信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code : 111

2014
Annual Report

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Contents

Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Authorised representatives	Gong Zhijian Lau Mun Chung
Company secretary	Lau Mun Chung
Legal advisers to the company	*On Hong Kong Law* Tung & Co. Office 1601, 16th Floor LHT Tower 31 Queen's Road Central Hong Kong *On Bermuda Law* Conyers Dill & Pearman Suite 2901 One Exchange Square 8 Connaught Place Central Hong Kong
Bermuda principal share registrar and transfer office	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Auditor	Deloitte Touche Tohmatsu *Certified Public Accountants* 35th Floor, One Pacific Place 88 Queensway Hong Kong

Overall Performance

The world's major economies began to see some positive signs in economic performance in 2014, while some of them are still struggling with challenges that they encountered over the past few years. In the United States (the "U.S."), unemployment rate fell to 5.7% by the end of December and is the lowest level since 2008. Consumption confidence hiked to a high level in the last quarter of the year leading to a boom atmosphere. The rising interest rate outlook in the U.S. and massive quantitative easing in Europe and Japan led to capital flow to the U.S. and thus its stock markets performed well with various indexes saw new highs. In Europe, the dismal employment situation and the deflationary pressure prompted the European Central Bank to start the bond purchase program. Yet, the debt problem in Greece continues to be the biggest threat to the unity of the European Union.

In China, the consumption and investment figures remained weak. The growth in consumer spending dropped and the urban fixed asset investment growth cooled down to 15.7% from 19.6% in 2013. China experienced economic slowdown which has not been seen for over a decade. The economic growth in 2014 could barely touch 7.4% which is 10 basis point below what was estimated. The growth was the lowest in the past 24 years. The slow appreciation in the value of Renminbi ("RMB") since nearly a decade ago came to a halt as RMB slight devalued in the year. The People's bank of China turned its stance towards a relatively ease monetary policy and started to reduce interest rate and deposit reserve ratio in the fourth quarter.

Turning to the financial market, the China and United States markets performed well. China stock market surged significantly in the last quarter leading the Shanghai Stock Exchange Composite Index to close at 3,234 points which represented 52.9% rise in the year with daily market turnover broke through RMB1,000 billion. The Dow Jones Industrial Average Index ("DJI") finished at 17,983 which is a 8.4% growth. But more importantly, the DJI continued to trade at high level during the year. As for the Hong Kong financial market, the Hang Seng Index (the "HSI") closed at 23,605 points which only recorded insignificant year-on-year growth of 1.3%. The HSI has once dipped at 21,182 resulting from the loss of momentum in China's economic growth. Leveraging on the prosperous China market, the market turnover in the last quarter in Hong Kong also soared as the daily market turnover reached HK$97 billion. Yet the Shanghai Hong Kong Stock Connect started on 17th November 2014 did not result hot response as transaction turned out to be low. There were 122 companies newly listed on The Stock Exchange of Hong Kong Limited (the "SEHK") raising HK$227.7 billion during the year.

The Group kept on concentrating in the three core business and to supplement by some alternate investment and financing opportunities. The business in asset management posted an encouraging result. It was also the growth driver of the year. The business in corporate finance and brokerage recorded setback, one blatant reason was the non-occurrence of the income brought by the listing of the shares of China Cinda Asset Management Co., Ltd. ("China Cinda"), the controlling shareholder of the Company. Turnover was therefore reduced to HK$132.5 million (2013: HK$165.7 million). Other revenue and income increased to HK$32.5 million (2013: HK$25.1 million) which was mainly due to the return on the seed monies injected into the funds the Group managed and the return from other investment and financing opportunities. The cost of operation excluding commission expenses increased by 10% due to the high inflationary pressure in Hong Kong. As a result, profit for the year was reduced to HK$36.2 million (2013: HK$70.9 million) and profit attributable to equity holder was HK$28.2 million (2013: HK$68.3 million).

Corporate Finance

Due to the weaken market atmosphere subsisted in the middle of the year, some sponsorship engagements have been slowed down pending the improvement of the market. Hence, the initial public offerings ("IPO") have been delayed. As a result, the corporate finance segment only sponsored one IPO raising HK$250 million in the first quarter of the year. However, the IPO received hot response and the public offer tranche received subscription of 2,187 times of the shares offered which is a record for the Group's IPOs. Apart from the sponsorship business, the team continued to act as financial advisor and compliance advisor for listed companies. The cost on manpower also went up significantly because of more new players in the market compete for high calibre personnel. As a result turnover was HK$19.9 million (2013: HK$23.7 million), representing a decrease of 16%. Loss was increased to HK$7 million (2013: loss HK$1.9 million).

Management Discussion and Analysis

Brokerage Business

The securities broking business remained very competitive as there were still a number of new players penetrating into the market. However, the daily market turnover could hardly broke through the psychological barrier of HK$100 billion. In addition, the call for commission reduction has never paused. The Group therefore sought to enlarge its margin loan portfolio. Underwriting commission decreased sharply due to the non-occurrence of commission from the listing of the H shares of China Cinda and the slowdown in the corporate finance segment. Turnover in this segment reported a decrease to HK$61.4 million (2013: HK$115.1 million). Segment profit of HK$4.2 million (2013: HK$55.2 million) was resulted.

Turning to futures and commodities broking, oil price and currencies dropped significantly during the year. For instance, crude oil price fell from the highest in the year of approximately US$107 a barrel to the lowest of below US$50 a barrel. The exchange rate of Euro to US Dollars fell below per Euro for US$1.1 and it continues to seek its bottom. A large number of investors suffered substantial losses and hence the business in futures and commodities trading was further deteriorated. Coupled with downward pressure on the commission charged, turnover decreased seriously. Furthermore, the pressure on the cost of operation was not eased due to the increase in human and information technology cost. As a result, turnover in this segment recorded a sharp decrease to HK$2.8 million (2013: HK$7.0 million), a segment loss of HK$3.8 million was recorded (2013: loss HK$2.6 million).

Due to the harsh regulations on selling investment link products and insurance policies, business in financial planning and insurance broking segment has been constrained. The turnover of this segment has not improved materially. But the profit margin was further narrowed down due to increase in compliance cost. The business was still operated under a tight cost environment. This segment could therefore be treated as a supplement to the Group as it provides retail products which are not covered by other segments. As a result, turnover amounted to HK$4.6 million (2013: HK$4.1 million) and a loss of HK$2.7 million (2013: loss HK$1.9 million) was resulted.

Asset Management

After several years' effort and input, this segment recorded good improvement in its result. A private equity fund invested in the cultural industry matured in the second half of the year. The Group successfully withdrew as general partner of the fund and earned a considerable sum on the performance fee. In addition, the retail fund posted a good return for the seed money invested as a result of the exercise of the warrant received by the fund. The Group believes that the setting up of new funds with its own fund as seed money could be the direction of expanding asset management business as it enhances the confidence of investors. During the second half of the year, we have injected a certain amount of our own fund as seed money into the new funds which we planned to establish. The subsidiary in Fujian was in the course of facilitating investment and return could be seen at a later stage.

The absolute return fund managed by Cinda Plunket International Capital Management Limited, an associated company posted very good result in the year. It outperformed the peers in the market to record a net return of approximately 11%, compared to the market average of approximately 7%. This return was the best annual return since the inception of the fund. As a result, the performance of the management company improved along with the return on the seed money injected. Sino-Rock Investment also recorded an encouraging result that it contributed HK$13.6 million (2013: HK$13.7 million) to the Group. It was mainly due to the investment return and servicing income on managing funds. The investments managed by the associated company in Xiamen is yet to be matured and hence it takes further time for the company to have contribution to the Group's result.

As a continuing business, the asset management team also looked for financing and investment opportunities for the Group to enhance the return on its financial resources as a whole. The Group recognizes market instability and volatility, and struck a balance between the risk and return. During the year, a loan was fully repaid by the borrower with interest accrued on maturity. The revenue generated from this aspect was recorded as the Group's other revenue and gains. This segment recorded a turnover of HK$43.3 million (2013: HK$14.7 million) which was derived from management fee, performance fee and the advisory fee receivable from the associated company engaged in managing private funds and a segment profit of HK$28.4 million was recorded (2013: loss HK$3.8 million).

Financial Resources

The Group has maintained sound financial ability throughout the year. All the subsidiaries licensed by the Securities and Futures Commission (the "SFC") have maintained more than sufficient the liquid capital required. The Group recognized the need to leverage its fund in order to expand its business and hence continues to seek for different means of finance. The banking facility secured under the corporate guarantee of our holding company continued. As at the end of the year, a total of HK$86 million was drawn. Furthermore, HK$42 million of the Group's fixed rate medium term bond was issued during the year at par value, making the total principal outstanding as at the end of the year at HK$76 million.

Fluctuation in Foreign Exchange

A significant portion of the Group's assets and liabilities are denominated in Hong Kong ("HK") Dollars and US Dollars to which HK Dollars are pledged. The Group only exposes to the fluctuation in the exchange rate of RMB against Hong Kong Dollars because of its operation in China and holding of certain financial assets denominated in RMB. No hedging has been made against the devaluation of RMB as the size of assets held is not sufficiently large to make the hedging economically feasible.

Remuneration and Human Resources Development

During the year, the Group continues to recruit and maintain personnel of high calibre to support its business need and to meet the tightened regulatory requirement. As at the end of the year, 113 persons were employed. Employees are remunerated by a fixed monthly salary with discretionary bonus calculated in accordance to the performance of both the Group and the staff. Incentive schemes are in place to motivate front line staff. Performance of supporting staff are appraised at least annually to provide a basis for deciding bonus. The Group adopted multi-dimension appraisal policy. The Group also provides regulatory training to the staff and the account executives to enable them to have updated knowledge. Education allowance was also provided to staff for attending relevant pre-approved courses.

The Group's staff remuneration committee comprising the top management staff regularly review the remuneration policy and decide on the remuneration package of each staff member. The remuneration package of executive directors are decided by the Group's Remuneration Committee, the majority members of which are independent non-executive directors.

Contingent Liabilities

The Group continues to provide corporate guarantees to its subsidiaries to secure banking and trading facilities. At the end of the year, it is unlikely that any material claims would arise. Outstanding litigation cases are reviewed on its merits on a case-by-case basis together with the indemnity the Group secured. Impairment will be made if economic outflow is imminent.

Looking Forward

After gaining a lot of momentum since mid 2014, it is believed that the US economy will continue to grow. It is estimated that it will grow 3% for the first time in ten years. Consumption and unemployment will be much improved. Soft commodity prices are expected to persist. It is generally believed that the U.S. Dollar will remain strong at least in the short term. The weak economic growth forecast in Europe, Japan and China give further force to a strong U.S. Dollars. However, the continuing strong U.S. Dollar will weaken the profitability of U.S. enterprises. The sign of surge in Treasury Yield was not seen in the past years. There are more concerns on the beginning of interest rise by the second quarter. For Europe, though the bond purchase scheme commenced in March 2015, there is still a long way ahead of recovery. The further devaluation of Euro may explain the difficulties exist in Europe.

China targeted the economic growth forecast of 7% in 2015. The now-ubiquitous phrase, the "new normal" was used by government official to reassure that a lower forecast of 7% was natural and would be in place for a few years. The fast economic growth as evidenced in the past two decades has to slow down. The austerity program also threatened the consumer market. However, the China government aims to maintain a proper balance between ensuring steady growth and making structural adjustments. The reduction in bank's reserve ratio and interest could counteract the risk of economic downturn. It is generally believed that the recent measures would create short term pain in return for long term health development. Consequently, deflationary pressure emerges as a result of the managed slowdown in China's economic growth. To conclude, the year ahead is a challenging year and volatility in the financial market is expected to be high.

Turning to the Group, China Cinda has initiated a series of corporate actions, including listing its H shares in the SEHK in 2013 and issuing certain medium term bonds in 2014. The Group has been benefited from providing services to China Cinda in her corporate actions. Leveraged on its relationship with China Cinda, the synergy between the two as seen in the past years would be further enhanced as the Group plays the role of China Cinda's overseas listed platform. The Group will seek more opportunities on business collaboration with China Cinda especially in the area of asset management and financial servicing.

In the coming year, expansion will continue in the three main core business areas. The corporate finance team will strike to complete more IPO brought forward from the last year. As the business operation of the potential listed issuers are larger, it is expected that the size of fund to be raised will be larger so that revenue could be higher. In addition, new projects will be recruited to build up a reserve so that the number of completion of IPO projects could be more even on a year-to-year basis. The Group will also explore more opportunities on merger and acquisition business as a means of diversification. The brokerage division will continue to look for more sales and marketing personnel to strengthen the client base. More financial resources will be put on the provision of margin financing to supplement the broking business. Systems will also be enhanced to suit clients' more sophisticated needs. The Group will also explore more products and markets so that a more completed product mix would be offered to clients. Collaboration with the Group's corporate finance team and the Group's counterpart in China will be further reinforced. For asset management, the Group will also explore to set up funds of different types and in different industries. The mode of co-investment with clients will continue not only to give client more confidence but also to give the Group a considerable return. The "One Belt, One Road" strategy proposed by China government recently will benefit China to expand the overseas market further in the long run. Policies on investment by domestic residents and corporations in foreign countries will be relaxed. Therefore, the Group may benefit from the provision of offshore financial services. The Group will continue to seek for more opportunities through co-operation with the China Cinda group. Building on the basis currently the Group have, we hope the result for the coming year will be further improved.

EXECUTIVE DIRECTORS

Mr. Zhao Hongwei, aged 48, was appointed as an executive director and the Chairman of the Company on 2nd December 2008 and 19th January 2015 respectively. He is a member of the Nomination Committee of the Company, a director of certain subsidiaries of the Company and a director of Cinda Plunkett International Holdings Limited (an associated company of the Company). Mr. Zhao also hold a management position in China Cinda Asset Management Co., Ltd. ("China Cinda") (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1359) effective from March 2015.

Mr. Zhao obtained a Bachelor Degree in Science from Beijing Normal University, a Master Degree in Economics from Renmin University of China, a Ph. D Degree in Economics from the Chinese Academy of Social Sciences in 1989, 1993 and 1996 respectively. He is a member of the Corporate Advisory Council of Hong Kong Securities and Investment Institute. Mr. Zhao has over 18 years of experience in investment banking, business administration and securities and finance.

Mr. Gong Zhijian, aged 48, was appointed as an executive director and the Managing Director of the Company on 2nd December 2008 and 19th January 2015 respectively. He is also a director of certain subsidiaries of the Company, a director of JianXinJinYuan (Xiamen) Equity Investment Management Limited (a joint venture company of the Company), a director of China Cinda Foundation Management Company Limited and 華建國際實業(深圳)有限公司 (both are the subsidiaries of China Cinda (HK) Holdings Company Limited, a substantial shareholder of the Company). Mr. Gong has worked and held management positions in China Construction Bank Corporation (Xiamen Branch), the Accounts Department of China Construction Bank Corporation (Head Office), China Construction Bank Corporation (Shenzhen Branch) and China Cinda (HK) Holdings Company Limited.

Mr. Gong graduated from Lujiang University and Zhongnan University of Economics and Law in 1987 and 2004 respectively. He has over 20 years of experience in commercial banking, investment banking, corporate finance and accounting management.

Mr. Lau Mun Chung, aged 50, was appointed as an executive director of the Company on 3rd March 2007. He is the Deputy General Manager of the Group, a director and/or a secretary of certain subsidiaries or associated companies of the Company and the Company Secretary of the Company. Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science in 1986 and received his Master Degree in Laws (Corporate and Financial Law) in the same university in 2013. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a graduate of The Hong Kong Institute of Chartered Secretaries. Prior to joining the Group in 1999, Mr. Lau had already gained extensive experience in accounting, finance and taxation.

