December 2014, the Company's share price was US\$1.52 (2013: US\$0.75), reflecting a 6.29% premium to NAV per share.

## Board of Directors' Statement

### LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

During 2014, the Company did not participate in any new unlisted investment. The Company's bank balances as of 31 December 2014 were US\$2,741,983 (2013: US\$3,958,766) after a special dividend payout of US\$890,500 in June 2014. Apart from listed securities investments, cash were used for operating and administrative expenses.

The Company did not have any bank borrowing or capital commitment on its unlisted investments as of 31 December 2014 and 2013.

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Save for below-mentioned investments denominated in New Taiwan dollars ("NT\$") and Great Britain pounds ("£"), the Company's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars or Renminbi ("RMB"). As long as the Hong Kong dollar continues its peg to the US dollar in the foreseeable future, the Company does not envisage any material exposure to exchange fluctuations. The moderate depreciation of the RMB regime against the US dollar has a negligible impact on the Company. Accordingly, no hedging instruments were made nor transacted to cushion for such exposure.

As at 31 December 2014, the Company's investment in one unlisted security and one listed security are valued at NT\$20.8 million and £4.8 million respectively. There is no hedging policy, the value of these investments and currency exposure risk are monitored closely by the investment manager of the Company.

### EMPLOYEES

Other than maintaining a qualified accountant, the Company has no other employee. The Company continues to delegate the day-to-day administration of its investment portfolio to its investment manager, Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager").

### DIVIDEND DISTRIBUTION

Subject to approval by Shareholders at the annual general meeting of the Company to be held on 12 May 2015, the Board proposes a special final dividend of US\$0.10 per share in cash for 2014, representing approximately a 6.67% return on the market share price at the time of announcing such dividend. This special final dividend, if approved, will be paid on or before 22 June 2015 to Shareholders whose names are on the Company's Register of Members on 20 May 2015.

## Board of Directors' Statement

### CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the right to attend and vote at the Company's annual general meeting to be held on 12 May 2015 ("2015 AGM"), and entitlement to the special final dividend, the Register of Members of the Company will be closed as set out below:

**(i) For determining the right to attend and vote at 2015 AGM:**

Latest time to lodge transfer documents for registration	4:30 pm on Wednesday, 6 May 2015
Closure of Register of Members	Thursday, 7 May 2015 to Tuesday, 12 May 2015 (both dates inclusive)
Record date	Tuesday, 12 May 2015

**(ii) For determining entitlement to special final dividend:**

Latest time to lodge transfer documents for registration	4:30 pm on Monday, 18 May 2015
Closure of Register of Members	Tuesday, 19 May 2015 to Wednesday, 20 May 2015 (both dates inclusive)
Record date	Wednesday, 20 May 2015

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2015 AGM, and to qualify for the special final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest times.

### OUTLOOK FOR 2015

World economies and monetary policies in 2015 may further diverge. Only the United States ("US") economy is expected to outshine the others. US, the United Kingdom ("UK"), and some small open economies such as Hong Kong are likely to raise interest rate, while other countries are expected to continue with easing. Steady recovery of the US economy would continue to bring strong support to the global economy. Sharp drop in prices of commodities such as oil and relaxation of credit environment are helpful to economic improvement in Japan, Europe and emerging markets. Whether China is able to successfully accomplish its economic reform remains crucial to global economic direction.

Focusing on China, the inflation rate has already fallen to a historical low level together with commodity prices, but interest rate of the real economy remains high. The government fully realises the risk of economic downturn and may further inject liquidity to push down the risk-free rate. Benefiting from that, corporates' funding stress would be relieved to some extent. Speed of destocking in the real estate industry would rise with loan affordability of house buyers, which could pull up demand of relevant upstream and downstream industries and thus lower the systematic risk of the real economy. Meanwhile, reform on local government debts would contribute to lower the financial system's systemic risk. If China economy could finally achieve a soft landing, both Mainland and Hong Kong stocks would be revalued.

## Board of Directors' Statement

### OUTLOOK FOR 2015 *(Cont'd)*

With properties gradually losing their investment value, incremental capital started to overweight A-shares, which triggered the biggest bull market in recent years. However, an overall strength in the A-share market makes it more difficult to dig out valuable investment opportunities of individual stocks. The Investment Manager believes A-shares' upward trend can be sustained with economic growth, recovery of corporate profits, expanding capital expenditure and increasing mergers and acquisition activities. On the other hand, because of a deterioration in the local political situation and international investors' passive view on China economy's structural reform, H-shares remain at a larger discount to A-shares. In the long run, valuation gap between Mainland and Hong Kong market is supposed to converge, which would bring more opportunities for H-share investments.

Looking ahead into 2015, in respect of listed investments, the Company will overweight H-share of Chinese companies with preference to healthcare, internet, energy and financial sectors. Besides, the investment team will have a close watch at investment opportunities arising with dropping commodity prices. As for Hong Kong stocks, the Company will avoid consumer and landlord stocks, but pay attention to mature companies that can benefit from US economic recovery and interest rate hike.

In respect of unlisted investments, the Company will continue to look for premium direct investment projects with listing potentials and appropriate risks and scale. As to investment strategy, the Company shall continue to co-invest with other well-known fund management companies or industrial investment groups in the face of lacking available cash for new investments. Meanwhile this will likely help the invested company enhance its brand awareness, which is a win-win situation for both the investee corporate and its investors.

For and On behalf of the Board,

**Dr. WANG Ching**

*Executive Director*

Hong Kong, 19 March 2015

*The Chinese version of this annual report is a translation of the English version. Should there be any discrepancies or inconsistencies between the two versions, the English version shall prevail.*

## Management Discussion and Analysis

### ECONOMIC REVIEW

#### China Economy

China's major economic indicators:

Growth (year-on-year, percent)	2014	2013
Gross domestic product ("GDP")	7.4	7.7
Industrial Production	8.3	9.7
Retail sales	12.0	13.1
Consumer price index ("CPI")	1.5	2.6
Fixed asset investments ("FAI")	15.7	19.6
Actual foreign direct investments	1.7	5.3
Exports	4.9	7.9
Imports	2.3	7.6
Trade surplus (US\$ billion)	378.50	259.8
Foreign exchange reserve (US\$ billion)	3,840	3,820

Source: Published information

China's economic growth continued to ease. In 2014 China recorded a GDP growth of 7.4%, down by 0.3% compared to the 2013 figure. CPI rose 1.5%, which brought some deflationary pressure.

During the year, China economy was in the development stage with the "adjust structure and stabilise growth" policy. Chinese government had published a series of investment and trade stabilisation, rural area and small and micro enterprise supporting measures. Meanwhile, in order to deal with the non-performing loan and shadow banking problems, China further tightened local government financing, but expanded central government's financing scale to support the above economic stimulus policies. To alleviate real economy's funding difficulties, People's Bank of China ("PBoC") successively used targeted reserve ratio cut and overall interest rate cut to deliberately boost credit growth. In addition, local governments relaxed restrictions on home buying and adopted mortgage loan promoting policies to support the real estate market.

China had stepped into the "new normal" age, with economic growth slowing down from high growth rate to medium-high growth rate, adjusting economic structure, growth driver changing from factor-driven and investment-driven to innovation-driven. The new generation of leaders had made breakthroughs in anti-corruption, household registry reform, legal system reform and other fields that are visible to all. It was reform that had brought new drivers and opportunities to China's economy in the "new normal".

## Management Discussion and Analysis

### ECONOMIC REVIEW (Cont'd)

#### Global Economy

In 2014, world economies had not accomplished an overall recovery. Global GDP only grew by 3.3%, which was lower than expected. Slump in oil prices was a hard hit to oil production countries such as Russia and Saudi Arabia. Prices of other commodities were also at a low level. Most developed countries were faced with deflation pressure. US and UK's inflation rate dropped below 1%, while Euro zone's inflation was even close to zero. Global economic growth reflected obvious divergence. While the US economy started to recover, China and Japan economy began to slow down, with Euro zone in stagnation. Purchasing Manager Index of major world economies were different at the beginning of the year, but all converged to the central line towards the year end except for the US, which was in expansion mode for the whole year.

Geopolitical relationships were apparently more strained compared to last year, which brought gloom to global economic recovery. Russia was at sword's edge with western countries because of the Ukraine problem and suffered tough economic sanctions; the Islamic State of Iraq and al-Sham ("ISIS") suddenly rose as a new force and might bring new crisis to the Middle East; China's territorial disputes with Japan and south sea countries happened more often; Greece announced bringing forward its election and its left-wing government came into power, which would have significant negative effect on the Euro zone's monetary stability.

Reviewing global stock performance for the year, US S&P 500 Index rose 11.4%, UK FTSE Index fell 2.7%. In Asia, South Korea's Kospi Index fell 4.8%, Russia's RTS Index fell 45.2%.

#### Relevant stock markets' performance in 2014

Indices	31 December 2014	31 December 2013	Change
Hang Seng Index	<b>23,605.04</b>	23,306.39	1.28%
Hang Seng China Enterprises Index	<b>11,984.69</b>	10,816.14	10.80%
Hang Seng China-Affiliated Corporations Index	<b>4,350.00</b>	4,553.64	-4.47%
Shanghai SE Composite Index	<b>3,234.68</b>	2,115.98	52.87%
Shenzhen SE Composite Index	<b>1,415.19</b>	1,057.67	33.80%
Taiwan Exchange Index	<b>9,307.26</b>	8,611.51	8.08%
Dow Jones Industrial Average Index	<b>17,823.07</b>	16,576.66	7.52%
Standard and Poor's 500 Index	<b>2,058.90</b>	1,848.36	11.39%
NASDAQ Composite Index	<b>4,736.05</b>	4,176.59	13.40%

## Management Discussion and Analysis

### ECONOMIC REVIEW (Cont'd)

#### Portfolio Allocation

	<b>31 December 2014</b>	31 December 2013
Unlisted investments	<b>5%</b>	7%
Listed investments	<b>73%</b>	58%
Cash and cash equivalents	<b>22%</b>	35%
Total	<b>100%</b>	100%

#### LISTED INVESTMENTS REVIEW

In 2014, the Hang Seng Index (“HSI”) fluctuated up and down repeatedly. Because of unsatisfactory China economic data and concerns on capital outflow caused by US interest rate rising, the HSI lacked upward momentum and stayed in the range of 21,000 to 23,000 points throughout the first quarter. Thereafter, the Chinese government published a series of economic stability safeguard policies step by step, the effects of which were felt immediately. Economic indicators gradually changed to become optimistic in the second quarter. HSI dropped slightly by 1.48% to 23,191 points in the first half. Thereafter, Shanghai-Hong Kong Direct Access Program became the market focus in the third quarter. With the hope of persistent recovery of China economics and expectations that foreign and Mainland investors would overweigh Hong Kong stocks, HSI rose strongly to peak at 25,363 points. However, Shanghai-Hong Kong Direct Access Program did not start off as planned, and with a significant downturn in China economic indicators, coupled with the effects of “Occupy Central” movement, the HSI fell below 23,000 at the end of the third quarter. Coming into the fourth quarter, HSI at one stage rebounded shortly, but suffered from worse-than-expected Shanghai-Hong Kong Direct Access Program and retreated again. On the other hand, Mainland capital overweighed stocks, which set off the bull market of A-shares. The Shanghai Composite Index rose 52.87% throughout the year. Part of the H shares became discounted to A shares. After that, PBoC cut reserve ratio and interest rate. Monetary policy showed easing signs. At the year end, driven by China stocks, the HSI went up slightly by 1.28% to close at 23,605 points.