NON-EXECUTIVE DIRECTOR

Mr. Chow Kwok Wai, aged 48, was appointed as a non-executive director of the Company on 2nd December 2008. He is a member of the Remuneration Committee of the Company. Mr. Chow is currently a Deputy General Manager and the Company Secretary of Silver Grant International Industries Limited the shares of which are listed on the Stock Exchange (stock code: 171). Mr. Chow has worked in Price Waterhouse, which is now known as PricewaterhouseCoopers, and accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. He is a fellow member of the Association of Chartered Certified Accountants, a fellow CPA of the Hong Kong Institute of Certified Public Accountants and a fellow member and a registered Certified Tax Adviser of The Taxation Institute of Hong Kong. Mr. Chow has over 20 years of experience in accounting, financial management and corporate finance. He is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. the shares of which are listed on the Stock Exchange (stock code: 2005), and an independent non-executive director of Youyuan International Holdings Limited the shares of which are also listed on the Stock Exchange (stock code: 2268).

Biographical Details of Directors & Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Tongsan, aged 66, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Wang is currently a member of the Chinese Academy of Social Sciences. Mr. Wang obtained his Master degree and Doctorate degree in Economics from the Chinese Academy of Social Sciences in 1985 and 1990 respectively. Mr. Wang has involved in the drafting of the State's reports and documents, and was the ex Dean at the Institute of Quantitative and Technical Economics, Chinese Academy of Social Sciences, and also the ex Chairman of the Chinese Association of Quantitative Economics.

Mr. Chen Gongmeng, aged 50, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chen is currently the President of China Equity Investment Research Institute and Professor of Finance at the School of Economics and Management of the Shanghai Jiaotong University. He received his MBA degree and Ph D. in Finance from the University of Texas at Dallas in the USA in 1991 and 1995 respectively. Mr. Chen has over 17 years of teaching experience as a professor teaching various subjects including Financial Management, International Finance, Advanced Financial Management, Chinese Communication and Corporate Finance as well as supervising research students. During his teaching career, he developed and implemented numerous academic and professional programs.

Mr. Hung Muk Ming, aged 50, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is the Chairman of the Audit Committee and the Remuneration Committee of the Company. Mr. Hung is a Certified Public Accountant (Practising) and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Directors, an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He is a Certified Tax Adviser and a member of The Taxation Institute of Hong Kong. Mr. Hung received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990, and a Master Degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. He has over 20 years of experience in the accounting and audit sector. Mr. Hung is an independent non-executive director of Silver Grant International Industries Limited the shares of which are listed on the Stock Exchange (stock code: 171), an independent non-executive director of Century Sage Scientific Holdings Limited the share of which are listed on the Stock Exchange (stock code: 1450) and an independent non-executive director of China Animation Characters Company Limited the shares of which are listed on the Stock Exchange (stock code: 1566).

SENIOR MANAGEMENT

Ms. Lau Yuk Ping, aged 49, is the Deputy General Manager of the Group responsible for overseeing the divisions of compliance and internal audit function, human resources, administration and settlement of the Group. Prior to joining the Group in August 1999, Ms. Lau worked in the compliance division of the Stock Exchange. Ms. Lau holds a Bachelor Degree in Business from Monash University, Australia and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She has over 20 years of experience in regulatory and compliance matters.

Mr. Liu Jialin, aged 52, is the Managing Director of the Group's asset management department responsible for overseeing the operation of various funds. He is also a shareholder and a director of Cinda Plunkett International Holdings Limited, an associated company of the Company and an independent non-executive director of Far East Horizon Limited the shares of which are listed on the Stock Exchange (stock code: 3360). Prior to joining the Group in February 2011, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Management Committee and Asia Executive Committee as well as a Managing Director in the Fixed Income Division in Hong Kong between 1992 to 2007. In 2008, Mr. Liu established Shelter Cove Capital Limited. Mr. Liu has over 20 years of experience in finance and securities industry.

Mr. Liu obtained a bachelor's degree in science from Peking University and master of science in Physics from Massachusetts Institute of Technology.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively) under Appendix 14 (the Corporate Governance Code and Corporate Governance Report ("CG Code")).

Throughout the financial year 2014, the Group has complied with all the code provisions set out in the CG Code save for the deviations from code provisions specified below:

- Provision A.1.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, a total of three regular meetings of the board of directors (the "Directors") of the Company (the "Board") were held in the first quarter, third quarter and the fourth quarter respectively. The Board considers that the three regular meetings were sufficient to deal with matters of the Company. In addition, apart from the physical meetings, consent of Directors on issues was also sought through circulating written resolutions.

- Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Tongsan and Mr. Chen Gongmeng, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 25th June 2014 as they have other engagements.

- Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Due to other business engagements, the Chairman had not attended the annual general meeting of the Company held on 25th June 2014.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance.

The key corporate governance principles and practices of the Company are summarized as follows:

BOARD OF DIRECTORS

The Board assumed overall responsibility for leading and supervising the Group. The Board laid down the direction of business for the Group and decided on important issues. The implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC"), which at material time comprised certain executive directors and member from the senior management.

Composition

As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director ("NED") and three independent non-executive Directors ("INEDs") and is in compliance with the minimum number of independent non-executive directors required under Rule 3.10(1) and the proportion of INEDs in the Board required by Rule 3.10A of the Listing Rules.

The Board comprises the following Directors:

Executive Directors
Chen Xiaozhou (the then Chairman) (resigned effective from 19th January 2015)
Gao Guanjiang (the then Deputy Chairman) (resigned effective from 1st September 2014)
Zhao Hongwei (the then Managing Director, appointed Chairman effective from 19th January 2015)
Gong Zhijian (appointed Managing Director effective from 19th January 2015)
Lau Mun Chung

NED
Chow Kwok Wai

INEDs
Wang Tongsan
Chen Gongmeng
Hung Muk Ming

The Board possesses, with regard to individual Directors and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity, to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the core business activities that the Group pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from different backgrounds, have a diverse range of financial and professional expertise. The biographical particulars of all Directors are disclosed in the section "Biographical Details of Directors and Senior Management". None of the Directors has any financial, business, family or other material/relevant relationship with one another. The list of Directors is also available on the websites of the Company and the Stock Exchange from time to time.

The Board adopted the Board Diversity Policy in August 2013. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the boardroom, which requires a diverse and inclusive culture where Directors believe that their views are heard and their concerns are attended to and they serve in an environment where bias and discrimination on any matter are not tolerated.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and performed by different individuals.

Mr. Chen Xiaozhou serves as the Chairman for the full year of 2014 and resigned effective from the conclusion of the Board meeting held on 19th January 2015. Immediately following his resignation, Mr. Zhao Hongwei was appointed the Chairman. The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings.

Mr. Zhao Hongwei serves as the Managing Director of the Company for the full year of 2014 and ceased upon his appointment as the Chairman effective from 19th January 2015. Mr. Gong Zhijian was appointed the Managing Director of the Company effective from 19th January 2015 who is responsible for the overall operation of the Group and performs the role of Chief Executive Officer.

NED and INEDs

NED and the INEDs provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgement and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account.

The current NED and the three INEDs are appointed for a term of two years and are subject to rotation in accordance with the provisions in the bye-laws of the Company. The Board has received annual written confirmation from all the INEDs for the year 2014 and is satisfied that all of them were acting independently throughout the year. No INED has served the Company for more than nine years.

INEDs are identified as such in all corporate communications containing their names.

Board Meetings

The Board meets regularly and at other time when necessary. All Directors have access to relevant and timely information. They can seek independent professional advice at the Company's expenses when the situation required. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials, and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and as fully as possible.

The attendance of the Directors at the Board meetings and general meetings held during the financial year 2014 was set out below:

Name of Director	**Number of Board meetings attended**	**Number of general meetings attended**
Executive Directors		
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)	3/3	0/1
Mr. Gao Guanjiang (resigned effective from 1st September 2014)	2/2	0/1
Mr. Zhao Hongwei	3/3	1/1
Mr. Gong Zhijian	3/3	1/1
Mr. Lau Mun Chung	3/3	1/1
NED		
Mr. Chow Kwok Wai	3/3	1/1
INEDs		
Mr. Wang Tongsan	3/3	0/1
Mr. Chen Gongmeng	2/3	0/1
Mr. Hung Muk Ming	3/3	1/1

In case Directors are unable to meet together, issues are resolved through written resolution in the manner prescribed under the bye-laws of the Company. Materials are circulated and commented mainly through electronic mail.

Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Minutes of the Board meetings are prepared and circulated to all Directors in reasonable time.

During the year, the Chairman of the Board held a meeting with the NED and the INEDs without the presence of the executive Directors.

Board papers are sent to all Directors to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Commencing from 1st April 2012, the management provides each Director with updates and financial information of the Group on a monthly basis giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

Rotation of Directors

The bye-laws of the Company provide that every Director, including the Chairman and/or the Managing Director of the Company, shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office only until the following annual general meeting, at which time they shall retire and be eligible for re-election by the shareholders.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Interim Report 2014 of the Company which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Major appointment

- Mr. Hung Muk Ming ~ appointed as an independent non-executive director of China Animation Characters Company Limited, the shares of which are listed on the Stock Exchange (stock code: 1566) since 12th March 2015.

Major appointment & relationship with substantial shareholder

- Mr. Zhao Hongwei ~ holds a management position in China Cinda Asset Management Co., Ltd. (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) effective from March 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2014.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members including two INEDs, Mr. Hung Muk Ming and Mr. Chen Gongmeng, and one NED, Mr. Chow Kwok Wai. It is chaired by Mr. Hung Muk Ming.

A written terms of reference was adopted by the Remuneration Committee at its inception and is updated when necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Group and determining the specific package of executive Directors. The Remuneration Committee also approves the terms of all executive Directors' service contracts. Recommendations on the remuneration of NEDs (including INEDs) are submitted to the Board for consideration. Full minutes and related materials of the meetings are kept by a designated secretary.

The Remuneration Committee held two meetings in the financial year 2014. The following is the attendance record:

Name of Committee Members	Number of meetings attended	Attendance rate
Mr. Hung Muk Ming *(Chairman)*	2/2	100%
Mr. Chow Kwok Wai	2/2	100%
Mr. Chen Gongmeng	2/2	100%

In case members are unable to meet together, issues are resolved through written resolution in the manner prescribed under the bye-laws of the Company. Materials are circulated and commented mainly through electronic mail.

Directors' Remuneration

Each executive Director is entitled to a director's fee determined by the Remuneration Committee. Executive Directors Mr. Zhao Hongwei, Mr. Gong Zhijian and Mr. Lau Mun Chung have entered into service contracts the terms of which were approved by the Remuneration Committee whilst the other two the then executive Directors Mr. Chen Xiaozhou and Mr. Gao Guanjiang have signed letters of appointment with the Company. The director's service contracts provide the executive Director with a fixed monthly salary determined in accordance with the Director's qualification, experience and the prevailing market conditions together with a discretionary bonus decided with reference to the Group's financial performance, the individual's performance during the year and the market conditions. NED and the INEDs are entitled to a director's fee decided by the Board. The Board confirms that no Directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration.

NOMINATION COMMITTEE

The Nomination Committee comprises three members including two INEDs, Mr. Wang Tongsan and Mr. Chen Gongmeng, and one executive Director. Mr. Gao Guanjiang serves as a member up to 31st August 2014 and following his resignation, Mr. Zhao Hongwei was appointed as a member effective from 1st September 2014. It is chaired by Mr. Wang Tongsan.

A written terms of reference was adopted by the Nomination Committee at its inception and is updated when necessary. The main duties of the Nomination Committee are as follows:

1. review the structure, size and composition of the Board at least annually and make recommendations to the Board regarding any proposed changes;

2. identify suitable individuals qualified to become Board members and make recommendations to the Board on suitable candidates to be nominated for directorships;

3. assess the independence of INEDs on its appointment or when their independence is called into question; and

4. make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting in the financial year 2014. The following is the attendance record:

Name of Committee Members	**Number of meeting attended**	**Attendance rate**
Mr. Wang Tongsan *(Chairman)*	1/1	100%
Mr. Gao Guanjiang (resigned effective from 1st September 2014)	1/1	100%
Mr. Chen Gongmeng	1/1	100%
Mr. Zhao Hongwei (appointed on 1st September 2014)	—	—

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his first appointment in order to enable him/her to have appropriate 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.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. One seminar was organised for all the Directors during the year and their respective attendance is as follows:

	Number of seminar attended
Executive Directors	
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)	0/1
Mr. Gao Guanjiang (resigned effective from 1st September 2014)	0/1
Mr. Zhao Hongwei	1/1
Mr. Gong Zhijian	0/1
Mr. Lau Mun Chung	1/1
NED	
Chow Kwok Wai	0/1
INEDs	
Mr. Wang Tongsan	1/1
Mr. Chen Gongmeng	0/1
Mr. Hung Muk Ming	1/1

INSURANCE COVER FOR DIRECTORS

The Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the code provision.

AUDITOR'S REMUNERATION

Deloitte Touche Tohmatsu ("Deloitte") was appointed as auditor of the Company on 25th June 2013 subsequent to the resignation of KPMG. The financial statements for the year ended 31st December 2012 were audited by KPMG whereas the subsequent financial statements were reviewed/audited by Deloitte.

During the year, the fees paid/payable to Deloitte are set out below:

Category of services	**Fee paid/payable**
Audit service	HK$1,700,000
Non-audit service	HK$300,000
Total	HK$2,000,000

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are INEDs. The Committee is chaired by Mr. Hung Muk Ming who possesses appropriate professional qualifications and experience in accounting and financial management. The other members are Mr. Wang Tongsan and Mr. Chen Gongmeng.

The major roles and functions of the Audit Committee include:

1. evaluating the effectiveness of the Group's internal control system;

2. reviewing the financial reporting process;

3. reviewing the interim and annual financial statements before they are approved by the Board;

4. endorsing the annual audit plans proposed by the auditor;

5. reviewing and approving connected transactions; and

6. monitoring the appointment and remuneration of the auditor.

The Audit Committee held two meetings during 2014. Representatives from the executive Directors and the head of compliance and internal audit ("CAIA") are answerable in the Audit Committee meetings. During the year, two private sessions between the auditor and the INEDs were held immediately after the Audit Committee meeting in March and August 2014 respectively. The following is the attendance record of the meetings held by the Audit Committee during the year:

Name of Committee Members	Number of meetings attended	Attendance rate
Mr. Hung Muk Ming *(Chairman)*	2/2	100%
Mr. Wang Tongsan	2/2	100%
Mr. Chen Gongmeng	2/2	100%

A summary of the work performed by the Audit Committee during the financial year 2014 is listed below:

(1) reviewed and approved the remuneration and the terms of engagement of the external auditor;

(2) reviewed and commented on each of the half-year and annual financial statements of the Group and the independent auditor's report before their submission to the Board;

(3) reviewed the Group's financial control, internal control and risk management systems;

(4) reviewed the results of the audit on connected transactions and continuing connected transactions;

(5) reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators; and

(6) monitored the financial reporting process of the Group.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issue brought to the attention of the Board was of sufficiently important to require disclosure in the annual report.

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of financial statements for the Company which gives a true and fair view of the state of affairs of the Company as at 31st December 2014, and its profit and the cash flows for the year ended. The financial statements are prepared on the assumption of going concern and are in accordance with the statutory requirements and applicable accounting and financial reporting standards. The Directors also ensure that the publication of the financial statements of the Group is done in a timely manner.

The statements of the Directors and the auditor of the Company regarding their respective responsibilities on the financial statements of the Company are set out in the Independent Auditor's Report on pages 27 to 28 of this annual report.

INTERNAL CONTROL

The Group strives to maintain a sound and effective internal control system to safeguard the assets of the Group and its clients. To achieve this end, a proper segregation of duties and responsibilities is in place. The Directors have assessed the effectiveness of the internal control system during the year with the assistance of the head of the CAIA. The CAIA assesses the internal control procedures to validate its effectiveness and regularly reports its findings to the Audit Committee. In addition, to ensure full compliance with related rules and regulations promulgated by the SFC, the CAIA performs regular compliance and internal control testing. Exceptional results are brought to the management's attention. Disciplinary actions are in place to deal with identified non-compliance cases.

The Directors have also reviewed from time to time adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

The Group acknowledges that the strengthening of the internal control system is an ongoing process and will continue to design and implement appropriate measures to meet the changing business environment of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

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;

5. to review the Company's compliance with the corporate governance code and disclosure in the corporate governance report.

OTHER CORPORATE GOVERNANCE PRACTICE

There are three management committees, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the Managing Director of the Group, the Executive Management Committee (the "EMC") is responsible for setting up and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include certain executive Directors and member from the senior management of the Group.

The Risk Management Committee (the "RMC") and the Marketing Management Committee (the "MMC") are accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group and reviewing clients' complaints, whilst the MMC is responsible for formulating marketing policies.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensuring that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend the general meetings in order to have personal communication with shareholders. The external auditor is also required to be present to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

For both institutional and retail investors, the Company's website, www.cinda.com.hk, provides up-to-date information about the Group. All key information such as announcements, annual and interim reports can be downloaded from this website.

SHAREHOLDERS' RIGHT

(1) Procedures for shareholders to convene a special general meeting ("SGM") and putting forward proposals at shareholders' meeting

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

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

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

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

As regards proposing a person for election as a director, please refer to the procedures as set out in the "Procedure for shareholders to propose a person for election as a director" on the website of the Company at www.cinda.com.hk.

(2) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on governance matters and also facilitates induction and professional development of Directors. The Company Secretary reports to the Chairman of the Board. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable laws, rules and regulations are followed.

Mr. Lau Mun Chung who is a certified public accountant (as defined in the Professional Accountants Ordinance) was appointed Company Secretary of the Company since 25th May 2000. During the financial year 2014, Mr. Lau had received no less than 15 hours of relevant professional training.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture. To achieve this end, the Group has organised various social services activities and encourages staff to participate in voluntary works. In addition, the Company has become a Silver Member of WWF-Hong Kong since October 2011 in order to support environmental conservation and education works. The Company has been awarded the Caring Company award for more than 5 consecutive years in recognition of its contribution to community service. Furthermore, the Company was awarded the Hong Kong Awards for Environmental Excellence under the sector of Financial, Legal and Business Consulting Services (Merit) for six consecutive years. As a corporate citizen, the Group will continue to uphold its corporate social responsibility.

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Company and the Group for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The principal activity of the Company is investment holdings. The activities of the subsidiaries are set out in Note 16 to the financial statements. An analysis of the Group's performance for the year by business segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 29.

No interim dividend has been declared for the year (2013: Nil). The Directors do not recommend the payment of a final dividend in respect of the year ended 31st December 2014 (2013: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 25 to the financial statements.

BONDS ISSUED

On 21st August 2013, the Company decided to issue 5-year unsecured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties at an interest rate between 3% and 5%, determined by market conditions from time to time. The bonds will mature on the fifth anniversary from the date of issue and the net proceeds from the issuance will be utilized for the development of and working capital for the Group.

As at 31st December 2014, the Company issued the bonds to nine individuals for an aggregate principal of HK$76,000,000 at the interest rate of 4% per annum in which an aggregate principal of HK$34,000,000 will mature in 2018 and the remaining of HK$42,000,000 will mature in 2019. Details of the corporate bonds of the Company are set out in Note 29 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 35 and in Note 26 to the financial statements.

Distributable reserves of the Company as at 31st December 2014 calculated under the Company Act 1981 of Bermuda (as amended) amounted to HK$53,067,000 (2013: HK$55,444,000). Details are set out in Note 26 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$35,000 (2013: HK$35,000).

PROPERTY AND EQUIPMENT

Movements in property and equipment of the Group during the year are set out in Note 14 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 108.

DIRECTORS

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

Chairman
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)
Mr. Zhao Hongwei (the then Managing Director, appointed Chairman effective from 19th January 2015)

Deputy Chairman
Mr. Gao Guanjiang (resigned effective from 1st September 2014)

Executive Directors
Mr. Gong Zhijian (appointed Managing Director effective from 19th January 2015)
Mr. Lau Mun Chung

Non-executive Director
Mr. Chow Kwok Wai

Independent Non-executive Directors
Mr. Wang Tongsan
Mr. Chen Gongmeng
Mr. Hung Muk Ming

In accordance with bye-law 87 of the Company, Mr. Gong Zhijian and Mr. Chow Kwok Wai shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACT
None of the Directors proposed for re-election has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS
No contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

CONTINUING CONNECTED TRANSACTION
Pursuant to an agreement dated 22nd October 2013 (the "Master Agreement") entered between the Company and China Cinda Asset Management Co., Ltd. ("China Cinda") (a substantial shareholder of the Company which indirectly holds 63% of the issued share capital of the Company) (together with its associates, the "China Cinda Group") in relation to the provision by the Group of certain financial services to the China Cinda Group and vice versa.

Pursuant to the Master Agreement, the Group has agreed to provide to the China Cinda Group (i) the brokering services for securities, futures and options trading; placing, underwriting and sub-underwriting services for securities; (ii) the corporate financial advisory services; (iii) the asset management services; and the China Cinda Group would provide to the Group (iv) the brokering services for RQFII, A shares, B shares and other securities, and trust products; (v) the asset management services; and (vi) the sub-underwriting services. The Master Agreement, the transactions contemplated thereunder and the proposed annual caps were approved by the independent shareholders at the special general meeting held on 25th November 2013. The Master Agreement commenced on 25th November 2013 and will end on 31st December 2015 (both days inclusive).

The above-mentioned continuing connected transactions were determined after arm's length negotiations between the parties thereto and will be no less favourable to the Group than terms offered to or by other independent third parties. The Directors, including the INEDs, are of the view that the terms of the Master Agreement are fair and reasonable so far as the shareholders are concerned and that the Master Agreement was entered into on normal commercial terms and in the interest of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group'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. The Directors have received a letter from the auditor containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

CONNECTED TRANSACTION

On 22nd April 2013, Cinda General Partner Limited (the "General Partner") and Rainbow Stone Investments Limited ("Rainbow Stone"), both are wholly-owned subsidiaries of the Company entered into an initial exempted limited partnership agreement (the "Initial Partnership Agreement") in relation to the establishment and management of Cinda Retail and Consumer Fund L.P. (the "Fund").

On 24th May 2013, the General Partner, Rainbow Stone and China Cinda Foundation Management Company ("CCFM") (a subsidiary of China Cinda (HK) Holdings Company Limited ("China Cinda (HK)"), formerly known as Well Kent International Investment Company Limited) (Rainbow Stone and CCFM, collectively the "Limited Partners") entered into a partnership agreement (the "Partnership Agreement") which amended and restated the terms in the Initial Partnership Agreement in relation to the Fund. The primary objective of the Fund is to subscribe for securities issued by or/and in respect of the Target Company (a company incorporated in British Virgin Islands with limited liability, an Affiliate of a listed company whose shares are listed on the Main Board of the Stock Exchange.)

The initial size of the Fund was approximately US$9 million. Pursuant to the Initial Partnership Agreement and the Partnership Agreement, the General Partner has agreed to make a capital contribution of US$1.00 to the Fund, Rainbow Stone has agreed to make a capital contribution of US$3.5 million to the Fund and CCFM has agreed to make a capital contribution of US$5.5 million to the Fund and the respective partnership interest percentage of the General Partner, Rainbow Stone and CCFM are approximately 0.00001%, 38.89% and 61.11% respectively. Cinda Asset Management (Cayman) Limited, a wholly-owned subsidiary of the Company was appointed management company of the Fund. The management fee of the Fund shall be in an amount equal to 2% per annum of the total cash contribution by the Limited Partners for the Fund in proportion to their respective cash contribution for the Fund. The Partnership Agreement closed on 24th May 2013.

On 1st September 2014, a supplemental agreement to the Partnership Agreement was entered into between the General Partner, Rainbow Stone and CCFM, pursuant to which the size of the Fund was increased to approximately US$9.3 million (equivalent to approximately HK$72.3 million) and the additional capital was contributed by CCFM and Rainbow Stone in cash to the Fund in the amount of HK$1,301,667 and HK$828,333 respectively, in proportion to their respective interest in the Fund. After the additional capital contributions, the respective partnership interest percentage of the General Partner, Rainbow Stone and CCFM remain unchanged.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 26th June 2012, the Company as borrower, entered into a facility agreement ("Old Facility Agreement") with a licensed bank in Hong Kong in relation to a HK$70,000,000 revolving term loan facility ("Old Loan Facility"). Pursuant to the Old Facility Agreement, application by the Company to use the Old Loan Facility is conditional upon the undertakings rendered by the controlling shareholder, China Cinda (HK) Holdings Company Limited (formerly known as Well Kent International Investment Company Limited ("China Cinda (HK)") who being a continuing guarantor of the Old Loan Facility, that (i) China Cinda (HK) remains the largest single shareholder of the Company throughout the availability of the Old Loan Facility which has a beneficial ownership (directly or indirectly) of not less than 51% in the issued share capital of the Company; and (ii) the minimum consolidated tangible net worth and the consolidated net gearing ratio of China Cinda (HK) is over HK$3 billion and not exceeding 0.6 times respectively. Failure to comply with the undertakings will trigger an event of default. If an event of default under the Old Facility Agreement occurs, the bank may declare the Old Facility Agreement be cancelled and/or demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Old Facility Agreement. The final maturity date of the Old Loan Facility was 31st August 2013.

On 14th March 2014, the Company as borrower entered into a new facility agreement ("Facility Agreement") with the same licensed bank relating to a HK$150,000,000 revolving term loan facility ("Loan Facility"). The Facility Agreement supersedes and replaces the Old Facility Agreement. Pursuant to the Facility Agreement, application by the Company to use the Loan Facility is conditional upon the covenants/undertakings rendered by China Cinda (HK) who being a continuing guarantor of the Loan Facility, that (i) China Cinda (HK) remain the largest single shareholder of the Company throughout the availability period of the Loan Facility which has a beneficial ownership (directly or indirectly) of not less than 51% in the issued share capital of the Company; (ii) maintain the minimum consolidated tangible net worth (total equity less minority interest and intangible assets) ("Consolidated Tangible Net Worth") be not less than HK$3 billion; and (iii) maintain its consolidated net gearing ratio (total secured and unsecured bank borrowings less cash versus Consolidated Tangible Net Worth) be not exceeding 1.5 times. Failure to comply with the undertakings will trigger an event of default. If an event of default under the Facility Agreement occurs, the bank may declare the Facility Agreement be cancelled and/or demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement. The final maturity date of the Loan Facility was 31st July 2014.

On 29th December 2014, the Company as borrower entered into a new facility agreement ("New Facility Agreement") with the same licensed bank relating to a HK$150,000,000 revolving term loan facility ("New Loan Facility"). The New Facility Agreement supersedes and replaces the Facility Agreement. Pursuant to the New Facility Agreement, application by the Company to use the New Loan Facility is conditional upon the covenants/undertakings rendered by China Cinda (HK) who being a continuing guarantor of the New Loan Facility, China Cinda (HK) shall (i) maintain the minimum consolidated tangible net worth (total equity less minority interests and intangible assets) ("Consolidated Tangible Net Worth") be not less than HK$3 billion; and (ii) maintain its consolidated net gearing ratio (total secured and unsecured bank borrowings less cash versus Consolidated Tangible Net Worth) be not exceeding 1.5 times. Failure to comply with the undertakings will trigger an event of default. If an event of default under the New Facility Agreement occurs, the bank may declare the New Facility Agreement be cancelled and/or demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the New Facility Agreement. The final maturity date of the New Loan Facility is 31st August 2015 and shall be extended subject to the satisfactory review of the facility on an annual basis.

As at 31st December 2014, HK$86,000,000 has been drawn.

ADVANCE TO AN ENTITY

On 9th November 2012, the Company as lender entered into a loan facility agreement (the "Loan Facility Agreement") with America Champion Property Ltd. ("America Champion") as borrower, pursuant to which the Company has agreed to provide a loan in the amount of HK$70,000,000 (the "Loan") to America Champion for a term of 30 months commencing from the drawdown date at the interest rate of 14% per annum. America Champion and its beneficial owner are third parties independent of the Company and its connected persons. Interest shall be payable to the Company every six months where the first interest period ended on 20th June 2013 and subsequent interest periods shall end on 20th December and 20th June each year. The final interest period shall end on the maturity date. The principal amount of the Loan together with interest accrued on the final interest period shall be repaid to the Company in one lump sum on the maturity date.

The Loan was drawn on 13th December 2012 and as at 31st December 2014, the total outstanding balance of the Loan together with the interest accrued amounted to HK$70,235,342.

The Loan is secured by:

1. the first share charge executed by Mr. Qiu Aimin (the sole shareholder of America Champion), America Champion and the Company, pursuant to which Mr. Qiu Aimin agreed to charge by way of first share charge his interest in the entire issued share capital of America Champion in favour of the Company; and

2. the personal guarantee executed by Mr. Qiu Aimin and Mr. Qiu Hanhui, son of Mr. Qiu Aimin (collectively, the "Guarantors") in favour of the Company, pursuant to which the Guarantors, on a joint and several basis, shall irrevocably and unconditionally guarantees the due and punctual performance of America Champion of all its obligations under the Loan Facility Agreement.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2014, the Directors of the Company who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INFORMATION ON SHARE OPTIONS

The share option scheme currently in force was adopted in the 2006 annual general meeting of the Company held on 29th May 2006. No option has been granted in the year ended 31st December 2014 and as at 31st December 2014, there were no outstanding share options granted under the scheme.

The following is a summary of the purpose and terms of the share option scheme:

1 Purpose of the Scheme	(a) Provide incentives or rewards to participants for their contribution to the Group. (b) Recruit and retain high-calibre employees and attract human resources that are valuable to the Group.
2 Participants of the Scheme	(a) Employees including executive Directors of the Group and its invested entities. (b) Other persons who have made contributions to the Group as determined by the Board.
3 Total number of shares available for issue under the Scheme and percentage of issued share capital that it represents as at 31st December 2014	41,413,000 shares, equivalent to approximately 6.46% of the issued share capital of the Company as at 31st December 2014.
4 Maximum entitlement of each participant under the Scheme	No options may be granted to any participant, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such participant under the Scheme or any other schemes of the Company (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to the approval of the shareholders of the Company in a general meeting.
5 Period within which the securities must be taken up under an option	The Directors may determine the period but this shall not end on a date later than ten years from the date of grant.
6 Minimum period for which an option must be held before it can be exercised	There is no such requirement, but the Directors can determine the period of holding.
7 Amount payable on application or acceptance of the option and the periods within which payments or calls must be made or loans made for such purposes must be repaid	Within 28 days from the date of the offer letter, the grantee must accept the offer in writing and remit in favour of the Company HK$10 per option, irrespective of the number of shares covered by the option.
8 Basis of determining the exercise price	The exercise price is determined by the Directors and it must be no less than the highest of: (a) the closing price of the Company's shares in the Stock Exchange's daily quotations sheet on the date of the grant of the relevant options (b) an amount equivalent to the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant options (c) the nominal value of the Company's shares.
9 Remaining life of the scheme	The Scheme shall end on 29th May 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

As at 31st December 2014, so far as was known by the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Sinoday Limited	Beneficial owner	403,960,200 *(Note)*	63.00%
China Cinda (HK) Holdings Company Limited (formerly known as Well Kent International Investment Company Limited ("China Cinda (HK)")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%
China Cinda Asset Management Co., Ltd. ("China Cinda")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note:

These shares were held by Sinoday Limited. The issued share capital of Sinoday Limited was wholly owned by China Cinda (HK) which was a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, China Cinda (HK) and China Cinda were deemed to be interested in all the shares in which Sinoday Limited was interested.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

— the largest customer	15.03%
— the five largest customers combined	41.39%

Except that an intermediate holding company of the Company through a controlled corporation and an associated company of the Company, each of which is one of the top five customers (not the largest customer), at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers.

As the Group is engaged in the provision of financial services, the Directors are of the opinion that giving information on counterparties would be of limited or no value.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2014. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2014.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements of the Company for the year ended 31st December 2014 have been audited by Deloitte Touche Tohmatsu ("Deloitte"). Deloitte were appointed as auditor of the Company at the annual general meeting of the Company held on 25th June 2013 upon the resignation of KPMG who have acted as auditor of the Company for the preceding three financial years.