The Company’s investment portfolio of listed securities recorded a gain of 7.93% in 2014, which outperformed the HSI by 6.65%, mainly due to grasp of opportunities arisen with structural transformation of China economy, State-owned Enterprise reform and monetary stimulus. China stocks overweighed by the investment team in financial, healthcare, technology and property industries achieved impressive returns. Meanwhile, the Company insisted on adopting a comparatively conservative investment strategy and kept a certain level of cash and stable dividend-paying positions, which ensured that the investment portfolio’s risk was controlled at a comparatively low level.

## Management Discussion and Analysis

### LISTED INVESTMENTS REVIEW (Cont'd)

#### LISTED SECURITIES PORTFOLIO

As at 31 December 2014

Name of listed securities	Nature of business	Number of shares held	% held of total issued shares	Cost US\$	Market value US\$	% of net asset value	Dividend received US\$
<u>Listed on AIM, London Stock Exchange</u>							
Global Market Group Limited	B2B platform	8,734,897	9.36	5,847,458	7,483,492	58.70	
<u>Listed on Hong Kong Stock Exchange</u>							
Hang Seng Bank Limited	Banking & financial services	20,000	0.00105	321,310	333,200	2.61	6,736
Li & Fung Ltd.	General Merchant Wholesalers	270,000	0.00323	292,847	252,763	1.98	
Petro China Co. Ltd – H shares	Petro & Chemicals	100,000	0.00047	116,556	110,895	0.87	–
Shanghai Fosun Pharmaceutical (Group) Co. Ltd – H shares	Medical & Healthcare	74,000	0.01835	263,891	266,225	2.09	2,921
Haier Electronics Group Co. Ltd – H shares	Home Appliance & Logistics	130,000	0.00484	336,310	309,448	2.43	–
China Minsheng Bank Co. Ltd – H shares	Banking & financial services	110,000	0.00159	99,930	144,679	1.14	1,212
Sinopharm Group Co. Ltd – H shares	Medical & Healthcare	50,000	0.00419	175,744	176,980	1.39	–
CSOP FTSE China A50 ETF	Country Fund – China	120,000	0.00045	134,535	214,465	1.68	8,208
Other listed securities				–	–	–	8,775
Aggregate				1,741,123	1,808,655	14.19	27,852
Total investment in listed securities				7,588,581	9,292,147	72.89	27,852

## Management Discussion and Analysis

### LISTED INVESTMENTS REVIEW (Cont'd)

#### LISTED SECURITIES PORTFOLIO (Cont'd)

As at 31 December 2013

Name of listed securities	Nature of business	Number of shares held	% held of total issued shares	Cost	Market value	% of net asset value	Dividend received
				US\$	US\$		US\$
<u>Listed on AIM, London Stock Exchange</u>							
Global Market Group Limited	B2B platform	8,734,897	8.93	5,847,458	4,555,646	40.37	–
<u>Listed on Hong Kong Stock Exchange</u>							
China Mobile Limited	Cellular telecommunications	8,500	0.00004	88,942	88,135	0.78	14,106
Hong Kong Exchanges and Clearing Limited	Exchange and clearing	16,000	0.00138	252,556	266,803	2.36	5,071
Hang Seng Bank Limited	Banking & financial services	19,000	0.00099	301,711	308,009	2.73	2,766
Tencent Holdings Ltd.	Internet Media	6,000	0.00032	304,816	382,719	3.39	–
Li & Fung Ltd.	General Merchant Wholesalers	100,000	0.00120	139,174	128,966	1.14	6,056
China Shenhua Energy Co. Ltd. – H shares	Coal Operations	60,000	0.00177	203,272	189,193	1.68	–
Qinhuangdao Port Ltd. – H shares	Marine Transportation Services	310,000	0.03735	203,215	179,907	1.59	–
Yuanshengtai Dairy Farm Ltd.	Food Manufacturing	600,000	0.01535	178,267	172,556	1.53	–
CSOP FTSE China A50 ETF	Country Fund – China	240,000	0.00774	293,964	282,590	2.50	3,163
Other listed securities				–	–	–	20,072
Aggregate				1,965,917	1,998,878	17.70	51,234
Total investment in listed securities				7,813,375	6,554,524	58.07	51,234

## Management Discussion and Analysis

### LISTED INVESTMENTS REVIEW (Cont'd)

#### Current Investment

##### Global Market Group Limited (“GMG”)

In March 2008, the Company invested in GMG Preferred Shares for a consideration of US\$5 million. In June 2010, the Company reinvested its dividend entitlement of US\$847,458 for additional GMG Preferred Shares to increase its equity interest to 9.67%. GMG's ordinary shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange on 22 June 2012. As at 31 December 2014, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% of GMG's total issued ordinary shares.

GMG is a leading internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers. Currently its internet trading service consists of M2B and M2C businesses.

As reflected in its 2014 interim report, GMG's net loss in the first half was USD5.14 million, which narrowed 10.4% as compared to last year. Although GMG's revenue only increased by 3.3%, its sales and marketing expenses sharply decreased by 29.9%. This cost saving is mainly due to a significant USD4.11 million cut in M2B business' advertising expenses. The heavily invested Free GMC Scheme and media resources contributed by Guangzhou Daily Group have helped the company enhance its marketing efficiencies.

M2B business turned profitable again in the first half. GMG's strategy to attract high-quality customers has achieved initial success. Despite a decrease in the number of paying customers, average revenue per user (ARPU) increased 22.6%. Most newly-signed customers chose the premium service pack. The M2C business, Feifei.com (“Feifei”) as an extension of the M2B business, is positioned to be existing customer's online factory direct sales channel. Feifei remains at the stage where there is rapid revenue growth but has yet to achieve profitability. GMG has no current plans to inject more cash into Feifei, but will actively seek for more strategic investors and strategic partners in the coming 12 months, and try adopt more flexible business models.

Up to 31 December 2014, GMG's stock price has jumped 74.6% to £0.55 per share as compared with the end of 2013. The Company recorded a US\$2.93 million unrealised gain on the change in fair value of this investment at the end of 2014. The Investment Manager considers that GMG's current stock price still does not reflect its intrinsic value and will continue to monitor closely for appropriate exit opportunity.

## Management Discussion and Analysis

### UNLISTED INVESTMENTS REVIEW

Impacted by the consolidation of domestic economy and slowed economic growth, small and medium enterprises felt difficult to develop. Likewise, the limited partnership capital market grew at a slow pace; severe drops were also seen in fund raising activities of RMB and USD denominated funds, investment activities as well as exit of investments.

Due to a lack of quality projects with risk and scale both suitable for investment, the Company had not approved any new unlisted investments in 2014, despite the Investment Manager's assessment of some prospective projects.

### UNLISTED INVESTMENTS PORTFOLIO

As at 31 December 2014

Invested project	Nature of business	% of equity interest	Amount invested		Fair value changes	Carrying value of investment at 31.12.2014	% of net asset value	Dividend Income	Accumulated dividend income
			at cost	Impairment					
<u>Investment in unlisted securities</u>									
C-Media Electronics Inc. (N1)	Audio IC	1.30	1,259,315	(682,333)	82,142	659,124	5.17	33,122	74,972

As at 31 December 2013

Invested project	Nature of business	% of equity interest	Amount invested		Fair value changes	Carrying value of investment at 31.12.2013	% of net asset value	Dividend income	Accumulated dividend income
			at cost	Impairment					
<u>Investment in unlisted securities</u>									
C-Media Electronics Inc. (N1)	Audio IC	1.30	1,259,315	(682,333)	172,868	749,850	6.64	33,340	41,850

Note:

N1: An investment in shares through private placement in an enterprise engaged in audio IC design, whose common shares are listed on Taiwan GrēTai Securities Market. The investment from private placement is subject to a 3 year lock-up restriction after which shares can be applied for listing together with its common shares.

## Management Discussion and Analysis

### UNLISTED INVESTMENTS REVIEW *(Cont'd)*

#### Current investment

##### **C-Media Electronics Inc. (“C-Media”)**

In May 2010, the Company participated in a private placement launched by C-Media by subscribing for 1 million new shares therein at an investment cost of US\$1.2 million approximately. The common shares of C-Media are currently listed on the Taiwan GreTai Securities Market (stock code 6237.TT).

C-Media specialises in the designing and manufacturing of audio ICs. At the end of 2014, C-Media released the virtual surround sound track technology, which could create 7.1 surround sound with ordinary double sound track earphones and enhance customer experience.

Due to a large non-operating income brought about by property disposal, C-Media achieved a net gain of NT\$65 million in the first half of 2014. In the third quarter, due to significantly narrowed operating losses and increased non-operating gain, C-Media turned last year's NT\$7.72 million quarterly losses to NT\$6.32 million profits. According to its latest financial express, C-Media also recorded increased revenue in the 4th quarter.

In September 2014, the Company received C-Media's special cash dividends of NT\$983,614, which was approximately equivalent to US\$33,122.

C-Media's shares held by the Company have yet to qualify to be traded on the Taiwan GreTai Securities Market due to unsatisfactory return on equity in 2013. The fair value of these shares is valued by the equity pricing model subject to marketability discount determined by the Investment Manager. The fair value of C-Media was US\$659,124 at 31 December 2014. The Investment Manager will closely monitor C-Media's price performance and profitability.

## Biographical Details of Directors

### WANG Ching (RC)

Aged 60, was appointed as an Executive Director of the Company and the Managing Director of the Investment Manager in July 2007. Dr. Wang is currently registered as one of the responsible officers of the Investment Manager with the Securities and Futures Commission (“SFC”).

Dr. Wang has over 20 years’ managerial experience in investment and commercial banking and fund management in the United States, Taiwan, Hong Kong and the PRC, with a wealth of experience in the securities and venture capital industries.

Prior to joining the Company, Dr. Wang had been the president of Investment and Proprietary Trading Group for Jih Sun Financial Holding Co. Ltd. in Taiwan, the managing director of JS Cresvale Securities International Limited, the managing director of SinoPac Securities Asia Ltd. in Hong Kong, SEVP of SinoPac Securities Co. Ltd. in Taiwan, the director of Investment Banking Department at Standard Chartered Bank Hong Kong and the associate director of Bear Stearns & Co. Inc., New York and Hong Kong.

Dr. Wang also serves as independent non-executive director of several companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) that are third parties independent of the Company and connected persons of the Company. He is also appointed as non-executive director of Global Market Group Limited, one of the Company’s investments, whose shares are listed on the AIM.

Dr. Wang obtained his Master’s degree in business administration from the University of Houston and Ph.D. in finance from Columbia University in the city of New York.

### WU Bin (RC)

Aged 41, was appointed as an Executive Director of the Company and Deputy Managing Director of the Investment Manager in May 2007. Mr. Wu is currently registered as one of the responsible officers of the Investment Manager with the SFC.

Prior to joining the Company, Mr. Wu was the Assistant General Manager of Center for International Business Management with Shanghai International Group Co., Ltd. (“SIG”) since 2006. Before that, he had been the Assistant General Manager of Investment Banking Department with Shanghai International Trust Corporation Ltd. since 2004, which is a subsidiary company of SIG and one of the substantial Shareholders of the Company. From 1996 to 2004, he had held senior positions with foreign banking and securities institutions in the PRC. Mr. Wu has over 15 years’ managerial experience in banking, securities and trust investment sectors in PRC.

Mr. Wu holds an MBA degree in Finance from Shanghai Jiao Tong University and currently is a CFA charter holder. He also qualified as a PRC lawyer in 2000.

*RC – Remuneration Committee*

*AC – Audit Committee*

*NC – Nomination Committee*

*INED – Independent Non-Executive Director*

## Biographical Details of Directors

### **HUA Min** (AC, NC and RC)

Aged 64, has been an INED since September 2004 and Chairman of NC. Dr. Hua graduated from Fudan University with a Bachelor's degree in Economics and holds a Doctorate in World Economics from Fudan University. He is currently Chairman of the Institute of World Economy and Chief of Academic Committee of Fudan University. Dr. Hua is an advisor for doctoral candidates. He has been teaching and conducting research in world economics, China economics and finance at Fudan University since 1990. He is also an advisor to the Policy-Making Committee of the Shanghai Municipal Government.