At the conclusion of the Company's forthcoming annual general meeting, Deloitte shall retire as auditor upon expiration of its current term of office and Ernst & Young shall offer itself for appointment as the auditor of the Company.

By order of the Board

Zhao Hongwei
Chairman

Hong Kong, 27th March 2015

Deloitte.
德勤

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CINDA INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cinda International Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 107, which comprise the consolidated and company statements of financial position as at 31st December 2014, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance") and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2014 and of the Group's 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27th March 2015

Consolidated Statement of Profit or Loss

For the year ended 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	*5*	**132,453**	165,691
Other income	*5*	**22,719**	21,863
Other gains	*5*	**9,797**	3,206
		164,969	190,760
Staff costs	*6*	**70,839**	63,067
Commission expenses		**26,850**	18,889
Operating leases for land and buildings		**17,401**	16,005
Other operating expenses	*7*	**28,970**	28,154
Finance costs	*8*	**3,101**	2,184
		147,161	128,299
		17,808	62,461
Share of profits of associates	*17(a)*	**23,072**	16,618
Share of loss of a joint venture	*17(b)*	**(1,451)**	(201)
Profit before taxation		**39,429**	78,878
Income tax	*9*	**(3,192)**	(8,002)
Profit for the year		**36,237**	70,876
Attributable to:			
Equity holders of the Company		**28,230**	68,254
Non-controlling interests		**8,007**	2,622
		36,237	70,876
Basic earnings per share attributable to equity holders of the Company	*12*	**HK4.40 cents**	HK10.64 cents

The notes on pages 37 to 107 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**36,237**	70,876
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	**(1,007)**	—
Share of an associate's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value	**44,046**	1,881
Share of a joint venture's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value	**—**	380
— Transfer to profit or loss on disposal	**(380)**	—
Net movement in investment revaluation reserve	**42,659**	2,261
Share of an associate's exchange difference	**(12,043)**	3,248
Exchange differences on translation of:		
— Financial statements of a joint venture	**(534)**	836
— Financial statements of foreign operations	**(377)**	529
	(12,954)	4,613
	29,705	6,874
Total comprehensive income for the year	**65,942**	77,750
Total comprehensive income attributable to:		
Equity holders of the Company	**58,081**	74,946
Non-controlling interests	**7,861**	2,804
	65,942	77,750

The notes on pages 37 to 107 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Intangible assets	*13*	**1,439**	1,439
Property and equipment	*14*	**4,990**	4,529
Available-for-sale financial assets	*15*	**3,387**	4,162
Interests in associates	*17(a)*	**297,976**	242,901
Interest in a joint venture	*17(b)*	**20,254**	22,619
Other assets	*18*	**10,698**	10,773
Loans receivable	*19(a)*	**48,000**	118,000
		386,744	404,423
Current assets			
Loans receivable	*19(a)*	**70,000**	—
Note receivable	*19(b)*	**—**	45,000
Available-for-sale financial assets	*15*	**247,071**	—
Financial assets designated at fair value through profit or loss	*21*	**55,000**	49,400
Financial instruments held-for-trading	*22*	**22,000**	22,500
Trade and other receivables	*23*	**394,786**	355,028
Pledged bank deposits	*24*	**15,062**	15,052
Bank balances and cash	*24*	**135,957**	91,464
		939,876	578,444
Current liabilities			
Trade and other payables	*27*	**314,413**	224,416
Borrowings	*28*	**191,218**	35,000
Taxation payable	*20*	**387**	7,795
		506,018	267,211
Net current assets		**433,858**	311,233
Total assets less current liabilities		**820,602**	715,656

Consolidated Statement of Financial Position

As at 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	*25*	**64,121**	64,121
Other reserves		**511,397**	481,546
Retained earnings		**114,228**	85,998
Total equity attributable to equity holders of the Company		**689,746**	631,665
Non-controlling interests		**53,734**	49,991
TOTAL EQUITY		**743,480**	681,656
Non-current liabilities			
Bonds issued	*29*	**76,000**	34,000
Deferred tax liability	*20(b)*	**1,122**	—
		820,602	715,656

Approved and authorised for issue by the Board of Directors on 27th March 2015 and are signed on its behalf by:

Gong Zhijian
Executive Director

Lau Mun Chung
Executive Director

The notes on pages 37 to 107 form part of these financial statements.

Statement of Financial Position

As at 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Intangible assets	*13*	**120**	120
Investment in subsidiaries	*16*	**265,184**	265,184
Investment in an associate	*17(a)*	**78,000**	78,000
Loan receivable	*19(a)*	**—**	70,000
		343,304	413,304
Current assets			
Loan receivable	*19(a)*	**70,000**	—
Note receivable	*19(b)*	**—**	45,000
Available-for-sale financial assets	*15*	**247,071**	—
Other receivables	*23*	**873**	878
Amounts due from subsidiaries	*16(a)*	**314,738**	301,388
Bank balances	*24*	**5,946**	10,267
		638,628	357,533
Current liabilities			
Other payables	*27*	**4,788**	7,759
Borrowings	*28*	**191,218**	35,000
Amounts due to subsidiaries	*16(a)*	**171,319**	153,608
		367,325	196,367
Net current assets		**271,303**	161,166
Total assets less current liabilities		**614,607**	574,470

Statement of Financial Position

As at 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	*25*	**64,121**	64,121
Other reserves	*26*	**495,903**	496,910
Accumulated loss	*26*	**(21,417)**	(20,561)
TOTAL EQUITY		**538,607**	540,470
Non-current liabilities			
Bonds issued	*29*	**76,000**	34,000
		614,607	574,470

Approved and authorised for issue by the Board of Directors on 27th March 2015 and are signed on its behalf by:

Gong Zhijian
Executive Director

Lau Mun Chung
Executive Director

The notes on pages 37 to 107 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2014

		Attributable to equity holders of the Company								
	Note	Share capital	Share premium	Capital reserve 26(a)	Investment revaluation reserve 26(c)	Exchange reserve 26(d)	Retained earnings	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1st January 2013		64,121	421,419	42,879	3,027	7,529	17,744	556,719	—	556,719
Profit for the year		—	—	—	—	—	68,254	68,254	2,622	70,876
Other comprehensive income		—	—	—	2,261	4,431	—	6,692	182	6,874
Total comprehensive income for the year		—	—	—	2,261	4,431	68,254	74,946	2,804	77,750
Capital contributions from Non-controlling interests		—	—	—	—	—	—	—	48,482	48,482
Distribution to Non-controlling interest	*38(g)*	—	—	—	—	—	—	—	(1,295)	(1,295)
Balance at 31st December 2013		64,121	421,419	42,879	5,288	11,960	85,998	631,665	49,991	681,656
Balance at 1st January 2014		**64,121**	**421,419**	**42,879**	**5,288**	**11,960**	**85,998**	**631,665**	**49,991**	**681,656**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**28,230**	**28,230**	**8,007**	**36,237**
Other comprehensive income		**—**	**—**	**—**	**42,659**	**(12,808)**	**—**	**29,851**	**(146)**	**29,705**
Total comprehensive income for the year		**—**	**—**	**—**	**42,659**	**(12,808)**	**28,230**	**58,081**	**7,861**	**65,942**
Capital contributions from Non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,302**	**1,302**
Distribution to Non-controlling interest	*38(g)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,420)**	**(5,420)**
Balance at 31st December 2014		**64,121**	**421,419**	**42,879**	**47,947**	**(848)**	**114,228**	**689,746**	**53,734**	**743,480**

The notes on pages 37 to 107 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Net cash inflow from operating activities	34	**89,994**	46,365
Investing activities			
Purchase of property and equipment	14	**(2,937)**	(1,436)
Purchase of debt securities	21	**—**	(47,200)
Purchase of equity securities upon exercise of warrants	22	**(7,275)**	—
Interest received from debt securities		**8,965**	3,585
Sale of equity securities		**12,423**	8,168
Dividends received from listed securities	5	**—**	320
Purchase of available-for-sale financial assets		**(248,571)**	(4,162)
Sale of available-for-sale financial assets		**1,268**	—
Advance of loan to an available-for-sale financial assets investee	19(a)	**—**	(48,000)
Placement of bank deposits with maturity over three months	24	**(4,000)**	—
Net cash outflow used in investing activities		**(240,127)**	(88,725)
Financing activities			
Interest paid		**(3,101)**	(1,884)
Proceeds from bank loan	28	**91,000**	—
Repayment of bank loan	28	**(40,000)**	(25,000)
Proceeds from margin loan from a broker	28	**105,218**	—
Issue of new bonds	29	**42,000**	34,000
Capital contributions from non-controlling interests		**1,302**	48,482
Distribution to non-controlling interest		**(5,420)**	(1,295)
Net cash inflow from financing activities		**190,999**	54,303
Increase in cash and cash equivalents		**40,866**	11,943
Cash and cash equivalents at 1st January		**91,464**	79,004
Effect of foreign exchange rate changes		**(373)**	517
Cash and cash equivalents at 31st December	24	**131,957**	91,464
Analysis of balances of cash and cash equivalents			
Bank balances — general accounts and cash	24	**131,957**	91,464

The notes on pages 37 to 107 form part of these financial statements.

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 to the financial statements.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27th March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs, that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the certain financial instruments that are stated at their fair value at the end of each reporting period as explained in the accounting policies set out below.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Basis of preparation *(continued)*

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

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

2.3 Consolidation

The consolidated financial statements for the year ended 31st December 2014 comprise the Company and all its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture.

(a) *Subsidiaries and non-controlling interests*

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

(a) *Subsidiaries and non-controlling interests (continued)*

The Group also acts as investment managers of various funds. The determination of whether the Group has control over those funds require the Group to assess whether it is acting as a principal or an agent. An investment manager that can be removed without cause by a single party with substantive removal rights would be considered an agent. If no single party holds substantive removal rights, then an investment manager, in assessing whether it is a principal or agent, would consider the following factors:

- The scope of its decision-making authority over the investee;
- The rights held by other parties;
- The remuneration to which it is entitled in accordance with the remuneration agreement(s); and
- Its exposure to variability of returns from other interests that it holds in the investee.

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

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

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

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

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

(b) *Associates and joint venture*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

(b) Associates and joint venture (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

(b) Associates and joint venture (continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.4 Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK Dollars"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the lease periods or 5 years if shorter
Furniture and fixtures	20%
Office and computer equipment	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Intangible assets

(a) Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses (see note 2.8). The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

(b) Club membership

Club membership is classified as intangible assets. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses (see note 2.8).

2.8 Impairment of assets

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial instruments

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial instruments are acquired. Management determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents financial assets held for trading and those designated at fair value through profit or loss.

A financial asset is classified as held for trading if:

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

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

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

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

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains/(losses)' line item. Fair value is determined in the manner described in note 37.2.

Financial assets under this category are carried at fair value. Changes in the fair value exclude any interest earned (which is included in "other income") and are included in the consolidated statement of profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial instruments *(continued)*

(b) Loan and note receivables

Loan and note receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than 12 months after the end of the reporting period which are classified as non-current assets. Loan and note receivables are carried at amortised cost using the effective interest methods less impairment losses, if any (see note 2.10(b)).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

Purchases and sales of financial instruments are recognised on a trade date basis — the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(d) Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Trade and other receivables

(a) Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Effective interest method

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

(b) A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2.17, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Income tax

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2.15 Employee benefits

(a) Employee leave entitlements

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

(b) Pension obligations

The Group contributes to the mandatory provident fund (“MPF Scheme”), a defined contribution plan in Hong Kong, which is available to all employees. The assets of the MPF Scheme are held separately from the Group in an independently administered fund.

The Group’s contribution to the MPF Scheme is based on 5% of the monthly relevant income of each employee up to a maximum monthly relevant income of HK$25,000 since 1st June 2012 in accordance with the Mandatory Provident Fund Schemes Ordinance. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Employee benefits *(continued)*

(c) Equity-settled share-based transactions

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

During the vesting period, the number of share options that are expected to vest is reviewed. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employees on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

2.18 Revenue recognition

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

Brokerage commission income arising from securities broking and commodities and futures broking are recognised and accounted for on a trade date basis.

Brokerage commission income arising from the brokerage insurance products is recognised when services are rendered. An amount, based on a certain percentage of the commission income and expenses and based on the historical statistics on the occurrence of the clawback of the brokerage commission income, has been provided for the possible clawback that may be claimed against the Group.

Underwriting commissions, management fee and service fee income are recognised when the relevant work or service has been rendered.

Revenue from corporate finance and investment advisory services is recognised in accordance with the terms of agreement for the underlying transactions and/or when the relevant work or service has been rendered.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Leases

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

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are expensed in profit or loss on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Finance costs

Finance costs are charged to profit or loss in the year in which they are incurred.

2.23 Borrowings

Borrowings, including bonds issued, are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Effective interest method

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

2.24 Financial instruments not recognised in the statement of financial position

Financial instruments arising from the leveraged foreign exchange trading and option transactions are marked to market and the gain or loss thereof is recognised in profit or loss as foreign exchange trading revenue or net premium income from foreign currency option.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when both of the following conditions are satisfied: (i) the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK (IFRIC) — INT 21	Levies

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Litigation

The Group considers each case involving litigation individually to assess the probability of any outflow of resources. If in the opinion of the directors, an outflow of resources embodying economic benefits will be required to settle the litigation, a provision will be made to the extent of the probable outflow. In other cases, unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability will be disclosed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

4.3 Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the Group and the Group's associate, where direct market prices in an active market are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence cannot be used as an indicator of value realisable in a future sale.

4.4 Control over Cinda Retail and Consumer Fund L.P. ("CRC Fund")

Note 16(c) describes that CRC Fund, which was set up the in prior year, is a subsidiary of the Group although the Group has only 38.89% ownership interest in CRC Fund as at 31st December 2014 and 2013. The Group is the investment manager, general partner and limited partner of CRC Fund. The Group considered that it has the power to direct the relevant activities of CRC Fund taking into account (a) 38.89% ownership in CRC Fund, and (b) its roles as the investment manager and general partner of CRC Fund which give it wide ranging discretion in directing CRC Fund's relevant activities, pursuant to the agreement entered into between the Group and the other limited partner, a fellow subsidiary of the Group.

Accordingly, the Group has accounted for CRC Fund as a subsidiary.

4.5 Significant influence over Cinda Plunkett International Asia Absolute Return Fund ("CPIAAR Fund")

Note 17(a) describes that CPIAAR Fund is an associate of the Group. The assessment was made taking into account (a) the Group has 17.38% ownership in CPIAAR Fund, (b) the Group has significant influence over the investment manager of CPIAAR Fund and (c) the Group is the investment advisor which holds the license to perform regulatory activities — asset management under the SFO of CPIAAR Fund which give it significant influence over CPIAAR Fund.

4.6 Classification of JianXinJinYuan (Xiamen) Equity Investment Management Limited ("JXJY") as a joint venture

JXJY is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Pursuant to the shareholder agreement between the parties to the joint arrangement, the decisions about the relevant activities of JXJY require the unanimous consent of these parties. Furthermore, there are no contractual arrangements or any other facts and circumstances that give the parties to the joint arrangement rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, JXJY is classified as a joint venture of the Group. See note 17(b) for details.

4.7 Impairment losses on loans receivable, note receivable and trade and other receivables

The Group periodically reviews its loans receivable, note receivable and trade and other receivables to assess whether impairment losses exist. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group has individually evaluated loans receivable, note receivable and trade and other receivables for impairment after taking into account the value of the underlying collateral of each borrower, and the latest financial position and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow. If the financial conditions of the borrowers of the Group were to deteriorate, resulting in an impairment of their ability to make repayments, further impairment losses may be required.

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION

	2014 HK$'000	2013 HK$'000
Turnover		
Fees and commission		
— Corporate finance	**19,884**	18,960
— Securities broking	**37,191**	32,446
— Commodities and futures broking	**2,811**	6,983
— Financial planning and insurance broking	**4,186**	3,714
— Asset management	**18,619**	10,554
— Others	**240**	989
	82,931	73,646
Underwriting income and placing commission		
— Corporate finance	**—**	4,720
— Securities broking	**14,924**	72,163
	14,924	76,883
Interest income		
— Corporate finance	**37**	14
— Securities broking	**9,441**	10,544
— Commodities and futures broking	**1**	1
— Financial planning and insurance broking	**—**	1
— Asset management	**24**	1
— Others	**5**	15
	9,508	10,576
Management fee and service fee income		
— Asset management	**24,704**	4,189
Gross premium income from financial planning and insurance broking	**3,223**	2,879
Less: Direct commission expenses incurred for financial planning and insurance broking	**(2,837)**	(2,482)
Net premium income from financial planning and insurance broking	**386**	397
	132,453	165,691
Other income		
Loan interest income	**11,649**	14,961
Interest income from debt securities	**8,965**	4,189
Dividend income from listed securities	**—**	320
Other income	**2,105**	2,393
	22,719	21,863
Other gains		
Net exchange (losses) gains	**(451)**	378
Net gains on disposal of financial assets designated at fair value through profit or loss	**5,148**	1,128
Loss from changes in fair value of financial assets classified as held-for-trading	**(500)**	(500)
Gain from changes in fair value of financial assets designated at fair value through profit or loss	**5,600**	2,200
	9,797	3,206
	164,969	190,760

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION *(continued)*

Segment information

The Group manages its businesses by divisions. Under HKFRS 8 Operating segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following operating and reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Corporate finance — provision of corporate finance and advisory services to companies listed or seeking listing in Hong Kong and other unlisted corporates.

2. Securities broking — provision of broking services in securities, equity linked products, unit trusts and stock options traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those broking clients.

3. Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and selected overseas markets.

4. Financial planning and insurance broking — acting as an agent for the sale of savings plans, general and life insurance and other investment linked insurance products.

5. Asset management — provision of advisory and management services for private funds and auxiliary services.

The Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and a joint venture and other corporate assets. Segment liabilities include trade creditors, accruals and borrowings attributable to the operating activities of the individual segments.

The measure used for reporting segment results is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture and other head office or corporate administration costs or other income.

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

Year ended 31st December 2014

	Corporate finance HK$'000	Securities broking HK$'000	Commodities and futures broking HK$'000	Financial planning/ insurance broking HK$'000	Asset management HK$'000	Total HK$'000
Turnover from external customers	19,921	61,407	2,812	4,572	27,156	115,868
Turnover from an associate *(note)*	—	—	—	—	15,360	15,360
Inter-segment turnover	—	149	—	—	831	980
Reportable segment turnover	19,921	61,556	2,812	4,572	43,347	132,208
Reportable segment results (EBIT)	(7,010)	4,192	(3,756)	(2,665)	28,385	19,146
Interest income from bank deposits	37	39	—	—	26	102
Interest expense	(345)	(1,400)	(47)	(78)	(452)	(2,322)
Depreciation for the year	(23)	(992)	(116)	(1)	(6)	(1,138)
Reportable segment assets	15,520	449,770	28,525	3,583	374,271	871,669
Additions to non-current segment assets during the year	29	2,116	19	—	57	2,221
Reportable segment liabilities	5,267	274,305	18,571	1,807	211,419	511,369

Note: This represents service fee income received by the Group from an associate. See note 38(c).

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

Year ended 31st December 2013

	Corporate finance HK$'000	Securities broking HK$'000	Commodities and futures broking HK$'000	Financial planning/ insurance broking HK$'000	Asset management HK$'000	Total HK$'000
Turnover from external customers	23,694	115,132	6,984	4,112	2,786	152,708
Turnover from an associate *(note)*	—	—	—	—	10,554	10,554
Inter-segment turnover	—	21	—	—	1,404	1,425
Reportable segment turnover	23,694	115,153	6,984	4,112	14,744	164,687
Reportable segment results (EBIT)	(1,911)	55,185	(2,616)	(1,911)	(3,772)	44,975
Interest income from bank deposits	14	2,624	—	—	1	2,639
Interest expense	—	(214)	—	—	—	(214)
Depreciation for the year	(67)	(737)	(137)	(3)	(4)	(948)
Reportable segment assets	20,952	356,913	49,872	2,506	25,795	456,038
Additions to non-current segment assets during the year	87	3,191	34	—	42	3,354
Reportable segment liabilities	1,883	176,631	39,331	1,049	9,022	227,916

Note: This represents service fee income received by the Group from an associate. See note 38(c).

Reconciliations of reportable turnover

	2014 HK$'000	2013 HK$'000
Turnover		
Reportable segment turnover	**132,208**	164,687
Elimination of inter-segment turnover	**(980)**	(1,425)
Unallocated head office and corporate turnover	**1,225**	2,429
Consolidated turnover	**132,453**	165,691

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION *(continued)*

Reconciliations of reportable results

	2014 HK$'000	2013 HK$'000
Results		
Reportable segment results	**19,146**	44,975
Elimination of inter-segment profits	**(28)**	—
Reportable segment profit derived from external customers	**19,118**	44,975
Share of profits of associates	**23,072**	16,618
Share of loss of a joint venture	**(1,451)**	(201)
Finance costs	**(3,101)**	(2,184)
Unallocated head office and corporate income	**1,791**	19,670
	39,429	78,878
Consolidated profit before taxation	**39,429**	78,878
Income tax	**(3,192)**	(8,002)
Profit for the year	**36,237**	70,876

Reconciliations of reportable assets and liabilities

	2014 HK$'000	2013 HK$'000
Assets		
Reportable segment assets	**871,669**	456,038
Elimination of inter-segment receivables	**(4,571)**	(2,597)
	867,098	453,441
Interests in associates	**297,976**	242,901
Interest in a joint venture	**20,254**	22,619
Unallocated head office and corporate assets	**141,292**	263,906
Consolidated total assets	**1,326,620**	982,867
Liabilities		
Reportable segment liabilities	**511,369**	227,916
Elimination of inter-segment payables	**(11,695)**	(7,986)
	499,674	219,930
Unallocated head office and corporate liabilities	**83,466**	81,281
Consolidated total liabilities	**583,140**	301,211

5 TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION *(continued)*

Geographic information

The following table sets out information about the geographical location of (i) the Group's turnover from external customers and (ii) the Group's property and equipment, intangible assets, available-for-sale financial assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Turnover from external customers		Specified non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**103,114**	162,993	**95,582**	85,493
Mainland China	**29,339**	2,698	**232,464**	190,157
	132,453	165,691	**328,046**	275,650

Information about major customer:

Turnover from customers contributing over 10% of the total sales of the Group are as follows:

	2014	2013
	HK$'000	HK$'000
Customer from asset management segment	**19,902**	—
Customer (an associate) from asset management segment	**15,360**	9,574
Customer (ultimate holding company) from corporate finance and securities broking segments	**—**	57,744
	35,262	67,318

6 STAFF COSTS

	2014	2013
	HK$'000	HK$'000
Salaries and allowances	**69,374**	61,912
Defined contribution plans *(note 30)*	**1,465**	1,155
	70,839	63,067

Staff costs include directors' emoluments as set out in note 31.

7 OTHER OPERATING EXPENSES

	2014 HK$'000	2013 HK$'000
Auditor's remuneration		
— Audit service	**1,782**	1,525
— Non-audit services	**300**	580
Write off of bad and doubtful debts	**—**	19
Reversal of impairment loss recognised on trade and other receivables	**(1,013)**	(166)
Depreciation	**2,469**	2,471
Equipment rental expenses	**4,478**	4,530
Loss on disposal of property and equipment	**3**	—

8 FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on borrowings — repayable within one year	**1,161**	1,884
Interest on bonds issued — repayable in more than two years but not more than five years	**1,940**	300
	3,101	2,184

9 INCOME TAX

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Enterprise Income Tax Rate for domestic entities in PRC is 25% for the current and prior years.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the current and prior years.

The amount of taxation charged to the consolidated statement of profit or loss:

	2014 HK$'000	2013 HK$'000
Current taxation		
— Hong Kong Profits Tax	**1,999**	7,776
— PRC Enterprise Income Tax	**71**	226
	2,070	8,002
Deferred taxation		
— Hong Kong Profits Tax *(note 20(b))*	**1,122**	—
	3,192	8,002

9 INCOME TAX *(continued)*

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 HK$'000	2013 HK$'000
Profit before taxation	**39,429**	78,878
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**6,470**	12,961
Tax effect of share of profits of associates	**(3,807)**	(2,742)
Tax effect of share of loss of a joint venture	**239**	33
Tax effect of income not subject to taxation purposes	**(2,085)**	(1,979)
Tax effect of expenses not deductible for taxation purposes	**1,254**	1,661
Utilisation of previously unrecognised tax losses and other temporary differences	**—**	(4,037)
Tax losses for which no deferred income tax assets were recognised	**1,121**	2,105
Income tax expenses	**3,192**	8,002

10 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

The (loss)/profit attributable to equity holders is dealt with in the financial statements of the Company to the extent of HK$856,000 (2013: profit of HK$9,321,000).

11 DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2014 (2013: nil).

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$28,230,000 (2013: HK$68,254,000) and the number of 641,205,600 ordinary shares (2013: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

(i) Earnings attributable to equity holders of the Company

	2014 HK$'000	2013 HK$'000
Earnings for the year attributable to equity holders of the Company	**28,230**	68,254

12 EARNINGS PER SHARE *(continued)*

(a) Basic earnings per share *(continued)*

(ii) Number of ordinary shares

	2014	2013
Issued ordinary shares at 1st January and at 31st December	**641,205,600**	641,205,600

(b) Diluted earnings per share

No diluted earnings per share was presented for both years because there were no potential ordinary shares during both the current and prior years.

13 INTANGIBLE ASSETS

	Group			
	Stock Exchange trading rights HK$'000	**Futures Exchange trading right** HK$'000	**Club membership** HK$'000	**Total** HK$'000
Cost				
At 1st January 2013, 1st January 2014 and 31st December 2014	913	406	120	1,439
Carrying amount				
At 1st January 2013, 1st January 2014 and 31st December 2014	913	406	120	1,439

	Company	
	Club membership HK$'000	**Total** HK$'000
Cost		
At 1st January 2013, 1st January 2014 and 31st December 2014	120	120

14 PROPERTY AND EQUIPMENT

	Group				
	Leasehold improvements HK$'000	Furniture & fixtures HK$'000	Office & computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1st January 2013	4,041	2,150	15,658	1,849	23,698
Additions	26	20	1,390	—	1,436
Disposals	—	—	(594)	—	(594)
Exchange difference	12	4	3	—	19
At 31st December 2013 and 1st January 2014	4,079	2,174	16,457	1,849	24,559
Additions	—	6	2,444	487	2,937
Disposals	—	(8)	(71)	—	(79)
Exchange difference	(8)	(3)	(3)	—	(14)
At 31st December 2014	4,071	2,169	18,827	2,336	27,403
Accumulated depreciation					
At 1st January 2013	3,413	1,859	11,025	1,849	18,146
Charge for the year	551	121	1,799	—	2,471
Disposals	—	—	(594)	—	(594)
Exchange difference	5	1	1	—	7
At 31st December 2013 and 1st January 2014	3,969	1,981	12,231	1,849	20,030
Charge for the year	110	81	2,167	111	2,469
Disposals	—	(8)	(68)	—	(76)
Exchange difference	(8)	(1)	(1)	—	(10)
At 31st December 2014	4,071	2,053	14,329	1,960	22,413
Net book value					
At 31st December 2014	—	116	4,498	376	4,990
At 31st December 2013	110	193	4,226	—	4,529

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK$'000	2013 HK$'000
Non-current:		
Unlisted equity investments:		
— equity securities	**1**	1
— private equity funds	**3,386**	4,161
	3,387	4,162
Current:		
Listed debt investment:		
— debt securities with fixed interest	**247,071**	—
	250,458	4,162

The above unlisted equity investments represent investments in unlisted equity securities issued by a private entity incorporated in the PRC and investments in two private equity funds established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably.

During the current year, the Group disposed of part of interest in one of the private equity funds with carrying amount of HK$1,267,505, which had been carried at cost less impairment before the disposal. No gain or loss on disposal has been recognised for this transaction.

As at 31st December 2014, the above listed debt securities were placed in a broker to secure the margin loan from that broker for margin financing as disclosed in note 28. The debt securities purchased acted as seed money for the fund which we plan to establish and simultaneously enhanced short-term yield (net of interest costs). The Group expects that the listed debt securities and the margin loan may be disposed/repaid within the next twelve months and has accordingly classified the debt securities as current assets.

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2014 HK$'000	2013 HK$'000
Investment at cost, unlisted shares	**345,160**	345,160
Less: impairment loss	**(79,976)**	(79,976)
	265,184	265,184

(a) The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

16 INVESTMENT IN SUBSIDIARIES *(continued)*

(b) The following is the list of subsidiaries at 31st December 2014 and 2013:

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/share capital held	Interest held directly		Interest held indirectly	
				2014	2013	**2014**	2013
Cinda International Capital Limited ("CICL")	Hong Kong	Corporate finance services	14,000,100 ordinary shares of HK$1 each, and 21,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Securities Limited ("CISL")	Hong Kong	Securities broking and margin financing services	100,000,100 ordinary shares of HK$1 each, and 50,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Futures Limited ("CIFL")	Hong Kong	Commodities and futures broking	40,000,100 ordinary shares of HK$1 each, and 10,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Asset Management Limited ("CIAM")	Hong Kong	Asset management	15,500,100 ordinary shares of HK$1 each, and 2,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda Asset Management (Cayman) Limited ("CAMCL")	Cayman Islands	Fund management	1 ordinary share of US$1 each	**—**	—	**100%**	100%
Cinda International Wealth Management Advisor Limited ("CIWM")	Hong Kong	Financial planning and insurance broking	9,500,000 ordinary shares of HK$1 each	**—**	—	**100%**	100%
Chinacorp Nominees Limited ("CNL")	Hong Kong	Provision of administrative support services	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda Strategic (BVI) Limited ("CSBVIL")	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	**100%**	100%	**—**	—
Cinda (BVI) Limited ("CBVIL")	British Virgin Islands	Investment holding	7 ordinary shares of US$1 each	**100%**	100%	**—**	—
Cinda International Direct Investment Limited ("CIDI")	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	**100%**	100%	**—**	—
Cinda International Research Limited ("CIRL")	Hong Kong	Provision of research services	1,000,000 ordinary shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Nominees Limited ("CINL")	Hong Kong	Provision of administrative support services	100,000 ordinary shares of HK$1 each	**—**	—	**100%**	100%

16 INVESTMENT IN SUBSIDIARIES *(continued)*

(b) *(continued)*

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/share capital held	Interest held directly		Interest held indirectly	
				2014	2013	**2014**	2013
Cinda International Consultant Limited ("CICON")	Hong Kong	Investment holding	120,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Cinda International Capital Management Limited ("CICM")	British Virgin Islands	Investment holding	1 ordinary shares of US$1 each	—	—	**100%**	100%
信達國際(上海)投資諮詢有限公司	PRC	Provision of consultancy services	HK$5,000,000	—	—	**100%**	100%
Cinda Resources Investment Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda International Strategic Limited	Hong Kong	Investment	100,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Cinda International FX Limited ("CIFX")	Hong Kong	Dormant	100 ordinary shares of HK$1 each, and 100,000,000 non-voting deferred shares of HK$1 each	—	—	**100%**	100%
Cinda Agriculture Investment Limited	Cayman Islands	Dormant	1 ordinary share of US$1 each	—	—	**100%**	100%
Rainbow Stone Investments Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda General Partner Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda Asia Investments Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
福建海峽文化產業股權投資管理有限公司 ("FJSC")	PRC	Private equity investment and fund management	RMB10,000,000	—	—	**55%**	55%
Cinda Retail and Consumer Fund L.P. ("CRC Fund")	Cayman Islands	Investment	US$9,273,078	—	—	**38.89%** *(Note 1)*	38.89% *(Note 1)*
Cinda Agriculture Industry Investments Fund L.P.	Cayman Islands	Dormant	US$2	—	—	**50%** *(Note 2)*	50% *(Note 2)*
Cinda International Finance Limited ("CIFIN")	Hong Kong	Money lender	1,000,000 ordinary shares of HK$1 each	—	—	**100%**	—

Notes:

(1) Notes 4.4 and 16(c)(i) describe the details of CRC Fund. Notes 38(f) and 38(g) describe CRC Fund's transactions with the CRC Fund's non-controlling interest.