### **ONG Ka Thai** (AC, NC and RC)

Aged 60, has been an INED since June 1997 and Chairman of the RC. Mr. Ong is currently the Chairman of various companies including Ong Pacific (H.K.) Ltd., Ong First Tradition Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Capital Ltd. and President and CEO of KGI Ong Capital Pte. Ltd. These companies are third parties independent of the Company and connected persons of the Company. Mr. Ong holds a Bachelor of Arts degree in Economics from the University of California at Los Angeles.

He had served as CEO for a number of multinational joint ventures. Currently, he is an independent non-executive director of Singamas Container Holdings Ltd., a company listed on the Stock Exchange and a third party independent of the Company and connected persons of the Company. Mr. Ong was previously an independent non-executive director of China Bohai Bank Limited.

Mr. Ong has over 38 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investments.

### **YICK Wing Fat Simon** (AC, NC and RC)

Aged 56, has been an INED since July 1999 and Chairman of the AC. Mr. Yick holds a Bachelor's degree in Business Administration from the Chinese University of Hong Kong, majoring in Accounting. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants in England. Mr. Yick has over 32 years of experience in audit, direct investment, investment banking and corporate advisory services.

Mr. Yick also serves as an independent non-executive director and Chairman of the audit committee of Shenzhen Neptunus Interlong Bio-technique Co., Ltd. and China Singyes Solar Technologies Holdings Limited (both are listed on the Stock Exchange). These companies are third parties independent of the Company and connected persons of the Company.

### **CHEN Chi-chuan** (AC)

Aged 57, has been a Non-Executive Director of the Company since March 2003. Mr. Chen joined the Ruentex Group in Taiwan since 1987 and is currently the Vice President of Hei Hong Investment Co., Ltd., with responsibilities for all equity investment activities in Asia. Mr. Chen holds a Master's degree in Business Administration from the National Taiwan University.

## Biographical Details of Directors

### LEE Tien-chieh

Aged 55, has been a Non-Executive Director since March 2005. Mr. Lee graduated with a Bachelor's degree in Business Management from the Tatung Institute of Technology of Taiwan and has over 25 years of experience in financial management. Mr. Lee is currently the Vice President of the Finance Division of Ruentex Industries Limited, which is a substantial Shareholder of the Company.

### TSENG Ta-mon

Aged 56, has been a Non-Executive Director since March 2005. Mr. Tseng is a Barrister-at-Law. He is a law graduate from the National Chengchi University, Taiwan, and holds a Master's degree in Law from London University, a Bachelor's degree in Arts from Cambridge University and was called to the English Bar in 1985. Since 1993, Mr. Tseng is Special Assistant to the President and heads the legal department of the Ruentex Group of Companies in Taiwan and is currently an alternate director of APT Satellite Holdings Limited, a company listed on the Stock Exchange and is a third party independent of the Company and connected persons of the Company.

### NI Jianwei (*appointed 19 March 2015*)

Mr. Ni, aged 49, has been appointed a Non-Executive Director on 19 March 2015 and a director of the Investment Manager since 26 February 2015. Mr. Ni is an executive director and vice president of SIIC Investment Company Limited, the holding company of the Investment Manager and a wholly-owned subsidiary of Shanghai Industrial Investment (Holdings) Company Limited ("SIIC").

Mr. Ni graduated from Harbin University of Science and Technology with a Bachelor's degree in Electrical Engineering and obtained his Master's degree in Business Administration (International) from the University of Hong Kong. He joined SIIC Group in 2001 as a senior manager in the investment banking department of Shanghai Industrial Asset Management Limited. He worked as general manager in the business division of Shanghai Industrial Pharmaceutical Investment Company Limited from 2005 to 2009 and general manager of Shanghai Nanyang Industrial Development Company Limited from 2009 to 2011. He has over 14 years' experience in corporate management, investment banking and capital markets operation.

## Corporate Governance Report

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining sound corporate governance standards and procedures to ensure integrity, transparency and quality of disclosure to promote the ongoing development of the long term best interests of the Company and to enhance value for all its Shareholders. The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the financial year ended 31 December 2014, the Company has complied with the code provisions under the CG Code, save and except for the following:

Code A.4.1 which provides that non-executive directors should be appointed for a specific term and subject to re-election.

The Company’s Non-Executive Directors do not have a specific term of appointment. However, they are subject to retirement by rotation once every three years pursuant to the Company’s Articles of Association.

Code A.6.7 which provides for independent non-executive directors and other non-executive directors to, inter alia, attend general meetings.

At the Company’s last Annual General Meeting held on 13 May 2014, three Non-Executive Directors were unable to attend due to respective prior engagements overseas at the relevant time.

### BOARD OF DIRECTORS

The Board has overall responsibility for the stewardship of the Company, which includes, inter alia, the determination of long term corporate objectives and strategies, assessment of investment projects, adoption of corporate governance practices, supervision of the Company’s Investment Manager to ensure that the Company’s operations are conducted in accordance with the objectives of the Company, and in reviewing financial performance. The Company’s investment portfolio and daily operations are managed by the Investment Manager pursuant to the terms and conditions of an investment management and administration agreement (the “Investment Management Agreement”) between the Company and the Investment Manager, details of which are set out on pages 33 to 35 under the heading “Investment Management and Administration Agreement and Continuing Connected Transactions”.

All Directors have full and timely access to all the information of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expense for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

## Corporate Governance Report

### BOARD OF DIRECTORS *(Cont'd)*

#### Composition

The Board currently comprises nine Directors of whom two are Executive Directors, four are Non-Executive Directors and three are INEDs. There has been no change in directorship during 2014. There is no designated Chairman or Chief Executive of the Board. All Directors are, collectively and individually, aware of their responsibilities to the Shareholders. The Directors' respective biographical information is set out on pages 15 to 17 under the heading "Biographical Details of Directors". In addition, a list containing the names of the Directors and their roles and functions is published on the website of the Company at <http://shanghaigrowth.etnet.com.hk> and of the Hong Kong Exchanges and Clearing Limited ("HKEx") at <http://www.hkexnews.hk>.

All Directors have entered into respective letters of appointment with the Company. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Executive and Non-Executive Directors do not have a specific term of appointment and are not entitled to any form of remuneration. However, they are subject to retirement by rotation once every three years pursuant to the Company's Articles of Association. All INEDs are engaged for a term of three years and each of them are remunerated at HK\$120,000 per annum.

#### Board Diversity

The Board adopted a board diversity policy setting out the approach to diversity of members of the Board. The Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the businesses of the Company, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company.

The Board will review and monitor from time to time the implementation of this Policy to ensure its effectiveness and will at an appropriate time set measurable objectives for achieving Board diversity.

## Corporate Governance Report

### BOARD OF DIRECTORS *(Cont'd)*

#### Independent Non-Executive Directors

During the year ended 31 December 2014, the Board at all times met the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") relating to the appointment of at least three INEDs representing one-third of the Board.

INEDs are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgment. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. Each of the INEDs has filed a written confirmation to the Company confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change in circumstances which may affect their independence. The Company is of the view that all of its INEDs meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and are independent.

#### Retirement and re-election of Directors

The Company's Articles of Association provides that any Director appointed by the Board, either to fill a vacancy or as an addition, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election by ordinary resolution. At such annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, including those appointed for a specific term. Re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. All Directors are subject to retirement by rotation at least once every three years or such other period as the Stock Exchange may from time to time prescribe. The Directors to retire by rotation shall include any Director who wishes to retire and does not offer himself for re-election. Further Directors to retire shall be those having been in office the longest since their last re-election of appointment and subject to retirement by rotation.

Mr. YICK Wing Fat Simon has served as an INED for more than 9 years. During his years of appointment he has demonstrated his ability to provide an independent view on the Company's matters. Notwithstanding his years of service as an INED, the Board is of the opinion that Mr. YICK's knowledge and experience in the Company's business will continue to generate valuable contribution to the Board, the Company and the Shareholders as a whole and thus recommends him for re-election at the 2015 AGM.

## Corporate Governance Report

### BOARD OF DIRECTORS *(Cont'd)*

#### Board Meetings and Attendance

The Board meets regularly at least 4 times every year with Directors participating either in person or through electronic means of communication. Schedule of Board meetings are made available to Directors in advance to provide sufficient notice to Directors and facilitate maximum attendance. Formal notices of regular Board meetings are served to all Directors at least 14 days before the meetings while reasonable notice is generally given for other Board and committee meetings.

The Board held 4 Board meetings during the year ended 31 December 2014. Appropriate and sufficient information were provided in Board papers to Directors in a timely manner to keep them apprised of the Company's latest developments to enable them to make informed decisions on matters to be placed before the Board. Monthly reports are provided to Directors to keep them updated on the Company's operational and financial performance.

Attendance of individual Directors at such meetings was:

Number of meetings held 4

Name of Director	Attendance	Name of Director	Attendance
Dr. WANG Ching	4/4	Mr. CHEN Chi-chuan	4/4
Mr. WU Bin	4/4	Mr. LEE Tien-chieh	4/4
Dr. HUA Min	4/4	Mr. NI Jianwei	–
Mr. ONG Ka Thai	4/4	(appointed 19 March 2015)	
Mr. YICK Wing Fat Simon	4/4	Mr. TSENG Ta-mon	4/4
		Dr. ZHU Zhongqun	3/4
		(resigned 19 March 2015)	

As at 31 December 2014, certain Directors of the Company, namely Dr. WANG Ching, Mr. WU Bin and Dr. ZHU Zhongqun (and as from 19 March 2015, Mr. Ni Jianwei) are also directors of the Company's Investment Manager. Certain Directors of the Company, namely Mr. CHEN Chi-chuan, Mr. LEE Tien-chieh and Mr. TSENG Ta-mon, are also directors of Ruentex Group of companies, a group of corporate entities based in Taiwan, some of which are substantial Shareholders of the Company as at 31 December 2014. Details of such relationships are set out on pages 36 to 37 under the heading "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares".

Save as disclosed above, to the best knowledge of the Company, there is no financial, business or family relationship among members of the Board as at 31 December 2014. All of them are free to exercise their individual judgment.

## Corporate Governance Report

### BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference. These are posted on the Company's website and on the HKEx's website and are available to the Shareholders upon request. Board committees report to the Board on their work, findings, decisions and recommendations pursuant to their respective terms of reference.

Board committees are provided with sufficient resources to discharge their duties and, upon request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### AUDIT COMMITTEE

The Audit Committee has been established since July 1999 and comprises four members, with all three of the Company's INEDs, namely, Mr. YICK Wing Fat Simon (Chairman), Dr. HUA Min and Mr. ONG Ka Thai, and one Non-Executive Director, namely, Mr. CHEN Chi-chuan. At least one of the members possesses appropriate qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

In light of the amendments of the Listing Rules which became effective on 1 April 2012, the Board adopted a revised terms of reference of the Audit Committee which are of no less exacting terms than those set out in the CG Code and this is available on the websites of the Company and of the HKEx. The primary duties of the Audit Committee include:

- a) To review the Company's financial statements and reports and consider any significant matters raised by the Investment Manager or the external auditors before submission to the Board.
- b) To review the relationship with the Company's external auditors by reference to the work performed, its independence, remuneration and terms of engagement, and make recommendations to the Board on the appointment, reappointment and removal of external auditors.
- c) To review the adequacy and effectiveness of the Company's financial reporting system and internal control procedures.
- d) To review arrangements that employees of the Company or the Investment Manager may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company, and to ensure that proper arrangements are in place for fair and independent investigation of such matters and for appropriate follow-up action.