(2) Considering the immaterial size of the fund, the Director did not disclose further details of this fund.

16 INVESTMENT IN SUBSIDIARIES *(continued)*

(c) The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2014	2013	**2014**	2013	**2014**	2013
					HK$'000	HK$'000	**HK$'000**	HK$'000
CRC Fund (i)	Cayman Islands	Hong Kong	**61.11%**	61.11%	**7,851**	2,335	**47,673**	43,940
Immaterial non-controlling interests of FJSC							**6,061**	6,051
							53,734	49,991

(i) CRC Fund was set up in prior year with a fellow subsidiary of the Group and the Group is the general partner, limited partner and investment manager of the Fund. The Directors concluded that the Group has control over CRC Fund on the basis as set out in note 4.4 to these consolidated financial statements.

Summarised financial information in respect of CRC Fund is set out below. The summarised financial information below represents amounts before intragroup eliminations prepared in accordance with HKFRSs.

CRC Fund	2014 HK$'000	2013 HK$'000
Current assets		
— Financial assets designated at fair value through profit or loss	**55,000**	49,400
— Financial instruments held-for-trading	**22,000**	22,500
— Other current assets	**7,535**	1,025
	84,535	72,925
Current liabilities	**(5,405)**	(1,025)
Non-current liabilities	**(1,122)**	—
Total equity	**78,008**	71,900
Equity attributable to owners of the Company	**30,335**	27,960
Non-controlling interest	**47,673**	43,940

16 INVESTMENT IN SUBSIDIARIES *(continued)*

(c) *(continued)*

(i) *(continued)*

CRC Fund	2014 HK$'000	2013 HK$'000
Other income	**7,119**	4,201
Other gains		
— net gain from changes in fair value of financial assets at FVTPL	**5,100**	1,700
— net gain on disposal of financial assets designated at FVTPL	**4,511**	—
Profit and total comprehensive income for the year	**12,847**	3,821
Profit and total comprehensive income attributable to non-controlling interest	**7,850**	2,335
Distribution to non-controlling interest	**5,420**	1,295
Net cash inflow (outflow) from operating activities	**8,565**	(20,877)
Net cash inflow (outflow) from investing activities	**4,511**	(47,200)
Net cash (outflow) inflow from financing activities	**(6,740)**	68,079
Net cash inflow	**6,336**	2

17 INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Unlisted shares, at cost			**78,000**	78,000
Share of net assets at 1st January	**242,901**	221,154		
Share of associates' results for the year	**23,072**	16,618		
Share of associates' other comprehensive income for the year	**32,003**	5,129		
	55,075	21,747		
Share of net assets at 31st December	**297,976**	242,901		

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 2014	2013	Principal activities
Sino-Rock Investment Management Company Limited ("Sino-Rock ") *(note (1))*	18,000,000 ordinary shares of HK$1 each	Hong Kong	**40%**	40%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL")	4,000,000 ordinary shares of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Asia Absolute Return Fund ("CPIAAR Fund") *(note (2))*	100,000 units of US$100 each	Cayman Islands	**17.38%**	17.38%	Investment fund

Notes:

(1) The fellow subsidiary of the Group also had 30% equity interest in Sino-Rock.

(2) It is considered that the Group had significant influence over the CPIAAR Fund through the Group's significant influence over the investment manager of CPIAAR Fund who has wide discretion over the relevant activities of CPIAAR Fund. Note 4.5 describes the management judgments in arriving at the above conclusion.

Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of the Group's principal associates is set out below.

The associates have a reporting date of 31st December and are accounted for using the equity method in these consolidated financial statements prepared in accordance with HKFRSs.

17 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates *(continued)*

Sino-Rock

	2014 HK$'000	2013 HK$'000
Current assets		
— Financial assets at fair value through profit or loss	296,268	—
— Bank balances and cash	13,356	206,811
— Other current assets	63,582	6,802
	373,206	213,613
Non-current assets		
— Available-for-sale financial assets	338,416	161,372
— Other non-current assets	92,374	99,858
	430,790	261,230
Current liabilities		
— Loan from an intermediate holding company	(115,824)	—
— Other current liabilities	(69,249)	(46,567)
	(185,073)	(46,567)
Non-current liabilities	(97,063)	(20,413)
Net assets	521,860	407,863

	Year ended 31st December 2014 HK$'000	Year ended 31st December 2013 HK$'000
Other income, gains and losses	48,449	89,034
Profit for the year	33,991	41,927
Other comprehensive income for the year	77,360	5,185
Total comprehensive income for the year	111,351	47,112
Group's effective interest on profit for the year	13,596	13,716
Group's effective interest on other comprehensive income for the year	32,003	5,129

17 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates *(continued)*

Sino-Rock (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Net assets of Sino-Rock	**521,860**	407,863
Proportion of the Group's ownership interest in Sino-Rock	**40%**	40%
Carrying amount of the Group's interest in Sino-Rock	**208,744**	163,145

CPIAAR Fund

	2014 **HK$'000**	2013 HK$'000
Current assets		
— Financial assets at fair value through profit or loss	**467,296**	471,104
— Bank balances and cash	**234,147**	9,251
— Other current assets	**109,286**	40,954
	810,729	521,309
Current liabilities		
— Contributions received in advance	**(234,000)**	—
— Other current liabilities	**(66,585)**	(62,553)
	(300,585)	(62,553)
Net assets	**510,144**	458,756
Capital contribution by investors/a new investor	**592**	200,944

	Year ended 31st December 2014 HK$'000	Year ended 31st December 2013 HK$'000
Revenue	**53,734**	29,868
Profit and total comprehensive income for the year	**50,490**	24,112
Group's effective interest on profit for the year	**8,908**	2,902

17 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates *(continued)*

CPIAAR Fund (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Net assets of CPIAAR Fund	**510,144**	458,756
Proportion of the Group's ownership interest in CPIAAR Fund	**17.38%**	17.38%
Carrying amount of the Group's interest in CPIAAR Fund	**88,664**	79,756

CPHL

The Group recognised a profit of HK$568,000 from the interest in CPHL for the year ended 31st December 2014 as the share of profit of CPHL for the year ended 31st December 2014 has exceeded the Group's cumulative unrecognised share of loss of CPHL of HK$719,000 as at 31st December 2013.

(b) Interest in a joint venture

	2014 **HK$'000**	2013 HK$'000
Share of net assets at 1st January	**22,619**	21,604
Share of a joint venture's results for the year	**(1,451)**	(201)
Share of a joint venture's other comprehensive income for the year	**(914)**	1,216
Share of net assets at 31st December	**20,254**	22,619

Details of the Group's interest in an unlisted joint venture are as follows:

Name	Particulars of share capital held	Country of establishment	Effective equity interest to the Group		Principal activity
			31st December 2014	31st December 2013	
JianXinJinYuan (Xiamen) Equity Investment Management Limited ("JXJY") *(note)*	RMB17,500,000 of registered capital	PRC	**35%**	35%	Private equity investment and fund management

Note: *Sino-Rock*, one of the associates of the Group in note 17(a), has 40% equity interest in JXJY. The other shareholder of JXJY is a PRC incorporated Company.

Summarised consolidated financial information of a joint venture

Summarised consolidated financial information in respect of the Group's joint venture is set out below.

The summarised consolidated financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

17 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(b) Interest in a joint venture *(continued)*

Summarised consolidated financial information of a joint venture *(continued)*

The joint venture has a reporting date of 31st December and is accounted for using the equity method in these consolidated financial statements.

Summarised consolidated financial information of a joint venture

	2014	2013
	HK$'000	HK$'000
Non-current assets		
— Available-for-sale financial assets	**158,355**	206,895
— Other non-current assets	**887**	5,185
	159,242	212,080
Current assets		
— Financial assets at fair value through profit or loss	**—**	68,709
— Bank balances and cash	**97,565**	31,113
— Other current assets	**212**	3,552
	97,777	103,374
Current liabilities		
— Financial liabilities at fair value through profit or loss	**(191,846)**	(234,892)
— Other current liabilities	**(24,505)**	(5,647)
	(216,351)	(240,539)
Net assets	**40,668**	74,915
Equity attributable to the owners of JXJY	**57,869**	64,626

	2014	2013
	HK$'000	HK$'000
Revenue	**26,867**	4,796
Profit/(loss) for the year	**11,435**	(7,956)
Other comprehensive income for the year	**(7,460)**	24,653
Total comprehensive income for the year	**3,975**	16,697
Loss attributable to owners of JXJY	**(4,146)**	(574)
Other comprehensive income attributable to owners of JXJY	**(2,611)**	3,474

18 OTHER ASSETS

	Group	
	2014 **HK$'000**	2013 HK$'000
Stock Exchange stamp duty deposit	**250**	250
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**100**	100
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,698**	1,860
Reserve fund deposit with the SEHK Options Clearing House Limited ("SEOCH")	**2,111**	1,821
Rental deposits	**4,213**	3,807
Others	**2,126**	2,735
	10,698	10,773

19 LOANS AND NOTE RECEIVABLE

(a) Loans receivable

As at 31st December 2014, a loan of HK$70,000,000 (31st December 2013: HK$70,000,000) advanced to an independent third party is secured by shares of an unlisted company held by this independent borrower and personal guarantees executed by the sole shareholder of the independent borrower and his family member, interest bearing at 14% (2013: 14%) per annum and repayable within the next twelve months (31st December 2013: not repayable within the next twelve months). The Group and the Company consider that the credit risk arising from this loan receivable is mitigated by the shares held as collateral, with reference to the estimated fair value of the shares as at 31st December 2014.

As at 31st December 2014, the Group had advanced an unsecured, non-interest bearing loan of HK$48,000,000 (31st December 2013: HK$48,000,000) to a private entity in which the Group had 18.6% equity interest, which has been classified as available-for-sale financial assets (note 15), which has no fixed term of repayment. The Group expects that the loan will not be repaid within the next twelve months and has accordingly classified it as a non-current asset. The amounts are considered recoverable in view of the sound financial position of this private equity.

(b) Note receivable

At 31st December 2013, the note receivable of HK$45,000,000 from an independent third party is secured by shares of a listed company held by the independent issuer, interest bearing at 10.5% and repayable before the end of the next twelve months from the end of previous reporting period. Such note receivable was fully settled during the year ended 31st December 2014.

	Group and Company	
	31st December 2014 HK$'000	31st December 2013 HK$'000
Current	—	45,000
	—	45,000

19 LOANS AND NOTE RECEIVABLE *(continued)*

(b) Note receivable *(continued)*

The Group and the Company consider that the credit risk arising from the note receivable is mitigated by the shares held as collateral, with reference to the quoted price of the shares as at 31st December 2013.

20 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation payable

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Provision for				
Hong Kong Profits Tax for the year	**387**	7,776	**—**	—
PRC Enterprise Income Tax for the year	**—**	19	**—**	—
	387	7,795	**—**	—

(b) Deferred income tax

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

	Group		
	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1st January 2013	533	(533)	—
(Credited)/charged to consolidated statement of profit or loss	(117)	117	—
At 31st December 2013	416	(416)	—
Charged/(credited) to consolidated statement of profit or loss	3,513	(2,391)	1,122
At 31st December 2014	**3,929**	**(2,807)**	**1,122**

Unrecognised tax losses and temporary differences arising from depreciation of property and equipment in excess of related depreciation allowances as at 31st December 2014 are HK$67,129,824 (2013: HK$60,376,317) and HK$202,584 (2013: HK$160,743) respectively. The tax losses do not expire under current tax legislation.

21 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Debt securities *(note)*	**55,000**	49,400	**—**	—

Note: During the year ended 31st December 2013, the Group acquired a secured note, together with warrants disclosed in note 22, with principal amount of HK$70,200,000 which is issued by an independent unlisted company, and bears fixed interest rate of 10% per annum payable semi-annually, and matures on 31st May 2016, subject to early redemption at the option of the Group (from 1st June 2015 to 31st May 2016) or the issuer (from 1st June 2014 to 31st May 2016) with a redemption price equivalent to the sum of (1) the outstanding principal amount of the secured note and (2) any unpaid interest at a rate of 10% per annum on the outstanding principal amount of the secured note calculated from 31st May 2013 to the date of redemption. The secured note is freely transferrable. The note was secured by a pledge over listed securities and convertible bonds held by the issuer. It is designated at initial recognition as at fair value through profit or loss since this investment contains embedded derivatives (including the early redemption options held by the Group and the issuer, which are not closely related to the host debt instrument). The fair value of the secured note amounted to HK$55,000,000 as at 31st December 2014 (31st December 2013: HK$49,400,000), which was estimated by an independent firm of professional valuer. The Group expects that the secured note may be redeemed by the issuer or transferred to third parties by the Group within the next twelve months and has accordingly classified the secured note as a current asset.

22 FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Derivatives — warrants	**22,000**	22,500	**—**	—

During the year ended 31st December 2013, the Group purchased warrants with a fair value of HK$23,000,000 at initial recognition together with the secured note mentioned in note 21. The Group may, but is not obliged to, in lieu of making payment in cash for exercising the warrant, use part of the principal amount of the secured note as payment on exercising the warrant by relinquishing its right to the principal amount of the secured note so applied. The warrants are exercisable from 31st May 2013 to 31st May 2016. The warrants give the Group the right to purchase (either by cash or by reduction of the principal of the secured note mentioned in note 21) from the issuer a fixed number of securities of a listed company at various prices with reference to the terms and conditions of the warrants. If part or all of the warrants are not exercised at the date of maturity (i.e. 31st May 2016), the issuer will redeem the outstanding warrants at a redemption price equivalent to 15% of the principal amount of the secured note as disclosed in note 21 (i.e. HK$70,200,000) multiplied by the portion of unexercised warrant. The fair value of the warrants as at 31st December 2014 was HK$22,000,000 (31st December 2013: HK$22,500,000) which was estimated by an independent firm of professional valuer. The Group considered that the warrant may be exercised within the next twelve months and has accordingly classified the warrant as a current asset.

23 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables from clients arising from				
— corporate finance	**2,432**	7,579	**—**	—
— securities broking	**87,977**	121,948	**—**	—
Margin and other trade related deposits with brokers and financial institutions arising from *(note (d))*				
— commodities and futures broking	**18,001**	38,787	**—**	—
— securities broking	**24,440**	31,172	**—**	—
Margin loans arising from securities broking *(note (e))*	**125,650**	115,313	**—**	—
Trade receivables from clearing houses arising from securities broking	**115,192**	31,719	**—**	—
Less: impairment allowance for trade receivable arising from *(note (c))*				
— corporate finance	**(500)**	(500)	**—**	—
— securities broking	**—**	—	**—**	—
Total trade receivables *(notes (a) and (b))*	**373,192**	346,018	**—**	—
Deposits	**427**	1,027	**—**	—
Prepayments and other receivables *(note (f))*	**21,249**	9,078	**873**	878
Less: impairment allowance for other receivables *(note (c))*	**(82)**	(1,095)	**—**	—
Total trade and other receivables	**394,786**	355,028	**873**	878

The carrying amounts of trade and other receivables approximate their fair values. All of the trade and other receivables are expected to be recovered or realised within one year.

23 TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

(a) For those cash securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice.

The margin clients of securities broking business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Trade receivables from cash and margin clients arising from the securities broking business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of directors, the aging analysis does not give additional value in view of the nature of securities dealing business.