## Corporate Governance Report

### AUDIT COMMITTEE *(Cont'd)*

Two meetings were held during the year ended 31 December 2014. Attendance of Audit Committee members at such meetings was:

Number of meetings held 2

Name of Director	Attendance	Name of Director	Attendance
Mr. YICK Wing Fat Simon (Chairman)	2/2	Dr. HUA Min	2/2
Mr. ONG Ka Thai	2/2	Mr. CHEN Chi-chuan	2/2

The Audit Committee reviewed the half-year results for the six months ended 30 June 2014 and the annual results for the year ended 31 December 2014 of the Company before their respective announcements. It has also reviewed the accounting principles and policies adopted by the Company and discussed with the Investment Manager on internal audit results, internal controls, compliance procedures and financial reporting matters. The Audit Committee also held a meeting with the external auditors in the absence of the Investment Manager, to discuss issues regarding audit or any matters that the external auditors may wish to raise to the Audit Committee.

### REMUNERATION COMMITTEE

The Company's Remuneration Committee, established in March 2005, comprises all three INEDs, namely, Mr. ONG Ka Thai (Chairman), Mr. YICK Wing Fat Simon and Dr. HUA Min, and the two Executive Directors, namely, Dr. WANG Ching and Mr. WU Bin.

In light of the amendments of the Listing Rules which became effective on 1 April 2012, the Board adopted revised terms of reference of the Remuneration Committee and this is available on the websites of the Company and of the HKEx.

The primary duties of the Remuneration Committee include:

- a) To establish formal and transparent procedures and structure in developing staff remuneration policies.
- b) To review and make recommendations to the Board on remuneration packages of the Directors, taking into consideration such factors like salaries and compensation packages paid by comparable companies, time commitment and responsibilities required of Directors.

The Remuneration Committee met once during the year ended 31 December 2014, which was attended by all its members, and reviewed current remuneration policies of the Company for its staff and of its Directors by reference to market comparables.

## Corporate Governance Report

### NOMINATION COMMITTEE

The Company's Nomination Committee, established in February 2012, comprises all three INEDs, namely Dr. HUA Min (Chairman), Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon. Its written terms of reference adopted by the Board by reference to the CG Code are published on the websites of the Company and of the HKEx.

The primary duties of the Nomination Committee include:

- a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board with regard to any proposed changes.
- b) To identify suitably qualified individuals for appointment as additional Directors or fill Board vacancies as and when they arise and make recommendations to the Board.
- c) To assess the independence of INEDs.
- d) To report its decisions and make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning of Directors.

The Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. In carrying out the responsibility for identifying suitably qualified candidates to become members of the Board, the Nomination Committee will give adequate consideration to the board diversity policy.

The Nomination Committee met once during the year ended 31 December 2014, which was attended by all its members, and reviewed current Board composition and considered the qualifications of the retiring Directors standing for election at the Annual General Meeting.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential in enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Executive Directors, Non-Executive Directors, INEDs and Chairman of respective Board committees (or their delegates) will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a corporate website at <http://shanghaigrowth.etnet.com.hk>, where up-to-date information and published financial results, corporate governance practices and other information are posted. A Shareholders' communication policy has been adopted by the Board in September 2012 setting out relevant contact details and the Company's procedures in providing Shareholders with prompt and equal access to publicly available information on the Company. Such policy is published on the Company's website.

## Corporate Governance Report

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS *(Cont'd)*

#### Annual General Meeting (“AGM”)

The Company’s 2014 AGM was held on 13 May 2014. The Chairman of the AGM exercised his power under the Company’s Articles of Association to put each proposed resolution to the vote by way of a poll. All resolutions put to the Shareholders at the 2014 AGM were passed. The Company’s Share Registrar was appointed as scrutineer to monitor and count the poll votes cast at the meeting. The results of the voting by poll were published on the websites of the Company and of the HKEx. The Executive Directors as well as respective Chairman of the Audit Committee, Remuneration Committee and Nomination Committee, and the Company’s external auditors attended the 2014 AGM to answer questions.

Attendance of Directors at the 2014 AGM was:

Name of Director	Attendance at 2014 AGM
<b>Executive Directors:</b>	
Dr. WANG Ching	✓
Mr. WU Bin	✓
<b>INEDs:</b>	
Dr. HUA Min	✓
Mr. ONG Ka Thai	✓
Mr. YICK Wing Fat Simon	✓
<b>Other Non-Executive Directors:</b>	
Mr. CHEN Chi-chuan	x
Mr. LEE Tien-chieh	x
Mr. TSENG Ta-mon	x
Dr. ZHU Zhongqun	✓

### SHAREHOLDERS’ RIGHTS

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the election of individual directors. All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the HKEx after each Shareholder meeting.

Under Article 42 of the Company’s Articles of Association, any two or more Shareholders holding not less than one – tenth of the paid-up capital of the Company, or any one Shareholder which is a clearing house, may requisition the Board of Directors of the Company to convene a general meeting of the Company, in accordance with the requirements and procedures set out in the Articles of Association of the Company. The objects of the meeting must be stated in the written requisition, which must be signed by the requisitionists and deposited for the attention of the Company Secretary at the registered office of the Company at P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

## Corporate Governance Report

### SHAREHOLDERS' RIGHTS *(Cont'd)*

A Shareholder who wishes to propose a resolution to be considered at a general meeting must requisition the convening of a general meeting in accordance with Article 42 of the Company's Articles of Association.

Without prejudice to the foregoing, if a Shareholder wishes to propose a person other than a retiring Director for election as a director of the Company at any general meeting (including an annual general meeting), the Shareholder shall lodge a written notice of his intention to propose such person for election as a director with the Company, during a period of at least seven days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting. Such written notice must be accompanied by a notice in writing signed by the person to be proposed of his willingness to be elected.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company.

*Note:* The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company's principal place of business as follows:

Address:      Company Secretary  
                  Room 1703, 17/F  
                  Shanghai Industrial Investment Building  
                  48–62 Hennessy Road, Wanchai  
                  Hong Kong

Fax:            +852 2840 1286

For the avoidance of doubt, Shareholder(s) must send the original duly signed notice, statement or enquiry (as the case may be) to the address immediately above, while written requisition(s) to convene a general meeting must be deposited at the registered office of the Company as stated in the relevant paragraph above. Full name, contact details and identification of each Shareholder must be provided in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## Corporate Governance Report

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing its corporate governance functions as required under the CG Code and has adopted the code provision D.3.1 contained in the CG Code as the terms of reference for its corporate governance functions:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to specific enquiry by the Company, all Directors confirmed that they have complied with the Model Code throughout the financial year ended 31 December 2014.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## Corporate Governance Report

### DIRECTORS' TRAINING

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment to enable him/her to gain an understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place in providing continuing briefing and professional development to Directors at the Company's expense to develop and refresh their knowledge and skills. From time to time the Company Secretary updates and provides Directors with relevant reference material, amendments to Listing Rules and news releases from the Stock Exchange on any developments in statutory and regulatory regime to facilitate the discharge of their responsibilities. During the year the Company organised an in-house seminar for its Directors conducted by Messrs. Charltons, the Company's legal advisor on Hong Kong law, on directors' duties and responsibilities and the CG Code.

All Directors provide a record of their training to the Company Secretary. The individual training record of each Director during the year ended 31 December 2014 is summarised below:

Name of Director	Reading regulatory updates or other relevant reference material	Attending in-house or external seminars/ conferences
<b>Executive Directors:</b>		
Dr. WANG Ching	✓	✓
Mr. WU Bin	✓	✓
<b>INEDs:</b>		
Dr. HUA Min	✓	✓
Mr. ONG Ka Thai	✓	✓
Mr. YICK Wing Fat Simon	✓	✓
<b>Other Non-Executive Directors:</b>		
Mr. CHEN Chi-chuan	✓	✓
Mr. LEE Tien-chieh	✓	✓
Mr. TSENG Ta-mon	✓	✓
Dr. ZHU Zhongqun	✓	✓

## Corporate Governance Report

### INSURANCE

The Company has arranged appropriate directors' and officers' liabilities and professional indemnity insurances coverage for the Directors and officers of the Company.

### COMPANY SECRETARY

The Company Secretary, Mr. LIANG Kwan Wah Andrew, has been appointed in providing company secretarial services to the Company on a contract basis since 21 April 1995. As Company Secretary Mr. Liang supports the Board in ensuring Board procedures are followed and Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully apprised of relevant legislative, regulatory and corporate governance developments and for facilitating the induction and continuing professional development of Directors.

The appointment and dismissal of the Company Secretary are subject to Board approval in accordance with the Company's Articles of Association. Whilst the Company Secretary reports to Dr. WANG Ching, Executive Director of the Board, Directors have access to his advice and services. During the year, Mr. Liang has fulfilled professional training requirements in compliance with Rule 3.29 of the Listing Rules.

### INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective system of internal controls in respect of financial, operational, compliance and risk management to safeguard the interests of the Company and of its Shareholders.

During the year, the Board has reviewed the effectiveness of the system of internal controls through the Audit Committee. Procedures in the review of internal control were performed by Mr. Liang as he solely provides company secretarial services to the Company on a contract basis with no involvement in any of the Company's day-to-day investment and operational matters. The review procedures covered the Company's internal controls, as well as those of the Investment Manager's so far as they are pertinent to its administration and management of the Company's investment portfolios and operations. The Board had concluded that the internal control systems were adequate and effective.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for the preparation of financial statements of the Company and ensures that they are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensured the timely publication of such financial statements.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

## Corporate Governance Report

### AUDITORS' REMUNERATION

The statement of the external auditors of the Company, Messrs. Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements, is set out in the Independent Auditors' Report on pages 39 to 40.

For the year ended 31 December 2014, services provided to the Company by its external auditors and the respective fees paid were:

	<b>2014</b>
	<b>US\$</b>
Audit services	<b>39,335</b>
Taxation compliance and other services	<b>3,691</b>
	<hr/>
	<b>43,026</b>
	<hr/> <hr/>

## **Directors' Report**

The Directors present their report and the audited financial statements for the year ended 31 December 2014.

### **PRINCIPAL ACTIVITIES**

The Company is an investment company whose principal business is to make direct investments in operating companies and other entities established or having significant operations in, or doing business with, the People's Republic of China ("PRC"). The investment philosophy of the Company is in identifying, screening, analyzing, and conducting due diligence on investment potentials in Greater China, principally in wholly foreign-owned enterprises, existing or newly established sino-foreign equity joint ventures or co-operative joint venture enterprises, joint stock companies, or other vehicles authorised for foreign investments under applicable laws of the PRC. The Company also invests in PRC-related listed securities with the same investment objective in achieving long term capital appreciation of the Company's assets.

### **RESULTS AND DIVIDENDS**

The Directors recommend the payment of a special final dividend of US\$0.10 per ordinary share in respect of the year to Shareholders on the Register of Members on 20 May 2015. This recommendation has been incorporated in the financial statements as an allocation of share premium account within the equity section of the statement of financial position.

### **SUMMARY FINANCIAL INFORMATION**

A summary of the published results and assets and liabilities of the Company for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 80. This summary does not form part of the audited financial statements.

### **SHARE CAPITAL**

There were no movements in either the Company's authorised or issued share capital during the year.

### **RESERVES**

Details of movements in the reserves of the Company are set out in the statement of changes in equity.

### **DISTRIBUTABLE RESERVES**

At 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of the Company Law (Revised) of the Cayman Islands and the Company's Articles of Association amended on 12 May 2011, amounted to US\$11,857,234, of which US\$890,500 has been proposed as a special final dividend for the year, subject to the approval of the Company's Shareholders at the forthcoming annual general meeting.