(b) As at 31st December 2014 and 2013, the aging analysis of trade receivables arising from corporate finance and underwriting services based on date of invoice of the reporting date was as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Current	**1,639**	60,073
30–60 days	**113**	30
Over 60 days	**180**	—
	1,932	60,103

(c) The movements in the impairment allowance for trade and other receivables during the year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1st January	**1,595**	2,088
Amount recovered during the year	**—**	(327)
Reversal of impairment loss	**(1,013)**	(166)
At 31st December	**582**	1,595

Included in the Group's trade and other receivables are debtors (excluding margin clients), with a carrying amount of HK$5,667,486 (2013: HK$9,070,678) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the underlying debtors. The Group believes that the amounts are still recoverable given of the underlying debtor the substantial settlement after the reporting date.

(d) The Group executes client trades on overseas securities, commodities and futures contracts with local or overseas brokers as appropriate. Trade receivables at 31st December 2014 and 2013 comprised securities, commodities and futures broking with brokers and are current in nature.

23 TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(e) The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group after making reference in industry practices. As at 31st December 2014, the fair value of shares accepted as collateral amounted to HK$448,631,708 (2013: HK$401,746,975) and the fair value of the majority of client's listed securities is higher than the carrying amount of those individual loans to margin client. Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collaterals. Credit risks from those margin clients were therefore considered minimal.

The Group is able to use client's securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities (2013: nil).

(f) Other receivables for the Group included loan interest receivables from an independent third party of HK$295,342 (2013: HK$295,342), a shareholder loan advanced to an associate of HK$4,000,000 (2013: HK$2,987,378), which is unsecured, non-interest bearing and repayable on demand, and an amount due from a fellow subsidiary of HK$nil (2013: HK$256,093). Management of the Group expects to recover these amounts within 12 months from the end of the reporting period and accordingly these amounts are classified as current asset.

(g) Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

(h) The Group maintains designated accounts with the SEOCH and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2014, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$4,888,425 (2013: HK$2,029,526) and HK$8,268,070 (2013: HK$10,792,547) respectively.

(i) The Group has no concentration of credit risk with respect to trade receivables from clients and margin loans, as the Group has a large number of customers, widely dispersed. In addition, margin and trade related deposits are deposited with high-credit-quality financial institutions.

(j) The effective interest rate charged on trade receivables from clients arising from securities broking subsequent to settlement date and margin loans ranged from 8% to 13% per annum (2013: 8% to 13%). The effective interest rate for margins and other trade related deposits is 0.01% per annum (2013: 0.01%).

(k) As at 31st December 2013, trade receivables amounting to HK$57,744,000 included in the "Trade receivables from clients" are the non-interest bearing receivables from the underwriting and advisory services earned from its ultimate holding company in respect of the listing of the shares of its ultimate holding company. Nil balance was noted as at 31st December 2014.

24 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand	**33**	32	**—**	—
Bank balances				
— pledged	**15,062**	15,052	**—**	—
— general accounts	**135,924**	91,432	**5,946**	10,267
	150,986	106,484	**5,946**	10,267
	151,019	106,516	**5,946**	10,267
By maturity:				
Bank balances				
— current and savings accounts	**130,634**	90,143	**5,946**	10,267
— fixed deposits (maturing within three months)	**16,352**	16,341	**—**	—
— fixed deposits (maturing over three months	**4,000**	—	**—**	—
	150,986	106,484	**5,946**	10,267

As at 31st December 2014, bank deposits amounting to HK$15,062,437 (2013: HK$15,052,115) have been pledged to banks as security for the provision of securities broking facilities for a total amount of HK$120 million (2013: HK$120 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2014, segregated trust accounts not dealt with in these consolidated financial statements amounted to HK$363,676,006 (2013: HK$223,647,403).

The interest rate received from the bank balances and deposits as at the end of the reporting period is ranged from 0.01% to 2.5% per annum (2013: 0.01% to 2.5%).

24 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH *(continued)*

Cash and cash equivalents

	Group	
	2014	2013
	HK$'000	HK$'000
Cash in hand	**33**	32
Bank balances		
— pledged	**15,062**	15,052
— general accounts	**135,924**	91,432
Cash and cash equivalents in the consolidated statement of financial position	**151,019**	106,516
Less: Bank balances		
— pledged	**(15,062)**	(15,052)
Bank balances and cash in the consolidated statement of financial position	**135,957**	91,464
Less: Fixed deposit maturing over three months	**(4,000)**	—
Cash and cash equivalents in the consolidated statement of cash flows	**131,957**	91,464

25 SHARE CAPITAL

	2014		2013	
	No. of shares	**Nominal value**	No. of shares	Nominal value
	'000	**HK$'000**	'000	HK$'000
Authorised				
Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid				
Ordinary shares of HK$0.10 each				
At 1st January	**641,206**	**64,121**	641,206	64,121
At 31st December	**641,206**	**64,121**	641,206	64,121

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

25 SHARE CAPITAL *(continued)*

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R. A subsidiary of the Company is authorised by the China Securities Regulatory Commission (the "CSRC") to deal in "B" shares. The CSRC stipulated a minimum amount of net assets of RMB50 million to be maintained. During the year, the subsidiary maintained net assets over such requirement.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing borrowings and bonds issued, trade and other payables), less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

The Group strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 185.7% (2013: 216.5%).

The net debt-to-adjusted capital ratios at 31st December 2014 and 2013 are as follows:

	Notes	**2014 HK$'000**	2013 HK$'000
Current liabilities:			
Trade and other payables	*27*	**314,413**	224,416
Borrowings	*28*	**191,218**	35,000
		505,631	259,416
Non-current liabilities:			
Bonds issued	*29*	**76,000**	34,000
Total debt		**581,631**	293,416
Less: Cash and cash equivalents	*24*	**(131,957)**	(91,464)
Adjusted net debt		**449,674**	201,952
Total equity and adjusted capital		**743,480**	681,656
Adjusted net debt-to-capital ratio		**60.48%**	29.6%

26 RESERVES

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

		The Company					
	Note	**Share premium** HK$'000	**Capital reserve** HK$'000	**Investment revaluation reserve** HK$'000	**Contributed surplus** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1st January 2013		421,419	22,468	—	53,023	(29,882)	467,028
Profit for the year	*10*	—	—	—	—	9,321	9,321
At 31st December 2013		421,419	22,468	—	53,023	(20,561)	476,349
Loss for the year	*10*	—	—	—	—	(856)	(856)
Other comprehensive income		—	—	(1,007)	—	—	(1,007)
Total comprehensive income for the year		—	—	(1,007)	—	(856)	(1,863)
At 31st December 2014		**421,419**	**22,468**	**(1,007)**	**53,023**	**(21,417)**	**474,486**

(a) Capital reserve

The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior years.

(b) Contributed surplus

Contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

(c) Investment revaluation reserve

The investment revaluation reserve of the Group represents the changes in the fair value of available-for-sale financial assets of the Company, an associate and a joint venture.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 2.5(b) and 2.5(c).

26 RESERVES *(continued)*

(e) Distributable reserves

Under the Company Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus account if:

(i) it is, or would after the payment be, unable to meet its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables to margin clients arising from securities broking	**53,158**	37,275	**—**	—
Trade payables to other securities trading clients arising from securities broking	**209,512**	123,854	**—**	—
Margin and other deposits payable to clients arising from commodities and futures broking	**17,976**	38,787	**—**	—
Trade payables to brokers and clearing houses arising from securities broking	**2,350**	757	**—**	—
Total trade payables	**282,996**	200,673	**—**	—
Accruals and other payables	**31,417**	23,743	**4,788**	7,759
Total trade and other payables	**314,413**	224,416	**4,788**	7,759

The carrying amounts of trade and other payables approximate their fair value. All trade and other payables are expected to be settled within one year. The trade payables are aged within 30 days.

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts were payable on demand.

28 BORROWINGS

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Bank loan *(note (a))*	**86,000**	35,000
Margin loan from a broker *(note (b))*	**105,218**	—
	191,218	35,000

Notes:

(a) At 31st December 2014 and 2013, the bank loan was repayable and carried interest with reference to HIBOR as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**86,000**	35,000	**86,000**	35,000

At 31st December 2014, a bank loan of HK$86,000,000 (31st December 2013: HK$35,000,000) was drawn under a banking facility of the Company, amounting to HK$150,000,000 (31st December 2013: HK$70,000,000). An intermediate holding company of the Company ("the Guarantor") provided a corporate guarantee to support this banking facility.

In addition, nil balance was drawn for the current and prior year under the aggregate banking facilities of HK$170,000,000 (31st December 2013: HK$185,000,000), which was secured by a pledged bank deposit of HK$12,000,000 (31st December 2013: HK$12,000,000) out of the total amount of pledged bank deposits of HK$15,062,437 (31st December 2013: HK$15,052,115).

The banking facility is subject to the fulfilment of covenants relating to certain of the Guarantor's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Guarantor was to breach the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loan is also equal to the contracted interest rate.

(b) At 31st December 2014, the margin loan from a broker was secured by the Group's debt securities of HK$247,071,000 (31st December 2013: HK$nil) as disclosed in note 15, and was repayable and carried interest with reference to LIBOR as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**105,218**	—	**105,218**	—

29 BONDS ISSUED

During the current year, the Company issued fixed rate 5-year coupon bonds at a rate of 4% per annum, payable semi-annually and with an aggregated principal amount of HK$76,000,000 (31st December 2013: HK$34,000,000). The exposure and the contractual maturity dates of which are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
In more than two years but not more than five years	**76,000**	34,000	**76,000**	34,000

The bonds are non-secured, non-guaranteed and issued to independent third parties without any early redemption options.

30 DEFINED CONTRIBUTION PLANS — MPF SCHEME

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss for the year amounted to:

	2014	2013
	HK$'000	HK$'000
Gross employer's contributions charged to consolidated statement of profit or loss	**1,465**	1,298
Less: Forfeited contribution utilised to offset employer's contribution for the year	—	(143)
Net employer's contributions charged to consolidated statement of profit or loss	**1,465**	1,155

31 DIRECTORS' EMOLUMENTS

The remuneration of the directors for the year ended 31st December 2014 is set out below:

Name of Director	Fee HK$'000	Basic salaries HK$'000	Housing allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors						
Chen Xiaozhou	300	—	—	—	—	300
Gao Guanjiang	200	—	—	—	—	200
Zhao Hongwei	300	2,016	384	—	17	2,717
Gong Zhijian	240	1,416	384	600	17	2,657
Lau Mun Chung	240	1,560	—	520	17	2,337
Non-executive Director						
Chow Kwok Wai	240	—	—	—	—	240
Independent Non-executive Directors						
Wang Tongsan	240	—	—	—	—	240
Chen Gongmeng	240	—	—	—	—	240
Hung Muk Ming	240	—	—	—	—	240
	2,240	4,992	768	1,120	51	9,171

The evaluation of the performance of the Executive Directors have not yet been finalised. The discretionary bonuses paid is not final and the final amount will be disclosed in due course.

31 DIRECTORS' EMOLUMENTS *(continued)*

The remuneration of the directors for the year ended 31st December 2013 is set out below:

Name of Director	Fee HK$'000	Basic salaries HK$'000	Housing allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000 *(note)*	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors						
Chen Xiaozhou	300	—	—	—	—	300
Gao Guanjiang	300	—	—	—	—	300
Zhao Hongwei	300	2,016	384	—	15	2,715
Gong Zhijian	240	1,416	384	600	15	2,655
Lau Mun Chung	240	1,560	—	520	15	2,335
Non-executive Director						
Chow Kwok Wai	240	—	—	—	—	240
Independent Non-executive Directors						
Wang Tongsan	240	—	—	—	—	240
Chen Gongmeng	240	—	—	—	—	240
Hung Muk Ming	240	—	—	—	—	240
	2,340	4,992	768	1,120	45	9,265

Note: The evaluation of the performance of the Executive Directors for the year ended 31st December 2013 had not been finalised till the date that the 2013 financial statements were announced. The aforesaid evaluation of the performance of the Executive Directors for the year ended 31st December 2013 was finalised and the amount remains unchanged.

32 KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Key management personnel's emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including executive directors, executive officers, non-executive directors and independent non-executive directors.

The remuneration of key management personnel during the year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**18,163**	18,705
Defined contribution plans	**134**	120
	18,297	18,825

The remuneration of Executive Directors are reviewed by the Remuneration Committee having regard to the performance of individuals and markets trends.

The number of the key management personnel whose emoluments within the following bands is as follows:

	Number of individuals	
	2014	2013
Emolument bands		
HK$nil–HK$1,000,000	**6**	6
HK$1,000,001–HK$1,500,000	**—**	1
HK$1,500,001–HK$2,000,000	**4**	2
HK$2,000,001–HK$2,500,000	**2**	2
HK$2,500,001–HK$3,000,000	**2**	3
	14	14

32 KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three directors (2013: three) whose emoluments are reflected in note 31. The emoluments payable to the remaining two (2013: two) individuals during the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**10,330**	5,433
Defined contribution plans	**34**	30
	10,364	5,463

The emoluments of the remaining two (2013: two) individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$nil–HK$1,000,000	**—**	—
HK$1,000,001–HK$1,500,000	**—**	—
HK$1,500,001–HK$2,000,000	**—**	—
HK$2,000,001–HK$2,500,000	**1**	2
HK$2,500,001–HK$7,500,000	**—**	—
HK$7,500,001–HK$8,000,000	**1**	—
	2	2

33 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has adopted a share option scheme whereby the Board of the Company may at its discretion granted to any employees, including executive directors, of the Group options to subscribe for shares of the Company.

During the years ended 31st December 2014 and 2013, no share options were granted.

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before taxation to net cash inflow from operating activities:

	2014 **HK$'000**	2013 HK$'000
Profit before taxation	**39,429**	78,878
Depreciation	**2,469**	2,471
Net loss from changes in fair value of financial assets classified as held-for-trading	**500**	500
Gain from changes in fair value of financial assets designated at FVTPL	**(5,600)**	(2,200)
Net gains on disposal of financial assets designated at FVTPL	**(5,148)**	(1,128)
Interest expenses	**3,101**	2,184
Interest income from debt securities	**(8,965)**	(4,189)
Dividend income from listed securities	**—**	(320)
Share of profits of associates	**(23,072)**	(16,618)
Share of loss of a joint venture	**1,451**	201
Loss on disposal of property and equipment	**3**	—
Write off of bad and doubtful debts	**—**	19
Reversal of impairment loss recognised	**(1,013)**	(166)
Increase in pledged deposits	**(10)**	(10)
Operating profit before working capital changes	**3,145**	59,622
Decrease (increase) in other assets	**75**	(6,194)
Decrease in note receivable	**45,000**	—
Increase in loans, trade and other receivables	**(38,745)**	(42,202)
Increase in trade and other payables	**89,997**	58,346
Purchase of warrants as derivatives	**—**	(23,000)
Cash inflow from operations	**99,472**	46,572
Hong Kong Profits Tax paid	**(8,921)**	—
Overseas profits tax paid	**(557)**	(207)
Net cash inflow from operating activities	**89,994**	46,365

35 CONTINGENT LIABILITIES

35.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of authorisation of these consolidated financial statements. Based on the merits of each case, the directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

(a) A company named Hantec Investment Limited which is unrelated to the Group filed a writ to the Company on 28th July 2000 seeking for injunction to restrain the Company from using the plaintiff's alleged trade name and damages. The plaintiff has not taken further action after the Company filed a defence.

(b) An indirect wholly owned subsidiary of the Company received a writ of summons dated 25th March 2006 from two clients jointly as plaintiffs claiming for damages against it and two of its licensed representatives for an amount of HK$20,600,000 together with cost as a result of a number of leverage exchange trading transactions. Defence action has been commenced and no further development has been made up to the date of authorisation of these consolidated financial statements.

Under the share sale agreement dated 13th August 2008 (the "Agreement"), Hantec Holdings Investment Limited ("HHIL", formerly known as Hantec Holdings Limited) and the then chairman of the Company, Mr. Tang Yu Lap ("Mr. Tang"), have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases set out in 35.1(a) and (b) above.