## Directors' Report

### DIRECTORS

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

*Executive Directors:*

Dr. WANG Ching  
Mr. WU Bin

*Independent Non-Executive Directors ("INED"s):*

Dr. HUA Min  
Mr. ONG Ka Thai  
Mr. YICK Wing Fat Simon

*Other Non-Executive Directors:*

Mr. CHEN Chi-chuan  
Mr. LEE Tien-chieh  
Mr. NI Jianwei (*appointed 19 March 2015*)  
Mr. TSENG Ta-mon  
Dr. ZHU Zhongqun (*resigned 19 March 2015*)

All Directors are subject to retirement by rotation in accordance with the Company's Articles of Association ("Articles"). All three of the Company's INEDs are each appointed for a term of three years.

At the forthcoming annual general meeting of the Company, Mr. Ni Jianwei will be subject to retirement in accordance with Article 93 at which time he will be eligible for re-election. Mr. YICK Wing Fat Simon, Mr. CHEN Chi-chuan and Mr. TSENG Ta-mon will retire as Directors in accordance with Article 98(b) and 98(c) of the Company's Articles and pursuant to Appendix 14 of the Listing Rules, all of these retiring Directors, being eligible, offer themselves for re-election. All other remaining Directors continue in office.

The Company has received annual confirmations of independence from Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon, and as at the date of this report still considers them to be independent.

### DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 15 to 17 of the annual report.

## Directors' Report

### DIRECTORS' SERVICE CONTRACTS

The INEDs of the Company each has a service contract with the Company for a term of three years. Dr. HUA Min's current service contract commenced on 28 September 2014, Mr. ONG Ka Thai's current service contract commenced on 1 June 2013 and Mr. YICK Wing Fat Simon's current service contract commenced on 1 August 2013. All of them are subject to termination by either party giving not less than one month's written notice. Each INED is entitled to annual remuneration of HK\$120,000.

In compliance with corporate governance Code Provision D.1.4, Executive Directors and other Non-Executive Directors have also executed respective service contracts with the Company for an indefinite term, with no entitlement to any remuneration from the Company. They are, however, subject to retirement by rotation at least once every three years pursuant to the Company's Articles of Association.

### DIRECTORS' REMUNERATION

Directors' fees are subject to Shareholders' approval at general meeting. Other emoluments are determined by the Company's Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Company.

### INVESTMENT MANAGEMENT AND ADMINISTRATION AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS

The Company's investment portfolio is managed by Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager"), in accordance with the terms and conditions of an investment management and administration agreement (the "Investment Management Agreement") between the Company and the Investment Manager dated 12 November 1993, as supplemented by supplemental agreements dated 22 January 2001, 12 September 2001, 3 November 2003, 11 April 2005, 28 March 2008, 28 March 2011 and 19 March 2014 respectively (collectively referred to as the "Supplemental Agreements"). For the aforesaid continuing connected transaction, certain details are disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules. In accordance with the terms of the agreements, the Investment Manager is entitled to receive management fee inclusive of administration fee and an incentive fee.

The investment management and administration fee is calculated in United States dollars ("US\$") and payable quarterly in advance, at the rate of 0.5% per quarter of the net asset value (calculated before deduction of fees payable to the Investment Manager, the investment adviser and the custodian for that quarter) of the Company calculated on the last business day of the previous quarter.

## Directors' Report

### INVESTMENT MANAGEMENT AND ADMINISTRATION AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS (Cont'd)

On 19 March 2014, the Company and the Investment Manager entered into a Seventh Supplemental Agreement, which was approved by the independent Shareholders of the Company at the annual general meeting held on 13 May 2014. The terms were amended as follows:

- (1) the appointment of the Investment Manager under the Investment Management Agreement is extended for a term of three years commencing from 1 July 2014 to 30 June 2017. The Investment Manager shall be entitled to resign its appointment under the Investment Management Agreement, and the Company may by resolution of the Board terminate the appointment of the Investment Manager, in either case by giving not less than two months' notice in writing to the Company or the Investment Manager (as the case may be);
- (2) the Investment Manager shall be entitled to an Incentive Fee equal to twenty per cent (20%) of the amount by which the Net Asset Value as at 31 December in the year for which the Incentive Fee is being calculated (each such year, being a "Calculation Year") exceeds the High Water Mark. In calculating the Incentive Fee for a particular Calculation Year, any consideration received by the Company on a new issue of Shares ("New Capital") during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be deducted from, and any consideration paid by the Company for any Shares repurchased ("Share Repurchase") during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be added back to, the Net Asset Value as at 31 December in such Calculation Year.

"Dividend Amount" means, for the purposes of calculating the High Water Mark in a particular Calculation Year, the aggregate amount of all dividends actually paid by the Company during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends.

"High Water Mark" means the highest Net Asset Value as at 31 December in any year from (and including) the year ended 31 December 2010 (in which the Incentive Fee was accrued) other than the applicable Calculation Year, less the Dividend Amount.

For the purpose of the Seventh Supplemental Agreement, the Net Asset Value as at 31 December 2010, being US\$31,048,060 (less Dividend Amount), shall be the initial High Water Mark ("Initial High Water Mark").

"High Water Mark Year" means the year ended 31 December in which the highest Net Asset Value of the Company to date has been reached and in which the Incentive Fee has been accrued.

- (3) New caps were determined on the total fees payable to the Investment Manager during each of the following periods:
  - Not exceeding US\$400,000 from 1 July 2014 to 31 December 2014
  - Not exceeding US\$1,600,000 for the year of 2015
  - Not exceeding US\$2,000,000 for the year of 2016
  - Not exceeding US\$350,000 from 1 January 2017 to 30 June 2017

## Directors' Report

### INVESTMENT MANAGEMENT AND ADMINISTRATION AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS *(Cont'd)*

During the year ended 31 December 2014, investment management and administration fees of US\$274,326 were paid to the Investment Manager, no incentive fee was entitled during the relevant period.

The INEDs of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

As at 31 December 2014, Dr. WANG Ching, Mr. WU Bin and Dr. ZHU Zhongqun (and as from 19 March 2015, Mr. Ni Jianwei) are also directors of the Investment Manager.

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

None of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 31 December 2014.

### DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company was a party during the year.

### ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

None of the Directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year.

At no time during the year was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' Report

### CONTRACTS OF SIGNIFICANCE

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

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in the ordinary shares of US\$0.10 each of the Company

Name	Capacity	Number of shares	Percentage of total issued shares	Notes
Mr. Bart M. Schwartz	Receiver of Gabriel Capital, L.P. and Ariel Fund Limited	1,061,817	11.92%	(1)
Mr. J. Ezra Merkin	Held by controlled corporation	494,843	5.56%	(1)
Gabriel Capital Corporation	Held by controlled corporation	1,127,739	12.66%	(1)
Ariel Fund Limited	Beneficial owner	632,896	7.11%	(1)
Mr. Hsu Sheng-yu	Held by controlled corporation	1,063,040	11.94%	(2)
Chung Chia Co., Ltd.	Beneficial owner	590,743	6.63%	(2)
Kwang Shun Co., Ltd.	Beneficial owner	472,297	5.30%	(2)
Ms. Hsu Tsui-hua	Held by controlled corporation	590,743	6.63%	(3)
Ms. Chang Hsiu-yen	Held by controlled corporation	472,297	5.30%	(4)
Shanghai International Group Corporation Ltd.	Held by controlled corporation	495,000	5.56%	(5)
Shanghai International Trust Corporation Ltd.	Beneficial owner	495,000	5.56%	(5)
Ruentex Industries Ltd.	Beneficial owner and held by controlled corporation	592,752	6.66%	(6)
Ruentex Development Co., Ltd.	Beneficial owner and held by controlled corporation	563,752	6.33%	(7)

## Directors' Report

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Cont'd)*

Notes:

- (1) Mr. Bart M. Schwartz ("Receiver") was appointed on 29 May 2009 as the receiver of Gabriel Capital, L.P. and Ariel Fund Limited, each of them were holding 428,921 shares and 632,896 shares of the Company respectively. Mr. J. Ezra Merkin's indirect interests in the Company were 494,843 shares by virtue of his 100% control over Gabriel Capital Corporation. Besides, Gabriel Capital Corporation was also deemed to be indirectly interested in the Company through its management of Ariel Fund Limited.
- (2) Mr. Hsu Sheng-yu has an indirect interest in the Company through his 50% beneficial interest in each of Chung Chia Co. Ltd., and Kwang Shun Co., Ltd.
- (3) Ms. Hsu Tsui-hua has an indirect interest in the Company through her 50% beneficial interest in Chung Chia Co., Ltd.
- (4) Ms. Chang Hsiu-yen has an indirect interest in the Company through her 50% beneficial interest in Kwang Shun Co. Ltd.
- (5) Shanghai International Group Corporation Ltd. has an indirect interest in the Company through its approximately 66.33% equity interest in Shanghai International Trust Corporation.
- (6) Apart from a direct holding of 257,000 shares in the Company, Ruentex Industries Limited has held indirect interest in the Company through its 100% ownership in Full Shine International Holdings Ltd.
- (7) Apart from a direct holding of 228,000 shares in the Company, Ruentex Development Co., Ltd. has an indirect interest in the Company through its 100% ownership in Ruentex Construction International (BVI) Ltd.

Save as disclosed above, as at 31 December 2014, no person had registered an interest or short position in shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **MAJOR CUSTOMERS AND SUPPLIERS**

A substantial portion of the Company's income is derived from the Company's investments and bank deposits and the disclosure of information regarding customers would not be meaningful. The Company has no major suppliers requiring disclosure.

### **EMOLUMENT POLICY**

The emolument policy of the employee of the Company is set up by the Remuneration Committee based on the employee's credential qualifications and competence.

The emoluments of the INEDs are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

No emoluments are determined for the Executive Directors or the Non-Executive Directors of the Company.

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

The Company did not purchase, redeem or sell any of the Company's shares during the year.

## **Directors' Report**

### **PRE-EMPTIVE RIGHTS**

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

### **SUFFICIENCY OF PUBLIC FLOAT**

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

### **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

During the year and up to the date of this report, no Director is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules.

### **AUDITORS**

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

On behalf of the Board

**WANG Ching**

*Executive Director*

Hong Kong, 19 March 2015

## INDEPENDENT AUDITORS' REPORT



To the shareholders of  
**SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED**  
*(An exempted company incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements of Shanghai International Shanghai Growth Investment Limited (the "Company") set out on pages 41 to 79, which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 financial statements.

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

## **INDEPENDENT AUDITORS' REPORT** *(Cont'd)*

### **OPINION**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2014, and of its profit 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.

#### **Ernst & Young**

*Certified Public Accountants*

22/F CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

19 March 2015

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2014*

		2014	2013
	<i>Notes</i>	US\$	US\$
<b>INCOME AND GAIN/(LOSS) ON INVESTMENTS</b>			
Interest income		<b>376</b>	483
Dividend income		<b>60,974</b>	84,574
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss	6	<b>2,927,846</b>	(7,300,164)
Net gain/(loss) on disposal of available-for-sale investments	6	<b>174,650</b>	(113,741)
Impairment loss on an available-for-sale investment	6	–	(20,759)
Exchange (loss)/gain		<b>(10,801)</b>	12,171
		<b>3,153,045</b>	(7,337,436)
<b>EXPENSES</b>			
Investment manager's fees	17(a)	<b>(274,327)</b>	(293,851)
Administrative expenses		<b>(679,780)</b>	(414,475)
		<b>(954,107)</b>	(708,326)
Profit/(loss) before tax	5	<b>2,198,938</b>	(8,045,762)
Reversal of income tax provision	8	<b>210,000</b>	–
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>2,408,938</b>	(8,045,762)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:			
Available-for-sale investments:			
Changes in fair value		<b>118,495</b>	(81,302)
Reclassification adjustment for (gain)/loss included in profit or loss			
– (gain)/loss on disposal		<b>(174,650)</b>	113,741
– impairment loss		–	20,759
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(56,155)</b>	53,198
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,352,783</b>	(7,992,564)
<b>EARNINGS/(LOSS) PER SHARE – BASIC AND DILUTED</b>	10	<b>US27.05 cents</b>	(US90.35 cents)

Details of the dividend payable and proposed for the year are disclosed in note 9 to the financial statements.

## STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 US\$	2013 US\$
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	11	2,467,779	2,748,728
Financial assets at fair value through profit or loss	12	7,483,492	4,555,646
Total non-current assets		9,951,271	7,304,374
<b>CURRENT ASSETS</b>			
Prepayments and other receivables	13	106,299	443,895
Dividend receivable		1,212	–
Cash and bank balances	14	2,741,983	3,958,766
Total current assets		2,849,494	4,402,661
<b>CURRENT LIABILITIES</b>			
Payables and accruals		41,212	198,150
Amount due to the investment manager	17(b)	11,819	13,434
Tax provision		–	210,000
Total current liabilities		53,031	421,584
<b>NET CURRENT ASSETS</b>		2,796,463	3,981,077
<b>NET ASSETS</b>		12,747,734	11,285,451
<b>EQUITY</b>			
Share capital	15	890,500	890,500
Reserves		10,966,734	9,504,451
Proposed dividend	9	890,500	890,500
Total equity		12,747,734	11,285,451
<b>NET ASSET VALUE PER SHARE</b>	16	1.43	1.27

**WANG Ching**

Director

**WU Bin**

Director

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Notes	Issued capital US\$	Share premium account US\$	Available- for-sale investment revaluation reserve US\$ <i>(Note a)</i>	Capital reserve US\$ <i>(Note b)</i>	Accumulated losses US\$	Proposed dividend US\$	Total US\$
At 1 January 2014		890,500	12,066,935	205,829	(1,291,812)	(1,476,501)	890,500	11,285,451
Profit for the year		-	-	-	-	2,408,938	-	2,408,938
Other comprehensive income for the year:								
Net gain on change in fair value of available-for-sale investments, net of tax <i>(Note a)</i>		-	-	118,495	-	-	-	118,495
Reclassification adjustment for gain included in profit or loss upon disposal		-	-	(174,650)	-	-	-	(174,650)
Total comprehensive income for the year		-	-	(56,155)	-	2,408,938	-	2,352,783
Transfer from accumulated losses <i>(Note b)</i> :								
Net unrealised gain on change in fair value of financial assets at fair value through profit or loss	6	-	-	-	2,927,846	(2,927,846)	-	-
2013 special final dividend paid	9	-	-	-	-	-	(890,500)	(890,500)
Proposed 2014 special final dividend	9	-	(890,500)	-	-	-	890,500	-
At 31 December 2014		890,500	11,176,435*	149,674*	1,636,034*	(1,995,409)*	890,500	12,747,734

## STATEMENT OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2014

	Notes	Issued capital US\$	Share premium account US\$	Available- for-sale investment revaluation reserve US\$ (Note a)	Capital reserve US\$ (Note b)	Accumulated losses US\$	Proposed dividend US\$	Total US\$
At 1 January 2013		890,500	12,957,435	152,631	6,008,352	(730,903)	890,500	20,168,515
Loss for the year		-	-	-	-	(8,045,762)	-	(8,045,762)
Other comprehensive income for the year:								
Net loss on change in fair value of available-for-sale investments, net of tax (Note a)		-	-	(81,302)	-	-	-	(81,302)
Reclassification adjustment for loss included in profit or loss upon disposal		-	-	113,741	-	-	-	113,741
Impairment loss on available-for-sale investment	6	-	-	20,759	-	-	-	20,759
Total comprehensive income for the year		-	-	53,198	-	(8,045,762)	-	(7,992,564)
Transfer from accumulated losses (Note b):								
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	6	-	-	-	(7,300,164)	7,300,164	-	-
2012 final dividend paid		-	-	-	-	-	(890,500)	(890,500)
Proposed 2013 special final dividend	9	-	(890,500)	-	-	-	890,500	-
At 31 December 2013		890,500	12,066,935*	205,829*	(1,291,812)*	(1,476,501)*	890,500	11,285,451

\* These reserve accounts comprise the consolidated reserves of US\$10,966,734 (2013: US\$9,054,451) in the statement of financial position.

## Notes:

- Fair value changes of available-for-sale investments are dealt with in the available-for-sale investment revaluation reserve until the available-for-sale investments are sold or impaired, at which time the cumulative net gain or loss shall be reclassified to profit or loss.
- Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 12 May 2011, profits arising from the realisation of investments shall be available for distribution as dividends. Profits arising from the revaluation of investments may be available for distribution as dividends only at the discretion of the board of directors.

At 31 December 2014, the balance of the capital reserve represented the unrealised gain of financial assets at fair value through profit or loss.

## STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	<i>Notes</i>	<b>2014</b> <b>US\$</b>	2013 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>2,198,938</b>	(8,045,762)
Adjustments for:			
Interest income		<b>(376)</b>	(483)
Dividend income		<b>(60,974)</b>	(84,574)
Net (gain)/loss on disposal of available-for-sale investments		<b>(174,650)</b>	113,741
Net (gain)/loss on change in fair value of financial assets at fair value through profit or loss		<b>(2,927,846)</b>	7,300,164
Impairment loss on an available-for-sale investment		-	20,759
		<hr/>	<hr/>
Operating cash flows before movements in working capital		<b>(964,908)</b>	(696,155)
Proceeds from disposal of available-for-sale investments		<b>3,830,254</b>	2,548,802
Purchase of available-for-sale investments		<b>(3,430,810)</b>	(3,269,246)
Decrease in prepayments and other receivables		<b>337,596</b>	237,943
(Decrease)/increase in accruals		<b>(156,938)</b>	148,435
(Decrease)/increase in an amount due to the investment manager		<b>(1,615)</b>	11,251
		<hr/>	<hr/>
Cash used in operations		<b>(386,421)</b>	(1,018,970)
Interest received		<b>376</b>	483
Dividend received		<b>59,762</b>	84,574
		<hr/>	<hr/>
Net cash flows used in operating activities		<b>(326,283)</b>	(933,913)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid and net cash flows used in financing activities	9	<b>(890,500)</b>	(890,500)
		<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,216,783)</b>	(1,824,413)
Cash and cash equivalents at beginning of year		<b>3,958,766</b>	5,783,179
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	14	<b>2,741,983</b>	3,958,766
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 1. CORPORATE INFORMATION

Shanghai International Shanghai Growth Investment Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and the Company’s shares with stock code 770 are listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Company was principally engaged in making direct investments in operating companies and other entities established or having significant operations in, or doing business with, the People’s Republic of China (“PRC”).

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

#### 2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised standards and new interpretation for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition<sup>1</sup></i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination<sup>1</sup></i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

<sup>1</sup> Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
HKFRS 10, HKFRS 12 and HKFRS 28 (2011) Amendments	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>5</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>2</sup>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Company

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the financial statements for the year ending 31 December 2015. The Company is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company expects to adopt HKFRS 9 from 1 January 2018. The Company expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Company's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. The Company expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Company. Details of the amendment most applicable to the Company are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Fair value measurement

The Company measures its equity investments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Related parties (Cont'd)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (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).

#### Investments and other financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Company's financial assets include cash and bank balances, prepayments, deposits and other receivables, and quoted and unquoted financial instruments.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Investments and other financial assets (Cont'd)

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as net changes in unrealised gain/(loss) on financial assets at fair value through profit or loss in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables where applicable.

##### Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Investments and other financial assets (Cont'd)

##### Available-for-sale financial investments (Cont'd)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in accumulated profits/losses, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

##### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and reward of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in profit or loss.

#### Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Impairment of financial assets (Cont'd)

##### Available-for-sale financial investments (Cont'd)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accruals and an amount due to the investment manager.

##### Subsequent measurement

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Cash and cash equivalents

For the purpose of the statement of cash flows and the statement of financial position, cash and cash equivalents comprise cash at banks, which is not restricted as to use, is subject to an insignificant risk of changes in value, and has a short maturity of generally within three months when acquired, and forms an integral part of the Company's cash management.

#### Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis.

#### Income tax

##### The Cayman Islands

Under the current Cayman Islands law, there are no income tax, corporation tax, capital gains tax or any other kinds of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

##### Hong Kong

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Income tax (Cont'd)

##### Hong Kong (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income from investments in securities is recognised when the shareholders' right to receive payment has been established.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits/(accumulated losses) within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare the interim dividends. Consequently, interim dividends are recognised immediately as liability when they are proposed and declared.

#### Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional currency. Foreign currency transactions are initially recorded using its functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on the translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Going concern

The Company's management has made an assessment on the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Estimation uncertainty

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

#### Fair value of financial instruments

When the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as the share price of the underlying investment, correlation, volatility and transactions of shares. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

HKFRS 7 requires disclosures relating to fair value measurements using a three-tier fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 4. OPERATING SEGMENT INFORMATION

For management purposes and information used by the Company's executive directors as the chief operating decision makers, the Company is organised into business units based on the categories of investments and has two reportable operating segments as follows:

Listed securities	–	Investments in equity securities listed on relevant stock exchanges
Unlisted securities	–	Investments in unlisted equity securities

Further details of the Company's investments are included in notes 11 and 12 to the financial statements.

The following is an analysis of the Company's results by operating segments:

Year ended 31 December 2014	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	<b>3,130,348</b>	<b>33,122</b>	<b>3,163,470</b>
Interest income from bank deposits			376
Exchange loss			(10,801)
Unallocated expenses			(954,107)
Profit before tax			<b>2,198,938</b>
Year ended 31 December 2013	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	(7,362,671)	12,581	(7,350,090)
Interest income from bank deposits			483
Exchange gain			12,171
Unallocated expenses			(708,326)
Loss before tax			(8,045,762)

For the year ended 31 December 2014, segment results represented the net gain on disposal of listed securities classified as available-for-sale investments, net gain on fair value of listed equity securities classified as financial assets at fair value through profit or loss, and the corresponding interest income as well as dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits as well as the investment manager's fees.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 4. OPERATING SEGMENT INFORMATION (Cont'd)

As management considers the Company's nature of business is investment holding, there was no information regarding major customers as determined by the Company and no segment revenue is presented.

The following is an analysis of the Company's assets by operating segments:

At 31 December 2014	Listed securities US\$	Unlisted securities US\$	Total US\$
Available-for-sale investments	1,808,655	659,124	2,467,779
Financial assets at fair value through profit or loss	7,483,492	–	7,483,492
Total segment assets	<u>9,292,147</u>	<u>659,124</u>	<u>9,951,271</u>
Unallocated assets			<u>2,849,494</u>
Total assets			<u>12,800,765</u>
At 31 December 2013	Listed securities US\$	Unlisted securities US\$	Total US\$
Available-for-sale investments	1,998,878	749,850	2,748,728
Financial assets at fair value through profit or loss	4,555,646	–	4,555,646
Total segment assets	<u>6,554,524</u>	<u>749,850</u>	<u>7,304,374</u>
Unallocated assets			<u>4,402,661</u>
Total assets			<u>11,707,035</u>

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than prepayments and other receivables, and cash and bank balances.