35.2 Financial guarantees issued

(a) As at the end of the reporting period, a subsidiary of the Company engaging in securities broking and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$170 million (2013: HK$185 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$170 million (2013: HK$185 million) for these facilities. As at 31st December 2014, the subsidiary has not utilised the banking facilities (2013: nil).

(b) Based on the expectations at the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. Accordingly, the Company has not recognised any provision in respect of the guarantees. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

36 LEASE AND CAPITAL COMMITMENTS

(a) Lease commitments

At 31st December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	HK$'000	HK$'000
Within one year	**14,548**	14,328
After one year but within five years	**7,351**	20,382
	21,899	34,710

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are mainly negotiated for a fixed lease term of one to three years.

(b) Capital commitments

Capital commitments in respect of property and equipment outstanding but not provided for in the consolidated financial statements are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted but not provided for	**181**	461

37 FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from trade and other receivables and financial assets at fair value through profit or loss denominated in foreign currency. The currencies giving rise to this risk are primarily Renminbi and the United States Dollars. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Japanese Yen HK$'000	United States Dollars HK$'000	Renminbi HK$'000	Euro HK$'000	Others HK$'000
At 31st December 2014					
Loans receivable, trade and other receivables	133	16,934	—	—	1
Available-for-sale financial assets	—	174,778	72,293	—	—
Financial assets designated at fair value through profit or loss	—	55,000	—	—	—
Financial instruments held-for-trading	—	22,000	—	—	—
Cash and cash equivalents	—	9,752	2,276	22	—
Trade and other payables	—	(13,501)	(77,632)	—	—
Net exposure arising from recognised net assets (liabilities)	133	264,963	(3,063)	22	1

	Japanese Yen HK$'000	United States Dollars HK$'000	Renminbi HK$'000	Euro HK$'000	Others HK$'000
At 31st December 2013					
Loans receivable, trade and other receivables	233	61,978	162	—	1
Financial assets designated at fair value through profit or loss	—	49,400	—	—	—
Financial instruments held-for-trading	—	22,500	—	—	—
Cash and cash equivalents	—	3,172	3,523	25	—
Trade and other payables	—	(697)	(90)	—	—
Net exposure arising from recognised net assets	233	136,353	3,595	25	1

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

Foreign exchange risk (continued)

Sensitivity analysis

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

	2014		2013	
	Appreciation/ depreciation of foreign currencies	**Effect on profit before tax HK$'000**	Appreciation/ depreciation of foreign currencies	Effect on loss before tax HK$'000
RMB	**+10%**	**(306)**	+10%	360
	–10%	**306**	–10%	(360)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Accordingly, no sensitivity analysis has been prepared.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2013.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets designated at fair value through profit or loss (see note 21) and the warrants classified as financial instruments held-for-trading (see note 22).

At 31st December 2013 and 2014, the Group's equity price risk is concentrated on the warrants with the underlying listed equity instruments quoted on the Stock Exchange of Hong Kong.

At 31st December 2014, it is estimated that an increase/(decrease) of 10% in the relevant stock price, with all other variables held constant, would have increased/decreased the Group's profit after tax as follows:

The Group

	2014		2013	
Change in the relevant equity price risk variable:		**Effect on profit after tax HK$'000**		Effect on profit after tax HK$'000
Increase	**10%**	**3,050**	10%	2,610
Decrease	**(10%)**	**(2,867)**	(10%)	(2,539)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date.

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

(a) Market risk (continued)

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instrument subject to floating interest rate. Financial assets subject to floating interest rates are trade and other receivables and bank balances and cash-deposits with regulatory bodies. Cash-deposits with regulatory bodies are excluded from sensitivity analysis as it is subject to minimal interest rate risk fluctuation. Financial liabilities subject to floating interest rates are bank loans and margin loan from a broker. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The cash flow interest rate risk exposure of the Group at the end of the reporting period is as follows:

	2014		2013	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Assets				
Bank balances	**0.01%**	**78,828**	0.01%	69,730
Margin finance loans	**8%**	**125,650**	8%	115,313
		204,478		185,043
Liabilities				
Bank loan	**2.74%**	**(86,000)**	2.71%	(35,000)
Margin loan from a broker	**1.17%**	**(105,218)**	—	—
		13,260		150,043
Sensitivity analysis				
Assume interest rate increased by		**0.25%**		0.25%
Profit before tax increased by		**33**		375

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 25 basis points increase (2013: 25 basis points increase) represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

(a) *Market risk* *(continued)*

Interest rate risk (continued)

Fair value interest rate risk

At 31st December 2013 and 2014, the Group is also exposed to fair value interest rate risk in relation to financial instruments subject to fixed interest rates. Financial assets subject to fixed interest rates are available-for-sale financial assets (note 15), debt securities (notes 21 and 37.2(a)), loans receivable (note 19(a)), note receivable (note 19(b)), and bank deposits (note 24). Financial liabilities subject to fixed interest rate are bonds issued (note 29). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring its exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

(b) *Credit risk*

The Group's credit risk is primarily attributable to available-for-sale financial assets, note receivable, loans receivable, trade and other receivables and financial assets at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For note and loans receivable, individual credit evaluations are performed on all customers requiring such credit. These evaluations focus on the customer's past history of making payments when due and current ability to pay, value of collateral held (if any) and take into account information specific to the customer and the guarantor (in case provided) as well as pertaining to the economic environment in which the customer operates. The Group and the Company are exposed to the concentration of credit risk from the two (2013: three) independent counterparties. In view of estimated fair value of the shares held as collateral and the sound financial position of the two independent counterparties, the directors of the Company consider the concentration of credit risk is remote.

For trade receivables arising from securities broking, credits are granted to a large population of clients and hence there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

For commodities and futures broking, an initial margin will be collected before opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit ratings will be accepted. The open positions of the margin clients of trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

For FVTPL debt securities, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. As at 31st December 2014 and 2013, such risks are mitigated by the listed securities and convertible bonds held by the Group as collateral which are subject to periodic review. The fair value of the listed securities was determined by reference to the quoted price of the shares as at 31st December 2014 and 2013, and the fair value of the convertible bonds was estimated by an independent firm of professional valuer. As at 31st December 2014 and 2013, the combined fair value of the listed securities and the convertible bonds exceeded the carrying amount of the FVTPL debt securities.

The available-for-sale financial assets are listed debt securities with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

The Group primarily invested in rated debt securities with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 31st December 2014, over 81% (2013: nil) of the debt securities invested by the Company are B+ or above while the remaining debt securities are non-rated. The management of the Group reviews on a regular basis the portfolio of debt securities to ensure there is no significant concentration risk. In this regards, the directors of the Company consider that the credit risk relating to investments in debt securities is closely monitored.

The Group has maintained relationship with various financial institutions, and has policies that limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 23.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company manages this risk by assessing the financial positions of subsidiaries on a regular basis.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, is as follows:

	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Between 1 to 2 years	Between 2 to 5 years
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31st December 2014						
Trade and other payables	**N/A**	**314,413**	**314,413**	**314,413**	**—**	**—**
Margin loan from a broker	**1.17%**	**105,218**	**105,218**	**105,218**	**—**	**—**
Bank loan	**2.74%**	**86,000**	**86,128**	**86,128**	**—**	**—**
Bonds issued	**4%**	**76,000**	**88,966**	**3,040**	**3,040**	**82,886**
		581,631	**594,725**	**508,799**	**3,040**	**82,886**
At 31st December 2013						
Trade and other payables	N/A	224,416	224,416	224,416	—	—
Bank loan	2.71%	35,000	35,021	35,021	—	—
Bonds issued	4%	34,000	40,504	1,360	1,360	37,784
		293,416	299,941	260,797	1,360	37,784

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

37.2 Fair values measurement of financial instruments

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

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

Financial instruments	**Fair value as at 31st December 2014 HK$'000**	Fair value as at 31st December 2013 HK$'000	Fair value hierarchy	Valuation technique(s) key input(s)
(a) Financial assets designated at fair value through profit or loss				
(1) Debt securities	**55,000**	49,400	Level 3	*Note (a)*
	55,000	49,400		
(b) Financial instruments held-for-trading				
(1) Derivatives — warrants	**22,000**	22,500	Level 3	*Note (b)*
	22,000	22,500		
(c) Available-for-sale financial assets				
(1) Debt securities	**247,071**	—	Level 1	Quoted prices in active markets
	247,071	—		

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.2 Fair values measurement of financial instruments *(continued)*

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

Notes:

(a) **Debt component**

The fair value of the secured note is calculated based on discounted cash flow analysis, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are credit rating of the issuer, cash flows and remaining time to maturity. The significant unobservable input is discount rate adjusted for the specific risks of the issuer. The discount rate of 20% (31st December 2013: 16%) was used in the valuation model. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the secured note would decrease/increase by HK$3,051,000/HK$1,853,000 (31st December 2013: decrease/increase by HK$2,291,000/HK$2,455,000).

Derivatives component

The fair values of the embedded call and put options of the secured note are derived by Hull-White Trinomial Tree Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are exercise price of the options, current share price of the underlying assets of the options, expected volatility, mean reversion rate, and discount rate. The significant unobservable input is discount rate. The discount rate of 20% (31st December 2013: 16%) was used in the valuation model. The higher the discount rate, the higher the fair value of the put option and the lower the fair value of the call option.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the call options would decrease/increase by HK$138,000/HK$447,000 (31st December 2013: decrease/increase by HK$477,000/HK$761,000) and the carrying amount of the put options would increase/decrease by HK$2,056,000/HK$638,000 (31st December 2013: increase/decrease by HK$1,120,000/HK$1,399,000).

(b) The fair value of the warrants is derived by Trinomial Convertible Bond Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are expected volatility and discount rate adjusted for the specific risks of the issuers. The significant unobservable input is discount rate. The discount rate of 20% (31st December 2013: 16%) was used in the valuation model. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the warrants would decrease/increase by HK$491,000/HK$544,000 (31st December 2013: decrease/increase by HK$933,000/HK$1,081,000).

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

Reconciliation of Level 3 fair value measurements of financial instruments

	Debt securities	**Warrants**	**Total**
	HK$'000	HK$'000	HK$'000
At 1st January 2013	—	—	—
Purchase	47,200	23,000	70,200
Total unrealised gain (loss) in profit or loss	2,200	(500)	1,700
At 31st December 2013	49,400	22,500	71,900
Total unrealised gain (loss) in profit or loss	5,600	(500)	5,100
At 31st December 2014	**55,000**	**22,000**	**77,000**

37 FINANCIAL RISK MANAGEMENT *(continued)*

37.2 Fair values measurement of financial instruments *(continued)*

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

Notes: (continued)

(b) *(continued)*

Fair value measurement and valuation process

The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

38 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2014 HK$'000	2013 HK$'000
Commission income *(note (a))*	**24**	36
Advisory service income *(note (b))*	—	5,980
Service fee income *(note (c))*	**16,462**	11,821
Placing commission *(note (d))*	**1,170**	—
Underwriting income *(note (e))*	—	53,024
Capital contribution from non-controlling interest *(note (f))*	**1,302**	42,900
Capital distribution to non-controlling interest *(note (g))*	**5,420**	1,295
Commission expense *(note (i))*	—	85

Notes:

(a) During the current and prior year, the Group received commission income from its immediate holding company, its fellow subsidiary, its associate and its directors for providing securities broking services. Out of which HK$12,726 (2013: HK$17,227) represented continuing connected transactions.

(b) During the prior year, the Group earned advisory service income of HK$1,260,000 and HK$4,720,000 from its fellow subsidiaries and its ultimate holding company for providing advisory services respectively and the total amount represented continuing connected transactions.

(c) During the current and prior year, the Group received service fee income from its associates and joint venture for providing administrative supporting and consulting services.

(d) During the current year, the Group received placing commission from its intermediate holding company for placing securities. The total amount represented continuing connected transactions.

(e) During the prior year, the Group earned underwriting income from its ultimate holding company in respect of the listing of the shares of its ultimate holding company. The total amount represented continuing connected transactions.

38 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS *(continued)*

Notes: (continued)

(f) During the prior year, the Group and a fellow subsidiary of the Group, entered into a partnership agreement to establish the CRC Fund. During the current year, US$0.2 million (equivalent to HK$1,302,000) (2013: US$5.5 million (equivalent to HK$42,900,000)) has been injected to the fund by the fellow subsidiary as a capital contribution from non-controlling interest.

(g) During the current year, the Group distributed cash of HK$5,420,000 (2013: HK$1,295,000) from the CRC fund as disclosed in note (f) to the non-controlling interest, which is its fellow subsidiary.

(h) The Group is indirectly controlled by China Cinda Asset Management Co., Ltd. ("China Cinda"), which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of China Cinda as at 31st December 2014 and 2013. For the current and prior years, the Group undertakes transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

(i) During the prior year, the Group paid commission expense to its fellow subsidiary for obtaining securities broking services. The total amount represented continuing connected transactions.

(j) Within the intragroup transactions of the Group during the current year is a management fee income of HK$506,825 (2013: HK$858,000) paid to a wholly owned subsidiary of the Company by a fellow subsidiary of the Group as the non-controlling shareholder of CRC Fund. The total amount represented continuing connected transactions.

(k) Compensation of key management personnel are disclosed in note 32(a).

39 IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2014 and 2013, the directors consider the immediate parent and ultimate controlling party of the Group to be Sinoday Limited and China Cinda Asset Management Co., Ltd., which are incorporated in the British Virgin Islands and the People's Republic of China respectively. China Cinda Asset Management Co., Ltd. is listed on The Stock Exchange of Hong Kong Limited and produces financial statements available for public use.

40 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables as the Group currently has a legally enforceable right to set off the balance, and intends either to settle on net basis, or to realise the balance simultaneously.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligation, receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December 2014						
Trade receivables	**701,320**	**(330,060)**	**371,260**	**(130,418)**	**(119,984)**	**120,858**
As at 31st December 2013						
Trade receivables	546,804	(260,889)	285,915	(138,883)	(114,232)	32,800

40 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position: Financial instruments HK$'000	Related amounts not offset in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
As at 31st December 2014						
Trade payables	**613,056**	**(330,060)**	**282,996**	**(229,838)**	**—**	**53,158**
As at 31st December 2013						
Trade payables	461,562	(260,889)	200,673	(163,398)	—	37,275

Note: The cash and financial collateral received/pledged as at 31st December 2014 and 2013 represent their fair value.

The tables below reconcile the "Net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the line items presented in the consolidated statement of financial position.

	31st December 2014 HK$'000	31st December 2013 HK$'000
Trade receivables		
Net amount of trade receivables as stated above	**371,260**	285,915
Amount not in scope of offsetting disclosures	**1,932**	60,103
Amount of total trade receivables as stated in note 23	**373,192**	346,018
Trade payables		
Net amount of trade payables as stated above	**282,996**	200,673
Amount not in scope of offsetting disclosures	**—**	—
Amount of total trade payables as stated in note 27	**282,996**	200,673

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2014

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

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[5]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception[5]

1 Effective for annual periods beginning on or after 1st January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1st January 2016
3 Effective for annual periods beginning on or after 1st January 2017
4 Effective for annual periods beginning on or after 1st July 2014
5 Effective for annual periods beginning on or after 1st January 2016
6 Effective for annual periods beginning on or after 1st July 2014, with limited exceptions

The adoption of HKFRS 9 Financial Instruments in the future may have a significant impact on the amounts reported in respect of the Group's available-for-sale investments, which may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in other comprehensive income.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. Except for HKFRS 9 as mentioned above, so far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Five Year Financial Summary

Year ended 31st December

Results	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Profit/(loss) attributable to equity holders	**28,230**	68,254	10,502	(31,107)	11,415

As at 31st December

Assets and liabilities	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Total assets	**1,326,620**	982,867	782,489	584,109	553,637
Total liabilities	**(583,140)**	(301,211)	(225,770)	(37,355)	(89,588)
Total equity	**743,480**	681,656	556,719	546,754	464,049

Notes:

1. The Company was incorporated in Bermuda on 19th April 2000 and became the holding company of the companies now comprising the Group on 10th July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies and the corresponding amounts classified under accounts payable are treated as items not recognised in the consolidated statement of financial position.