All liabilities as at 31 December 2014 and 31 December 2013 were unallocated liabilities.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 5. PROFIT/(LOSS) BEFORE TAX

The Company's profit (2013: loss) before tax is arrived at after charging:

	Note	2014 US\$	2013 US\$
Auditors' remuneration		39,335	35,827
Other receivables written off as uncollectible	(i)	241,795	–
Custodian fee		20,199	17,492
Staff costs (excluding directors' remuneration)			
Salaries and other benefits of an employee		74,198	71,021
Retirement benefits costs		6,808	6,552
		<b>6,808</b>	<b>6,552</b>

Note:

- (i) The Company lodged a claim in High Court in September 2014 to request for service fee prepayment refund of US\$303,631 and the High Court ruled in favour of the Company. After deduction of all outstanding service fees and partial settlement on 31 December 2014, management decided that the remaining amount receivable of US\$241,795 would be irrecoverable and was fully written off.

### 6. GAIN OR LOSS ON INVESTMENTS

At 31 December 2014	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised gain:			
Available-for-sale investments	174,650	–	174,650
Financial assets at fair value through profit or loss	–	–	–
	<b>174,650</b>	<b>–</b>	<b>174,650</b>
Unrealised gain:			
Available-for-sale investments	–	–	–
Financial assets at fair value through profit or loss	2,927,846	–	2,927,846
	<b>2,927,846</b>	<b>–</b>	<b>2,927,846</b>
Total realised and unrealised gain included in profit or loss	<b>3,102,496</b>	<b>–</b>	<b>3,102,496</b>
Included in other comprehensive income:			
Unrealised gain/(loss):			
Available-for-sale investments	34,571	(90,726)	(56,155)
Total realised and unrealised gain/(loss) for the year	<b>3,137,067</b>	<b>(90,726)</b>	<b>3,046,341</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 6. GAIN OR LOSS ON INVESTMENTS (Cont'd)

	Listed securities US\$	Unlisted securities US\$	Total US\$
At 31 December 2013			
Included in profit or loss:			
Realised loss:			
Available-for-sale investments	(113,741)	–	(113,741)
Financial assets at fair value through profit or loss	–	–	–
	(113,741)	–	(113,741)
Unrealised loss:			
Available-for-sale investments	–	(20,759)	(20,759)
Financial assets at fair value through profit or loss	(7,300,164)	–	(7,300,164)
	(7,300,164)	(20,759)	(7,320,923)
Total realised and unrealised loss included in profit or loss	(7,413,905)	(20,759)	(7,434,664)
Included in other comprehensive income:			
Unrealised (loss)/gain:			
Available-for-sale investments	(119,670)	172,868	53,198
	(119,670)	172,868	53,198
Total realised and unrealised (loss)/gain for the year	(7,533,575)	152,109	(7,381,466)

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the Hong Kong Stock Exchange and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	<b>2014</b>	2013
	<b>US\$</b>	US\$
Fees:		
Dr. HUA Min	<b>15,481</b>	15,474
Mr. ONG Ka Thai	<b>15,481</b>	15,474
Mr. YICK Wing Fat, Simon	<b>15,481</b>	15,474
	<b>46,443</b>	46,422

Except for the directors' fees paid to the independent non-executive directors totaling US\$46,443 (2013: US\$46,422), none of the directors has received any emoluments for both years.

There were no other emoluments payable to the directors during the year (2013: Nil).

### 8. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the Company did not generate assessable profits arising in Hong Kong for the year ended 31 December 2014 (2013: Nil).

	<b>2014</b>	2013
	<b>US\$</b>	US\$
Current – Hong Kong		
Overprovision in prior years	<b>(210,000)</b>	–

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 8. INCOME TAX (Cont'd)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate to the tax expense at the effective tax rate, and a reconciliation of the statutory tax rate to the effective tax rate, is as follows:

	2014 US\$	%	2013 US\$	%
Profit/(loss) before tax	<b>2,198,938</b>		(8,045,762)	
Tax at the statutory tax rate	<b>362,824</b>	<b>16.5</b>	(1,327,550)	(16.5)
Tax losses not recognised	<b>25,133</b>	<b>1.1</b>	80,792	1.0
Income not subject to tax	<b>(493,217)</b>	<b>(22.4)</b>	(15,966)	(0.2)
Expenses not deductible for tax	<b>105,260</b>	<b>4.8</b>	1,262,724	15.7
Adjustments in respect of current tax of previous periods	<b>(210,000)</b>	<b>(9.6)</b>	–	–
Tax credit at the effective rate	<b>(210,000)</b>	<b>(9.6)</b>	–	–

Deferred tax assets have not been previously recognised as the Company has been loss-making for some time and it is not considered probable that there will be taxable profits against which the tax loss from previous years of assessment in the foreseeable future.

### 9. DIVIDEND

	2014 US\$	2013 US\$
Proposed special final dividend – US\$0.10 (2013: US\$0.10) per ordinary share	<b>890,500</b>	890,500

The proposed special final dividend for the year, to be paid out of the Company's share premium account, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

### 10. EARNINGS/(LOSS) PER SHARE – BASIC AND DILUTED

The calculation of basic earnings per share is based on the profit for the year of US\$2,408,938 (2013: loss of US\$8,045,762) and the weighted average number of ordinary shares of 8,905,000 (2013: 8,905,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts for the years ended 31 December 2014 and 2013 in respect of dilution as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 11. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	2014 US\$	2013 US\$
Non-current:			
Listed equity investments, at fair value:			
Hong Kong	(i)	<b>1,808,655</b>	1,998,878
Unlisted equity investments, at fair value:			
Taiwan	(ii)	<b>659,124</b>	749,850
		<b>2,467,779</b>	2,748,728

Notes:

- (i) The Company's investments in listed equity securities are held for the long-term and are non-trading in nature and are designated as available-for-sale investments. Fair values of the investments in listed equity securities are determined by reference to closing prices quoted in active markets.

During the year, the fair value gain in respect of the Company's available-for-sale investments recognised in other comprehensive income amounted to US\$118,495 (2013: loss of US\$81,302), of which a gain of US\$174,650 (2013: loss of US\$113,741) was reclassified from other comprehensive income to profit or loss upon disposal for the year.

- (ii) Unlisted shares of C-Media Electronic Inc., a company listed in Taiwan, were acquired by the Company under a private placement subscription on 11 May 2010. The Company was subject to a maximum three-year lock-up restriction under the rules of the relevant jurisdiction from that day. The lock-up restriction lapsed on 11 May 2013. However, these equity securities are yet to be listed on the GreTai Securities Market of Taiwan as at 31 December 2014.

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 US\$	2013 US\$
Non-current:		
Ordinary shares		
– Global Market Group Limited (“GMG”)	<b>7,483,492</b>	4,555,646

The above financial assets at 31 December 2014 and 2013 were upon initial recognition, designated by the Company as at fair value through profit or loss.

GMG listed its equity shares on the Alternative Investment Market of the London Stock Exchange (the “AIM”) on 22 June 2012 and they are currently traded on the AIM. As at 31 December 2014, a total of 8,734,897 ordinary shares of GMG are held by the Company (2013: 8,734,897 shares), representing 9.36% of GMG's total issued ordinary shares (2013: 8.93%). The value of GMG's ordinary shares were recorded at closing price at 31 December 2014.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 13. PREPAYMENTS AND OTHER RECEIVABLES

	<b>2014</b>	2013
	<b>US\$</b>	US\$
Prepayments and deposits	<b>43,953</b>	410,269
Other receivables	<b>62,346</b>	33,626
	<b>106,299</b>	443,895

### 14. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates. Cash and bank balances are deposited with a creditworthy bank, which management believes is of high credit quality.

### 15. SHARE CAPITAL

	<b>2014</b>	2013
	<b>US\$</b>	US\$
Authorised:		
18,000,000 (2013: 18,000,000) ordinary shares of US\$0.10 each	<b>1,800,000</b>	1,800,000
Issued and fully paid:		
8,905,000 (2013: 8,905,000) ordinary shares of US\$0.10 each	<b>890,500</b>	890,500

### 16. NET ASSET VALUE PER SHARE

The calculation of net asset value ("NAV") per share is based on the Company's NAV as at 31 December 2014 of US\$12,747,734 (31 December 2013: US\$11,285,451) and the number of ordinary shares of 8,905,000 in issue as at 31 December 2014 (31 December 2013: 8,905,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

	<i>Note</i>	<b>2014</b> <b>US\$</b>	2013 US\$
Investment management and administration fees charged by the investment manager	(i)	<b>274,327</b>	293,851

*Note:*

- (i) Certain directors of the investment manager, Shanghai International Asset Management (H.K.) Co., Ltd. (the "Investment Manager"), are common directors of the Company.

In accordance with the terms of the investment management agreement and the seven supplemental agreements (collectively the "Investment Management Agreements"), the management and administration fees are calculated and payable quarterly in advance at 0.5% of the NAV (calculated before deductions of the fees payable to the Investment Manager, and the custodian for that quarter) of the Company calculated on the last business day of the previous quarter.

With effect from the year ended 31 December 2014, the Investment Manager is entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the Company as at 31 December of each year exceeding the high water mark, i.e. the highest NAV as at 31 December in any year less the aggregate amount of all dividends paid by the Company during the year (as defined in the seventh supplemental agreement to the investment management agreement, the initial high water mark should be the NAV as at 31 December 2010, being US\$31,048,060).

During the year ended 31 December 2014, the Investment Manager was not entitled to receive any incentive fee in relation to the performance of the Company (2013: Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

The above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Outstanding balance with a related party:

The amount due to the Investment Manager is unsecured, interest-free, and repayable on demand.

- (c) Compensation of key management personnel of the Company:

The key management personnel of the Company comprise the directors of the Company. Details of directors' emoluments are disclosed in note 7 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 18. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2014

Financial assets	Financial assets at fair value through profit or loss* US\$	Loans and receivables US\$	Available- for-sale financial assets US\$	Total US\$
Financial assets at fair value through profit or loss	7,483,492	–	–	7,483,492
Available-for-sale investments	–	–	2,467,779	2,467,779
Financial assets included in prepayments and other receivables	–	62,346	–	62,346
Dividend receivable	–	1,212	–	1,212
Cash and bank balances	–	2,741,983	–	2,741,983
	<b>7,483,492</b>	<b>2,805,541</b>	<b>2,467,779</b>	<b>12,756,812</b>

\* Designated as such upon initial recognition

Financial liability	Financial liabilities at amortised cost US\$
Amount due to the Investment Manager	<b>11,819</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 18. FINANCIAL INSTRUMENTS BY CATEGORY (Cont'd)

2013

Financial assets	Financial assets at fair value through profit or loss* US\$	Loans and receivables US\$	Available-for-sale financial assets US\$	Total US\$
Financial assets at fair value through profit or loss	4,555,646	–	–	4,555,646
Available-for-sale investments	–	–	2,748,728	2,748,728
Financial assets included in prepayments and other receivables	–	399,210	–	399,210
Cash and bank balances	–	3,958,766	–	3,958,766
	<u>4,555,646</u>	<u>4,357,976</u>	<u>2,748,728</u>	<u>11,662,350</u>

\* Designated as such upon initial recognition

Financial liabilities	Financial liabilities at amortised cost US\$
Amount due to a broker included in payables and accruals	134,959
Amount due to the Investment Manager	<u>13,434</u>
	<u>148,393</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The available-for-sale investments and financial assets at fair value through profit or loss held by the Company are carried at fair value.

Management has assessed that the fair values of all other financial assets and liabilities, carried at amortised cost, approximate to their respective carrying amounts due to the relatively short-term nature of these financial instruments.

The Investment Manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments and reports directly to the audit committee of the Company. At each reporting date, the Investment Manager analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Directors of the Company. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of listed equity investments are based on quoted market prices. The fair value of C-Media has been estimated using the equity pricing model based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the expected time for listing and volatility of the share price. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in other comprehensive income, is reasonable, and that it was the most appropriate value at the end of the reporting period.

For the fair value of C-Media, management has estimated the potential effect using reasonably possible alternatives as inputs to the valuation model and has quantified this as a reduction in fair value of approximately US\$79,984 (2013: US\$82,371), using less favourable assumptions, and an increase in fair value of approximately US\$81,543 (2013: US\$77,535), using more favourable assumptions.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 31 December 2014 and 2013:

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Amount</b>	<b>Sensitivity of fair value to the input</b>
Unlisted available-for-sale equity investments	Equity pricing model	Volatility of share price	10.94% (2013: 10.68%)	4.31% (2013: 2.68%) increase in volatility would result in decrease in fair value by US\$14,148 (2013: US\$8,206)  4.31% (2013: 2.68%) decrease in volatility would result in increase in fair value by US\$758 (2013: US\$2,318)

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

The equity pricing model is to estimate the discount for lack of marketability, representing the amount of premium and discount determined by the Company that market participants would take into account when pricing the investments.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

#### Assets measured at fair value:

As at 31 December 2014

	Fair value measurement using			Total US\$
	Quoted price in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	7,483,492	–	–	7,483,492
<b>Available-for-sale financial assets</b>				
Listed equity securities	1,808,655	–	–	1,808,655
Unlisted equity securities	–	–	659,124	659,124
Total	9,292,147	–	659,124	9,951,271

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Cont'd)*

#### Fair value hierarchy *(Cont'd)*

#### Assets measured at fair value: *(Cont'd)*

As at 31 December 2013

	Fair value measurement using			Total US\$
	Quoted price in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	4,555,646	–	–	4,555,646
<b>Available-for-sale financial assets</b>				
Listed equity securities	1,998,878	–	–	1,998,878
Unlisted equity securities	–	–	749,850	749,850
<hr style="border-top: 1px solid black;"/>				
Total	6,554,524	–	749,850	7,304,374
<hr style="border-top: 3px double black;"/>				

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

#### Fair value hierarchy (Cont'd)

#### Assets measured at fair value: (Cont'd)

During the year, there were no transfers into or out of Level 3 for financial assets at fair value through profit or loss (2013: Nil). The movements in fair value measurements in Level 3 during the year are as follows:

	<b>2014</b>	2013
	<b>US\$</b>	US\$
Available-for-sale investments – unlisted:		
At 1 January	<b>749,850</b>	597,741
Net change in unrealised gain recognised in other comprehensive income	<b>(90,726)</b>	152,109
Disposals	–	–
	<hr/>	<hr/>
At 31 December	<b>659,124</b>	749,850

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets at fair value through profit or loss and available-for-sale investments (2013: Nil).

As detailed in note 11 to the financial statements, the investment in C-Media shares is unlisted and was subject to a 3 year lock-up restriction, which expired on 11 May 2013. The fair value of the investments in C-Media is valued by the equity pricing model as aforementioned in this note. Management of the Company considers the fair value of C-Media investment to be reliance on unobservable inputs and hence classified the fair value measurement of the investment as Level 3 of the fair value hierarchy.

The Company has no financial asset at fair value through profit or loss classified under Level 3 of the fair value hierarchy.

The Company did not have any financial liabilities measured at fair value as at 31 December 2014 and 2013.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments include investments in listed securities, unlisted securities and redeemable convertible preference shares, cash and bank balances and an amount due to the Investment Manager. The main risks arising from the Company's financial instruments are equity price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

#### Market risk

The Company's exposures to market risk include equity price risk, foreign currency risk and interest rate risk.

##### (i) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Company is exposed to equity price risk arising from mainly the individual listed equity investments classified as available-for-sale equity investments (note 11), as well as financial assets at fair value through profit or loss as at the end of the reporting period (note 12).

##### *Available-for-sale investments*

The Company's listed equity investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the Hong Kong Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

	<b>31 December 2014</b>	<b>High/low 2014</b>	31 December 2013	High/low 2013
Hong Kong				
– Hang Seng Index (“HSI”)	<b>23,605</b>	<b>25,318/ 21,182</b>	23,306	24,111/ 19,426

The Company views the HSI as an indication of a reasonably possible market movement for its securities listed in Hong Kong. The following table demonstrates the sensitivity to a reasonably possible 1.28% (2013: 2.86%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for the factors such as impairment which might impact on profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Market risk (Cont'd)

##### (i) Equity price risk (Cont'd)

Available-for-sale investments (Cont'd)

	Carrying amount of equity investments US\$	Increase/ decrease in profit before tax and equity US\$	Increase/ decrease in available- for-sale investment revaluation reserve US\$
<b>2014</b>			
Listed investments in Hong Kong	1,808,655	–	23,175
<b>2013</b>			
Listed investments in Hong Kong	1,998,878	–	57,168

*Financial assets at fair value through profit or loss*

GMG is listed on the Alternative Investment Market of the London Stock Exchange and is valued at quoted market prices at the end of the reporting period.

The market equity index for the Alternative Investment Market at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year are as follows:

	31 December 2014	High/low 2014	31 December 2013	High/low 2013
London				
– FTSE AIM Index	702	897/ 676	851	851/ 684

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Market risk (Cont'd)

##### (i) Equity price risk (Cont'd)

*Financial assets at fair value through profit or loss (Cont'd)*

The Company views the FTSE AIM Index as an indication of a reasonably possible market movement for its securities listed in the AIM. The following table demonstrates the sensitivity to a reasonably possible 17.48% (2013: 20%) change in the fair value of the investment in GMG in 2014, with all other variables held constant and before any impact on tax, based on its carrying amounts at the end of the reporting period.

	Carrying amount of financial assets at fair value through profit or loss US\$	Increase/ decrease in profit before tax and equity US\$
<b>2014</b>		
Investment in GMG	<b>7,483,492</b>	<b>1,307,948</b>
<b>2013</b>		
Investment in GMG	4,555,646	911,129

##### (ii) Foreign currency risk

Certain financial assets and liabilities of the Company including cash and bank balances and an amount due to the Investment Manager, other receivables, investments in redeemable convertible preference shares and investments in listed securities are denominated in Renminbi (RMB), New Taiwan dollars ("NT\$"), Great Britain pounds ("GBP"), HK\$ and US\$. The Company currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Company is mainly exposed to fluctuations in the exchange rates of RMB, NT\$ and GBP against US\$. As HK\$ is pegged to US\$, the exposure to fluctuations in the exchange rate of HK\$ is not considered to be significant and thus this effect is not considered in the sensitivity analysis below.

Management adjusted the sensitivity rate between US\$ and RMB, between US\$ and NT\$ and between US\$ and GBP as shown in the table below for assessing the currency risk, after considering the average exchange rates between the currencies in 2014.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Market risk (Cont'd)

##### (ii) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB, NT\$ and GBP exchange rates against US\$, with all other variables held constant, on the Company's profit/(loss) before tax and the Company's equity after tax effect:

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit/(loss) before tax US\$	Increase/ (decrease) in equity * US\$
<b>2014</b>			
If the US\$ weakens against RMB	2.5	–	327
If the US\$ strengthens against RMB	(2.5)	–	(327)
If the US\$ weakens against NT\$	6.2	–	47,107
If the US\$ strengthens against NT\$	(6.2)	–	(47,107)
If the US\$ weakens against GBP	5.9	–	442,944
If the US\$ strengthens against GBP	(5.9)	–	(442,944)
<b>2013</b>			
If the US\$ weakens against RMB	2.7	–	9,964
If the US\$ strengthens against RMB	(2.7)	–	(9,964)
If the US\$ weakens against NT\$	2.7	–	21,960
If the US\$ strengthens against NT\$	(2.7)	–	(21,960)
If the US\$ weakens against GBP	1.9	–	84,639
If the US\$ strengthens against GBP	(1.9)	–	(84,639)

##### (iii) Interest rate risk

Management closely monitors interest rate movements and manages the potential risk. The Company currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The Company is exposed to cash flow interest rate risk through the impact of rate changes on interest-bearing financial assets which are variable rate bank balances of US\$2,741,983 (2013: US\$3,958,766).

As the interest rates on the bank balances are minimal, the Company's exposure to interest rate risk is also minimal.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships and other transactions.

It is the Company's policy to enter into financial instruments with reputable counterparties.

The Investment Manager closely monitors the creditworthiness of the Company's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The Company is exposed to credit risk on its cash and cash equivalents and investments placed with Standard Chartered Bank (Hong Kong) Limited, the Company's custodian, which management believes is of high credit quality.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's strategy is to minimise its exposure to liquidity risk by monitoring the Company's liquid capital from time to time. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations.

The following table summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows. The fair values of balances due within six months are equal to their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Company's financial assets (undiscounted where appropriate) in order to provide a complete view of the Company's contractual commitments and liquidity.

The maturity grouping of financial liabilities is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

Analysis of available-for-sale equity securities and financial assets at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Liquidity risk (Cont'd)

The maturity profile of the Company's financial assets and liabilities as at the end of the reporting period is as follows:

	On demand US\$	Less than 1 year US\$	1 to 5 years US\$	Total US\$
<b>2014</b>				
Financial assets at fair value through profit or loss	–	–	7,483,492	7,483,492
Available-for-sale investments	–	–	2,467,779	2,467,779
Financial assets included in prepayments and other receivables	–	62,346	–	62,346
Cash and cash equivalents	2,741,983	–	–	2,741,983
<b>Total financial assets</b>	<b>2,741,983</b>	<b>62,346</b>	<b>9,951,271</b>	<b>12,755,600</b>
Amount due to the Investment Manager	11,819	–	–	11,819
<b>Total financial liabilities</b>	<b>11,819</b>	<b>–</b>	<b>–</b>	<b>11,819</b>
	On demand US\$	Less than 1 year US\$	1 to 5 years US\$	Total US\$
<b>2013</b>				
Financial assets at fair value through profit or loss	–	–	4,555,646	4,555,646
Available-for-sale investments	–	–	2,748,728	2,748,728
Financial assets included in prepayments and other receivables	–	399,210	–	399,210
Cash and cash equivalents	3,958,766	–	–	3,958,766
<b>Total financial assets</b>	<b>3,958,766</b>	<b>399,210</b>	<b>7,304,374</b>	<b>11,662,350</b>
Amount due to the Investment Manager	13,434	–	–	13,434
Amount due to a broker included in payables and accruals	134,959	–	–	134,959
<b>Total financial liabilities</b>	<b>148,393</b>	<b>–</b>	<b>–</b>	<b>148,393</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

#### Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company actively and regularly reviews and manages its capital structure and makes adjustments to it in light of the changes in the Company's business and economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

### 21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2015.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below:

	Year ended 31 December				<b>2014</b> <b>US\$'000</b>
	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	
<b>RESULTS</b>					
Income	14,411	4,320	478	97	<b>3,164</b>
Expenses	(4,181)	(1,621)	(3,925)	(8,142)	<b>(965)</b>
Profit/(loss) before tax	10,230	2,699	(3,447)	(8,045)	<b>2,199</b>
Tax	–	(210)	–	–	<b>210</b>
Profit/(loss) for the year	10,230	2,489	(3,447)	(8,045)	<b>2,409</b>
Earnings/(loss) per share (cents)					
– Basic and diluted	114.88	27.95	(38.71)	(90.35)	<b>27.05</b>
<b>ASSETS AND LIABILITIES</b>					
	At 31 December				<b>2014</b> <b>US\$'000</b>
	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	
Total assets	32,417	23,855	20,430	11,707	<b>12,801</b>
Total liabilities	1,369	261	262	422	<b>53</b>
	31,048	23,594	20,168	11,285	<b>12,748</b>
Net asset value per share	US\$3.49	US\$2.65	US\$2.26	US\$1.27	<b>US\$1.43</b>